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SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

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FORM 10-K

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

For the fiscal year ended December 31, 2004

Commission File Number:0-29227

**Mediacom Communications Corporation**

*(Exact name of Registrant as specified in its charter)*

Delaware  
*(State of incorporation)*

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

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

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

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act). Yes  No

As of June 30, 2004, the aggregate market value of the Class A common stock of the Registrant held by non-affiliates of the Registrant was approximately \$474.6 million.

As of February 4, 2005 there were outstanding 90,399,048 shares of Class A common stock and 27,461,939 shares of Class B common stock.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the Registrant's Proxy Statement for the 2005 Annual Meeting of Stockholders are incorporated by reference into Items 10, 11, 12, 13 and 14 of Part III.

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MEDIACOM COMMUNICATIONS CORPORATION  
2004 FORM 10-K ANNUAL REPORT

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References in this Annual Report to “we,” “us,” or “our” are to Mediacom Communications Corporation and its direct and indirect subsidiaries since its initial public offering in February 2000 and to Mediacom LLC and its direct and indirect subsidiaries prior to the initial public offering, unless the context specifies or requires otherwise.

### **Cautionary Statement Regarding Forward-Looking Statements**

You should carefully review the information contained in this Annual Report and in other reports or documents that we file from time to time with the Securities and Exchange Commission (the “SEC”). 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 discussed in this Annual Report and other reports or documents that we file from time to time with the SEC. Those factors may cause our actual results to differ materially from any of our forward-looking statements. All forward-looking statements attributable to us or a person acting on our behalf are expressly qualified in their entirety by this cautionary statement.

## PART I

### ITEM 1. BUSINESS

#### Introduction

We are currently the nation's eighth largest cable television company based on customers served and the leading cable operator focused on serving the smaller cities and towns in the United States. Through our interactive broadband network, we provide our customers with a wide array of products and services, including analog and digital video services, advanced video services such as video-on-demand ("VOD"), high-definition television ("HDTV") and digital video recorders ("DVR"), and high-speed data ("HSD"), also known as high-speed Internet access or cable modem service. We currently offer our customers a variety of options to bundle our array of video services with HSD. In the second quarter of 2005 we plan to begin the rollout of cable telephony, which will enable us to offer our customers a triple-play bundle of video, HSD and voice services.

As of December 31, 2004, our cable systems passed an estimated 2.79 million homes and served approximately 1.46 million basic subscribers, and 2.22 million revenue generating units ("RGUs"). Approximately 65% of our customers are located within the top 100 television markets in the United States, with a concentration of customers in the midwest and southern regions. A basic subscriber is a customer who subscribes to a package of cable television services. RGUs represent the sum of basic subscribers, digital customers and HSD customers.

We are a public company and our Class A common stock is listed on The Nasdaq National Market under the symbol "MCCC". We were founded in July 1995 by Rocco B. Comisso, our Chairman and Chief Executive Officer, who beneficially owns shares in our company representing the majority of the combined voting power of our common stock. Since commencement of our operations in March 1996, we have experienced significant growth by executing a disciplined strategy of acquiring underperforming cable systems and improving their operating and financial performance. In 2001, we acquired cable systems that served approximately 800,000 basic subscribers, more than doubling our size and enhancing our scale efficiencies in operations and capital investments in technology.

Our principal executive offices are located at 100 Crystal Run Road, Middletown, New York 10941 and our telephone number at that address is (845) 695-2600. Our website is located at [www.mediacomcc.com](http://www.mediacomcc.com). We have made available free of charge through our website (follow the Corporate Info link to the Investor Relations tab to "Annual Reports/SEC Filings") our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as reasonably practicable after such material was electronically filed with, or furnished to, the Securities and Exchange Commission. We have also made our Code of Ethics available through our website, under the heading "Corporate Information". The information on our website is not part of this Annual Report.

#### Business Strategy

Our strategy is to be the leading single-source provider of advanced video, data and voice products and services in our markets, which will allow us to deepen relationships with our existing customers, attract new customers and further diversify our revenue streams. We believe that our interactive broadband network is the superior platform today for the delivery of these products and services within our service areas. We have a local presence, with facilities and employees in the communities where our customers live. We believe that offering products and services in bundles, together with reliable customer service and our local community presence, will enable us to execute our strategy and compete effectively.

#### Network Technology

We operate high-capacity, fiber-optic cable systems, substantially all of which are activated with two-way communications capability. We have also interconnected approximately 75% of our estimated homes passed with a regional fiber network. In 2005, we plan to add synchronous optical network ("SONET") technology to our regional fiber network to create full redundancy. SONET is a fiber-optic

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transmission system for high-speed digital traffic which uses a self-healing ring architecture to reroute traffic if a break in communications occurs. We believe that our broadband network's extended reach and robust capabilities facilitate launches of new products such as cable telephony.

### ***Product Development and New Applications***

Our network technology allows us to offer an array of advanced video, data and voice products and services. As of December 31, 2004, our digital cable service was available to substantially all of our basic subscribers, and we served approximately 396,000 digital customers. Our VOD and HDTV services were available to approximately 65% and 77% of our digital customers, respectively, and DVRs were available to our entire digital customer base. As of the same date, HSD was marketed to substantially all of the estimated homes passed by our cable systems, and we served approximately 367,000 data customers. We will continue to capitalize on the capabilities of our network technology to develop new products and services that will further differentiate us from our competitors.

### ***Bundling of Broadband Products and Services***

We believe that bundled products and services offer our customers the convenience of having a single provider contact for ordering, scheduling, provisioning, billing and customer care. Our customers can also realize greater value through bundle discounts as they obtain additional products and services from us. We currently offer video and HSD bundles, and when we introduce cable telephony in the second quarter of 2005, we will offer triple-play bundles of video, HSD and voice. We also believe that, as we become more effective in bundling products and services, it will help us to attract new customers and reduce customer churn.

### ***Customer Service***

Attaining higher levels of customer satisfaction is critical to our success in the increasingly competitive environment we face today. We continue to invest in our customer care personnel and call center technology to improve our capabilities in customer service and have attained internal customer service measures that generally meet or exceed those standards established by the National Cable and Telecommunications Association on a 24 hour per day, seven day per week basis. In 2004, we completed our investment in virtual contact center technology across our call centers and, as a result, raised our level of customer service and improved the productivity of our call center personnel.

### ***Community Presence***

Historically, one of our key objectives was to bridge the "digital divide," or technology gap, that had developed between the smaller cities and towns and the large urban markets in the United States. Today, due to the significant investments we have made in our cable systems, substantially all of the communities we serve now have access to the latest in broadband products and services.

We continue our efforts to build good relationships with the communities we serve by participating in a wide range of local educational and community service initiatives. Our major company-wide programs include the "Mediacom Cable in the Classroom" program which provides more than 2,800 schools with free video service and more than 200 schools with free high-speed Internet access. We also provide free cable service to over 3,000 government buildings, libraries, and not-for-profit hospitals in our franchise areas. We develop and offer exclusive local programming in our communities in an effort to foster community awareness. For example, in the communities we serve in Iowa, the Mediacom Connections channel currently airs 60 to 70 hours of programming per week, including high school and college sporting events and statewide public affairs programs.

## Products and Services

### Video

We receive a majority of our revenues from video subscription services. Subscribers typically pay us on a monthly basis and generally may discontinue services at any time. We design our channel line-ups for each system according to demographics, programming preferences, channel capacity, competition, price sensitivity and local regulation. Monthly subscription rates and related charges vary according to the type of service selected and the type of equipment used by subscribers. Our video services include the following:

*Basic Service.* Our 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.

*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.

*Digital Cable Service.* Customers who subscribe to our digital cable offerings receive up to 230 digital channels in many of our cable systems. We currently offer several digital cable programming packages that include digital basic channels, multichannel premium services, pay-per-view movie and sports channels, digital music channels, and an interactive on-screen program guide. Our digital offerings of multichannel premium services include premium channels in HD format and unlimited access to subscription-based VOD ("SVOD"). We believe that these offerings highlight both the value of our digital cable services and our technologically advanced broadband network, and encourage basic subscribers to upgrade to digital cable service. Customers pay a monthly fee for digital cable service, which varies according to the level of service and the number of digital converters selected by the subscriber. A digital converter or cable card is required to receive our digital cable service.

*Video-On-Demand.* Our VOD service provides on-demand access to approximately 1,200 hours of movies, special events and general interest titles stored at our headend facilities. With this service, our customers enjoy full functionality, including the ability to pause, rewind and fast forward selected programming. Our VOD service is either free of charge, offered as part of an SVOD premium package, such as Starz!, Showtime or HBO, or ordered on a pay-per-view basis. We currently offer VOD service to approximately 65% of our digital customers. During 2005, we plan to make VOD service available in additional cable systems representing another 15% of our digital customers and increase the amount of available content, including additional children's and music programming.

*High-Definition Television.* HDTV features improved, high-resolution picture quality, improved audio quality and a wide-screen, theater-like display. Our HDTV service includes high definition signals for local broadcast stations that make these signals available to us, and, as part of premium channel subscriptions, Starz! HD, Showtime HD and HBO HD. We also provide, as part of our HD Pak tier for an additional monthly fee, certain premium HDTV programming, such as ESPNHD, HDNet, HDNet Movies, Universal HD and Discovery HD. As of December 31, 2004, 77 local broadcast channels in our service areas were transmitting in HDTV, and we had secured agreements to carry 44 of them. We currently offer HDTV service in markets serving approximately 77% of our digital customers. During 2005, we plan to make HDTV service available in additional cable systems, representing another 13% of our digital customers, and to increase the amount of available HDTV content, including more local broadcast channels and other HDTV content. Our HDTV service requires the use of an advanced digital converter for which we charge a monthly fee.

*Digital Video Recorders.* We offer our customers digital converters that have digital video recording capability. Using the interactive program guide, our customers with DVRs can record programming on the hard drive component of the digital converter and view the recorded programming using the play, pause, rewind and fast forward functions. The DVR can also pause live television, and rewind or fast-forward it, as well as record one show while watching another, or record two shows simultaneously. The DVRs we provide our customers are HDTV-capable. We began deploying DVRs in certain of our cable systems in March 2004 and expanded this offering to all of our cable systems by the end of 2004.

### ***High-Speed Data***

We offer several packages of HSD services with differing speeds and prices. Our HSD services are always activated, and as a result, the customer does not need to dial into an Internet service provider and await authorization. Our HSD services include our interactive portal, which provides multiple e-mail addresses and personal webspace for customers, as well as local content, such as community chamber of commerce news, which we solicit and support.

### ***Commercial Data***

Through our network technology, we provide a range of advanced data and communications services for the commercial market. We leverage our existing cable systems and cable modem services to offer small and medium-sized businesses a range of high-speed data access products. For larger enterprise customers, we capitalize on the broad reach and capabilities of our regional fiber network, with nearly 9,000 route miles of high-capacity fiber optic cable, to build customized solutions, which may include transparent LAN services, virtual private networks, and high-volume, high-speed data access

### ***Telephony***

In the second quarter of 2005, we plan to begin the rollout of our cable telephony service in certain of our cable systems. Our service will use technology that makes it possible to have a telephone conversation over a dedicated Internet Protocol ("IP") network instead of dedicated voice transmission lines. This allows the elimination of circuit switching and the associated waste of bandwidth. Instead, packet switching is used, where IP packets with voice data are sent over the network only when data needs to be sent, i.e. when a caller is talking. Its advantages over traditional telephony include: lower costs per call, especially for long-distance calls; lower infrastructure costs because once the IP infrastructure is installed, no or little additional telephony infrastructure is needed; and new advanced features.

Our telephony service will compete primarily with the phone service offered by the incumbent local phone company. Its features will include: unlimited local and long-distance calling throughout the U.S. and North America; the ability to keep existing phone number where local number portability is supported; the ability to access enhanced Emergency 911 dialing; and the ability to use existing phones and in-home wiring.

In 2004, we entered into an agreement with Sprint Corporation whereby Sprint assists us with provisioning capabilities and provides us with switching and termination of traffic to the public switched telephone network, delivery of enhanced emergency 911 service, local number portability and operator and directory services. We expect to offer cable telephony service to approximately 1.6 million homes in our markets within twelve months of our initial market launch.

### ***Advertising***

We generate revenues from the sale of advertising time on up to 36 satellite-delivered channels such as CNN, Lifetime, Discovery, ESPN, TBS and USA. We have an advertising sales infrastructure that includes in-house production facilities, production and administrative employees and a locally based sales workforce. In 2004, we completed the process of extending our advertising infrastructure to our cable systems that previously had third-party advertising agreements. In many of our markets, we have entered into agreements with other cable operators to jointly sell local advertising, simplifying our prospective clients' purchase of local advertising and expanding the reach of advertising they purchase. In some of these markets, we represent the advertising sales efforts of other cable operators; in other markets, other cable operators represent us.



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### Description of Our Cable Systems

#### Overview

The following table provides an overview of selected operating and cable network data for our cable systems for the years ended:

	2004	2003	2002	2001	2000
<b>Operating Data:</b>					
<b>Core Video</b>					
Estimated homes passed <sup>(1)</sup>	2,785,000	2,755,000	2,715,000	2,630,000	1,173,000
Basic subscribers <sup>(2)</sup>	1,458,000	1,543,000	1,592,000	1,595,000	779,000
Basic penetration <sup>(3)</sup>	52.4%	56.0%	58.6%	60.6%	66.4%
<b>Digital Cable</b>					
Digital customers <sup>(4)</sup>	396,000	383,000	371,000	321,000	40,000
Digital penetration <sup>(5)</sup>	27.2%	24.8%	23.3%	20.1%	5.1%
<b>Data</b>					
Data customers <sup>(6)</sup>	367,000	280,000	191,000	115,000	15,600
Data penetration <sup>(7)</sup>	13.2%	10.2%	7.0%	4.4%	1.3%
<b>Revenue Generating Units<sup>(8)</sup></b>	2,221,000	2,206,000	2,154,000	2,031,000	834,600
<b>Customer Relationships<sup>(9)</sup></b>	1,495,000	1,570,000	1,611,000	1,607,000	N/A
<b>Cable Network Data:</b>					
Miles of plant	46,900	45,900	45,000	44,100	24,500
Density <sup>(10)</sup>	59	60	60	60	48

- (1) Represents the estimated number of single residence homes, apartments and condominium units passed by the cable distribution network in a cable system's service area.
- (2) Represents a dwelling with one or more television sets that receives a package of over-the-air broadcast stations, local access channels or certain satellite-delivered cable television services. Accounts that are billed on a bulk basis, which typically receive discounted rates, are converted into full-price equivalent basic subscribers by dividing total bulk billed basic revenues of a particular system by the most prevalent combined limited and expanded cable rate charged to basic subscribers in that system. Basic subscribers include connections to schools, libraries, local government offices and employee households that may not be charged for limited and expanded cable services, but may be charged for digital cable, VOD, HDTV, DVR or high-speed Internet service. Customers who exclusively purchase high-speed Internet service are not counted as basic subscribers. Our methodology of calculating the number of basic subscribers may not be identical to those used by other cable companies.
- (3) Represents basic subscribers as a percentage of estimated homes passed.
- (4) Represents customers that receive digital cable services.
- (5) Represents digital customers as a percentage of basic subscribers.
- (6) Represents residential data customers and small to medium-sized commercial cable modem accounts billed at higher rates than residential customers. Small to medium-sized commercial accounts generally represent customers with bandwidth requirements less than 5Mbps. These commercial accounts are converted to equivalent residential data customers by dividing their associated revenues by the applicable residential rate. Our data customers exclude large commercial accounts and include an insignificant number of dial-up customers. Our methodology of calculating data customers may not be identical to those used by other cable companies.
- (7) Represents the number of total data customers as a percentage of estimated homes passed.
- (8) Represents the sum of basic subscribers, digital customers and data customers.
- (9) Represents the total number of customers that receive at least one level of service, encompassing video and data services, without regard to which service(s) customers purchase. This information is not available for periods prior to 2001.
- (10) Represents estimated homes passed divided by miles of plant.

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### **Selected Operating Data**

Our systems are organized into two geographic operating divisions. The following table sets forth the principal states served by such divisions, and their respective basic subscribers, digital customers and data customers as of December 31, 2004:

<u>Division</u>	<u>States</u>	<u>Basic Subscribers</u>	<u>Digital Customers</u>	<u>Data Customers</u>
North Central	Illinois, Iowa, Minnesota, South Dakota	712,000	185,000	195,000
South Central	Alabama, California, Delaware, Florida, Georgia, Illinois, Indiana, Kentucky, Missouri, North Carolina	746,000	211,000	172,000
Total		<u>1,458,000</u>	<u>396,000</u>	<u>367,000</u>

Approximately 65% of our subscribers are in the top 100 Nielsen Media Research designated market areas (“DMAs”), in the United States. We are the leading provider of broadband services in Iowa, and control the three largest Iowa markets that are in the top 50 to 100 DMAs: Des Moines – Ames; Cedar Rapids – Waterloo – Iowa City & Dubuque; and Davenport – Rock Island. The following table provides a partial list of the markets in which we provide cable service:

<u>DMA Rank</u>	<u>Designated Market Area</u>
2	Los Angeles, CA
3	Chicago, IL
14	Minneapolis - St. Paul, MN
35	Greenville - Spartanburg, SC
63	Mobile, AL - Pensacola, FL
73	Des Moines - Ames, IA
78	Springfield, MO
79	Paducah, KY - Cape Girardeau, MO - Harrisburg - Mt. Vernon, IL
82	Champaign & Springfield - Decatur, IL
88	Cedar Rapids - Waterloo - Iowa City & Dubuque, IA
94	Davenport, IA - Rock Island - Moline, IL

### **Technology Overview**

We believe in investing in our broadband network, our facilities and other equipment to improve our competitive position. During our planned network upgrade, which was completed in 2003, we made substantial investments in our cable network. The primary features of our network are:

- hybrid fiber-optic coaxial, or HFC, architecture;
- 99% of the network miles with bandwidth capacity of 550MHz to 870MHz;
- 99% of estimated homes passed with two -way communications capability;
- 130 headend facilities, the 50 largest of which serve 96% of our basic subscribers; and
- the ability to provide advanced broadband services across virtually our entire footprint.

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A central feature of our cable network is the deployment of high capacity, HFC architecture. The HFC 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 more extensive signal amplification in order to obtain the desired levels for delivering channels. In most systems, we deliver our signals via fiber optic cable to individual nodes serving an average of 350 homes or commercial buildings. A node is a single connection to a cable system's main, high-capacity fiber optic cable. Coaxial cable is then connected from each node to the individual homes or buildings. Our network design generally provides for six strands of fiber to each node, with two strands active and four strands reserved for future services. We believe that our design provides high capacity and superior signal quality, as well as providing reserve capacity for the addition of future services.

The following table describes the technological state of our cable network as of December 31, 2004:

Percentage of Cable Network				
<u>Less than 550 MHz</u>	<u>Standard 550 MHz</u>	<u>Enhanced 550 MHz</u>	<u>Greater than 550 MHz</u>	<u>Two-Way Capable</u>
1.5%	4.9%	9.4%	84.2%	99%

As of December 31, 2004, our 550MHz systems consisted of standard 550MHz and enhanced 550MHz systems. Our enhanced 550MHz cable systems benefit from fiber-to-the-node construction to increase their capacity, enabling them to deliver the same broadband video, data and voice services as our systems with bandwidths greater than 550MHz. As a result, we have the ability to provide digital cable television, VOD, HDTV, HSD access and other telecommunications services across virtually our entire footprint. In 2005, we plan to upgrade a portion of our 550MHz cable systems.

As of December 31, 2004, our cable systems were operated from 130 headend facilities. Fiber optics and advanced transmission technologies made 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. Approximately 96% of our basic subscribers are now served by our 50 largest headend facilities.

As part of our headend consolidation program, which was substantially completed in 2003, we deployed nearly 9,000 route miles of fiber optic cable, creating a large regional fiber network with the potential to provide advanced telecommunications services to approximately 70% of our estimated homes passed. In 2005, we plan to add SONET technology to our regional fiber network in order to create full redundancy. SONET is a fiber-optic transmission system for high-speed digital traffic which uses a self-healing ring architecture to reroute traffic if a break in communications occurs. This regional network has excess fiber optic capacity to accommodate new and expanded products and services, such as our commercial data business. Its ability to reach more subscribers from a single headend also makes it more efficient, in terms of capital investment, to introduce new and advanced services.

### **Programming Supply**

We have various fixed-term contracts to obtain, directly and indirectly, programming for our cable systems from programming suppliers whose compensation is typically based on a fixed monthly fee per customer. We negotiate programming contract renewals both directly and through a programming cooperative of which we are a member. Most of our contracts are secured directly due to the need to tailor contracts to our specific business concerns. We attempt to secure longer-term programming contracts which may include marketing support and incentives from programming suppliers.

We expect our programming costs to remain our largest single expense item for the foreseeable future. In recent years, we have experienced a substantial increase in the cost of our programming, particularly sports programming, well in excess of the inflation rate or the change in the consumer price index. Our programming costs will continue to rise in the future due to increased costs to purchase programming and as we provide additional programming to our customers.

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We also have various retransmission consent arrangements with commercial broadcast stations, which generally expire in December 2005. In some cases, retransmission consents have been contingent upon our carriage of satellite delivered cable programming offered by companies affiliated with the stations' owners or the broadcast network carried by such stations.

### **Customer Service**

System reliability, a motivated and productive workforce and customer satisfaction are cornerstones of our business strategy. We expect that investments in our cable network and our regional contact centers significantly strengthen customer service, enhance the reliability of our cable network and allow us to introduce new services to our customers. We benefit from locally-based customer technical support staff who are available to visit customers' premises if problems arise. We maintain three regional contact centers staffed with dedicated customer service representatives, or CSRs, and technical service representatives, or TSRs, who are available to respond to customer calls 24 hours a day, seven days a week. We believe our regional contact centers allow us to effectively manage resources and reduce response times to customer inquiries. TSRs handle our HSD customers, ensuring prompt, efficient resolution of technical inquiries or issues.

In 2004, we completed the implementation of virtual contact center technology to provide customers with extensive self-service capabilities, such as making a payment and verifying service appointments, and to enable us to re-route customer calls among our three regional contact centers and other satellite offices to minimize hold times. Our virtual contact centers also give our CSRs and TSRs instant access to the calling customer's file and our products and services in the customer's market. We believe our virtual contact centers will help us ensure the most efficient utilization of our call center personnel and the most effective customer interactions. Reinforcing our commitment to customer service, we have attained customer service standards that meet or exceed those standards established by the National Cable and Telecommunications Association. Also in 2004, we completed the rollout of interactive voice response, or IVR, technology, and today over 25% of all inbound calls to our customer contact centers are handled through the IVR, further enhancing the efficiencies of our customer service operations.

We continue to invest in personnel, equipment and technology to improve our customer care. In 2004, we implemented a web-based customer service platform called e-Care for bill presentment purposes, and we are currently expanding our e-Care capabilities to include customer self-fulfillment.

### **Community Relations**

We are dedicated to fostering strong community relations in the communities served by our cable 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 provides more than 2,800 schools with free video service and more than 200 schools with free high-speed Internet service. We also provide free cable television service to over 3,000 government buildings, libraries and not-for-profit hospitals in our franchise areas.

We also develop and offer exclusive local programming to our communities, a capability not available to direct broadcast satellite service providers, our primary competition in the video business. Several of our cable systems have production facilities to create local programming, which includes local school sports events, fund-raising telethons by local chapters of national charitable organizations, local concerts and other entertainment. In Iowa, we are the exclusive broadcaster of city council meetings, the Little League Championships in Des Moines and the Iowa High School State Football Championships. We believe increasing our emphasis on local programming builds customer loyalty.

## 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 maintenance or posting of insurance or indemnity bonds by the cable operator. Many of the provisions of local franchises are subject to federal regulation under the Communications Act of 1934, or Communications Act, as amended.

As of December 31, 2004, we held 1,380 cable television franchises. These franchises provide for the payment of fees to the issuing authority. In most of the cable systems, such franchise fees are passed through directly to the customers. The Cable Communications Policy Act of 1984, or 1984 Cable Act, prohibits franchising authorities from imposing franchise fees in excess of 5% of gross revenues from specified cable services and also permits the cable operator to seek renegotiation and modification of franchise requirements if warranted by changed circumstances.

Substantially all of the basic subscribers of our cable systems are in service areas that require a franchise. The table below groups the franchises of our cable systems by year of expiration and presents the approximate number and percentage of basic subscribers for each group as of December 31, 2004.

<u>Year of Franchise Expiration</u>	<u>Number of Franchises</u>	<u>Percentage of Total Franchises</u>	<u>Number of Basic Subscribers</u>	<u>Percentage of Total Basic Subscribers</u>
2005 through 2008	440	32.0%	694,000	47.6%
2009 and thereafter	940	68.0%	764,000	52.4%
<b>Total</b>	<b>1,380</b>	<b>100.0%</b>	<b>1,458,000</b>	<b>100.0%</b>

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. 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 cable system or effects a transfer of the cable system to another person, the cable operator generally is entitled to the "fair market value" for the cable 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 have satisfactory relationships with our franchising communities.

## Competition

We face intense competition from various communications and entertainment providers. Our competitive positioning is significantly influenced by several factors, such as changes in technology and regulation and the corporate size and affiliations of our competitors. We operate in a constantly changing technological environment, and new technologies may give rise to new products and services that compete against our own. Recent regulatory policies have created a more favorable operating environment for new and existing technologies that provide, or may provide, both opportunities and threats. Acquisitions or combinations that significantly change a company's size, or permanent and temporary alliances also impact competitiveness as these may provide benefits, such as improved access to resources (including financing, content and equipment), efficiencies of scale and the ability to provide multiple services. We expect the number and types of our competitors to increase as the expansion of our products and services brings us into new businesses and as new providers of alternative products and services enter our markets. We are unable to predict the effects, if any, of such future developments on our business.

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In video services our principal competitors are direct broadcast satellite (“DBS”) services. In high-speed data we compete with digital subscriber line (“DSL”) services in markets where it has been made available by telephone companies. Telephone companies now bundle voice and data and have recently entered into marketing alliances that allow them to add DBS video to their bundles. Major telephone companies have also begun to carry out their announced plans to construct new fiber networks over the next several years, which will allow them to offer video services over their networks. These phone companies may become significant direct video competitors if they deploy new fiber networks on a large scale in our markets. With our planned launch of cable telephony in the second quarter of 2005, we will compete with providers of various types of telephone services, including providers of traditional circuit switched and wireless telephony.

We seek to compete effectively by using our broadband network to continue to provide a rich variety of video programming and new products and services, including VOD, HDTV, DVRs, HSD and, beginning this year, cable telephony. We believe our ability to deliver multiple services from a single platform and to bundle these services strengthens our competitive position. We also believe it is important for us to continue to provide high quality customer service and foster good community relationships through our locally-based personnel and facilities.

### **Video**

#### ***Direct Broadcast Satellite Providers***

DBS service providers are the cable industry’s most significant competitors, having grown their customer base rapidly over the past several years, far exceeding the basic subscriber growth rate of the cable industry. According to recent industry reports, DBS service providers currently deliver video programming services to over 24 million customers in the United States of America. The two largest DBS companies, DIRECTV, Inc., or DIRECTV and EchoStar Communications Corporation, or Echostar, provide service to substantially all of these DBS customers and are each among the four largest providers of multichannel video programming services based on reported customers. The News Corporation Limited, or News Corporation, which acquired a controlling interest in DIRECTV in 2003, owns the Fox Television Network and several cable programming services, as well as DBS operations in Europe, Asia and Latin America. Affiliation with News Corporation could provide DIRECTV with access to financial, programming and other resources that strengthen its competitive position. In early 2005, Echostar entered into a definitive agreement to acquire from Cablevision Systems Corporation the broadcast satellite and certain related assets of VOOM, a recently launched DBS service offering primarily HDTV services on a national basis. DBS service providers have also entered into alliances with certain telephone companies that allow the telephone companies to bundle DBS video with their voice and data services.

DBS differs from cable television in certain areas that impact competitiveness. DBS service providers use high-powered satellites to offer their customers services with typically more than 300 channels of programming. DBS service can be received virtually anywhere in the continental United States through the installation of a small rooftop or side-mounted antenna, with the only requirement being an unobstructed view of the southern sky. DBS service providers do not pay the franchise fees of up to 5% of revenues and property taxes that cable operators are required by many localities to pay. These fundamental differences allow DBS providers to offer uniform nationwide service, pricing and branding, giving them greater operating efficiencies overall and allowing them to compete effectively. Furthermore, the initial investment by a DBS customer for equipment has decreased substantially with offers by DBS service providers of discounted or free equipment, installation and multiple units.

DBS service providers have also benefited meaningfully from a change in legislation in 1999 that allowed them to deliver local broadcast signals, eliminating a significant competitive advantage which we and other cable system operators had over them. As of December 31, 2004, DBS service providers delivered local broadcast stations in markets representing an estimated 92% of our basic subscribers, an increase of 30% from the prior year-end.

The technological limitations of DBS give us and other cable operators certain advantages. DBS technology has limited two-way interactivity, which restricts its ability to compete in interactive video, HSD and voice services. In contrast, our broadband network allows full two-way interactivity and greater varieties of advanced services. In video, we are able to offer VOD, SVOD and DVR products and services while DBS is limited to DVRs. We also believe our cable-delivered VOD and SVOD services are superior to DBS DVR service, as our

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VOD/SVOD customer can access and independently control thousands of titles stored at a headend facility, while a DBS DVR customer is limited to the much smaller number of titles that can be stored in the disk drive of the DVR box sitting in the home. We are also able to deliver greater quantities of HDTV programming for the foreseeable future, as DBS service providers currently face technological and other limitations on their ability to deliver local HDTV broadcast signals in most of our markets.

Our broadband network allows single platform delivery of video, HSD and, in the second quarter of 2005, cable telephony. DBS service providers and certain phone companies have partnered to provide these services in bundles. However, we believe our ability to deliver comparable bundles from one platform is an advantage, as it allows us to provide customers a single provider contact for ordering, provisioning, billing and customer care.

We also believe our subscribers continue to prefer our meaningful presence in their communities and the proprietary local content we produce and broadcast in several of our systems. DBS service providers are not locally-based and do not have the ability to offer locally-produced programming.

### ***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 by another cable operator, a local utility or another service provider. Some of these competitors, such as municipally-owned entities, may be granted franchises on more favorable terms or conditions or enjoy other advantages such as exemptions from taxes or regulatory requirements to which we are subject. Well-financed businesses from outside the cable industry, such as utilities which already possess or are developing fiber optic and other transmission facilities in the areas they serve, are also competitors. We believe that various entities are currently offering cable service to an estimated 12.4% of the estimated homes passed in the service areas of our franchises.

### ***Multichannel Multipoint Distribution Systems***

Multichannel multipoint distribution systems ("MMDS"), or wireless cable 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 and subject to fewer regulatory requirements than cable systems, and are not required to obtain local franchises or pay franchise fees. 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, 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. Generally, wireless cable operators are now concentrated on data transmission services rather than video-service. We have very limited competition from MMDS operators.

### ***Private Cable Television Systems***

Private cable television systems, known as satellite master antenna television ("SMATV") systems, compete with conventional cable television systems for the right to service condominiums, apartment complexes and other multiple dwelling unit facilities. SMATV systems typically use a single satellite dish for an entire building or complex to provide improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable systems. SMATV systems typically are not subject to regulation like local franchised cable operators.

Under the Telecommunications Act of 1996, or 1996 Telecom Act, SMATV 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.

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SMATV system operators 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 dedicated 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, with respect to easements located entirely on private property.

### ***Providers of Broadcast Television and Other Entertainment***

The extent to which a cable system competes with over-the-air broadcasting, which provides signals that a viewer is able to receive directly, 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. As local over-the-air broadcasters continue their federally-mandated transition to digital-only signal formats, the extent to which those local broadcasters offer digital feeds of their analog programming, additional programming on other digital channels and/or HDTV signals may increase competition for customers with digital or HDTV receivers where such signals are not carried on the cable system. The FCC has issued digital television ("DTV") licenses that give traditional broadcasters the ability to deliver HDTV and advanced digital services such as data transmission and subscription video. Over-the-air DTV subscription service is now available in a few cities in the United States.

Cable systems also face competition from other sources of entertainment such as live sporting events, movie theaters and home video products, including videotape recorders and videodisc players.

### ***Telephone Companies***

The 1996 Telecom Act eliminated many restrictions on the ability of local telephone companies to offer video programming. In addition to their joint-marketing alliances with DBS service providers, certain local telephone companies have recently announced that they are now constructing new fiber networks to replace their existing networks, which will allow them to offer video services in addition to improved voice and high speed data services. If these and other telephone companies decide to rebuild their networks in our markets and offer video services they will compete with us and other video providers, which includes DBS service providers.

Local telephone companies may have a number of different ways to enter the video programming business, some of which do not require obtaining a local franchise. Local telephone companies and other potential competitors have the ability to certify their competing video service as an "open video" system. Open video system operators are not subject to certain requirements imposed by the 1984 Cable Act upon more traditional cable operators.

### ***High Speed Data***

We offer HSD, or cable modem service, in many of our cable systems. Our cable modem service competes mainly with the high-speed Internet access services offered by local and long distance telephone companies. These competitors have substantial resources.

DSL services offered by telephone companies provide Internet access at data transmission speeds greater than that of standard telephone line or "dial-up" modems, putting DSL service in direct competition with our cable modem service. Telephone companies that have made the necessary plant investment have introduced DSL services in many of our markets, however, we believe their serviceable areas currently do not match our network reach in those markets. The FCC has an ongoing rulemaking proceeding that may materially reduce existing regulation of DSL service, essentially freeing such service from traditional telecommunications regulation. Federal legislation or judicial decisions may also reduce regulation of Internet services offered by incumbent telephone companies.



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As discussed above, certain major telephone companies are currently constructing new fiber networks. These companies have indicated that this will create a new platform that will allow them to offer significantly faster high-speed data services compared to the offerings available under current DSL technology.

DBS service providers are currently offering two alternatives of satellite-delivered high-speed data. The first is a one-way service that utilizes a telephone return path, in contrast to our two-way, high-speed service, which does not require a telephone line. The other alternative is a two-way, high-speed service, which requires additional equipment purchases by the customer and is offered at higher prices than our own equivalent service. Due to these differences we believe our high-speed data service is superior to the satellite-delivered service.

Some Internet service providers, or ISPs, offer dial-up Internet access service over standard telephone lines in our markets. Dial-up service operates at much lower speeds than cable modem service and is therefore not competitive with our high-speed data service. A number of these ISPs 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. This kind of access is often called "open access". Many local franchising authorities have examined the issue of open access and a few have required cable operators to provide such access. Several Federal courts have ruled that localities are not authorized to require open access. The FCC has classified cable modem service as an "information service," not as a "telecommunications service." As an information service, the FCC has held that cable systems are not required to open their networks for use by others to provide ISP services. The 9th Circuit Court of Appeals has issued a contrary decision that finds cable modem services to include both telecommunications service and information service components. If the 9th Circuit's decision (which is on appeal) prevails, it could result in an open access requirement. If we were required to provide open access to ISPs as a result of FCC action or court decisions, other companies could use our cable system infrastructure to offer Internet services competitive with our own.

Certain telecommunications companies are seeking to provide high-speed broadband services, including interactive online services, using wireless technologies that may transcend present service boundaries and avoid certain regulatory restrictions. Moreover, some electric utilities have announced plans to deliver broadband services over their electrical distribution networks. The FCC has an on-going rulemaking which, to date, appears limited to basic regulations to avoid technical interference with existing services. If electric utilities provide broadband services over their existing electrical distribution networks, they could become formidable competitors given their resources.

### ***Cable Telephony***

We plan to roll out our cable telephony service in certain markets beginning in the second quarter of 2005 and expanding to additional markets in subsequent years. Our planned telephony service will provide both local and long distance calling. As such, it will directly compete with the incumbent local phone company and long-distance service providers. Other competitors include competitive local exchange carriers, which are non-incumbent local phone companies that provide local services and access to long distance services over their own networks or over leased networks, wireless telephone carriers and IP-based service providers. IP phone is becoming more widely deployed by an increasing number of telecommunication service providers, which may result in heightened competition for our cable telephony service. We believe the addition of cable telephony to our video and data service bundles will help us compete with other providers of bundled services, including telephone companies that bundle DBS video with their voice and data services, and the new providers of IP phone service.

### ***Other Competition***

Advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment, are constantly occurring. The FCC has authorized a new interactive television service that permits non-video transmission of information between an individual's home and entertainment and information service providers. This service, which can be used by DBS systems, television stations and other video programming distributors, including cable 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 systems.

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The FCC has allocated spectrum in the 28GHz range for a new multichannel wireless service called Local Multipoint Distribution Service that can be used to provide video and telecommunications services. The FCC 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 text and graphic information that may be useful to both consumers and businesses. The FCC also permits commercial and non-commercial FM stations to use their subcarrier frequencies to provide non-broadcast services, including data transmission.

The quality of real-time or streaming of video over the Internet and into homes and businesses continues to improve. These services are also becoming more available as the use of high speed Internet access becomes more widespread. In the future, it is possible that video streaming will compete with the video services offered by cable operators and other providers of video services. For instance, programming suppliers may market their content directly to consumers through video streaming over the Internet, bypassing cable operators or DBS providers as video distributors, although the cable operators may remain as the providers of high speed Internet access service.

### **Employees**

As of December 31, 2004, we employed 3,749 full-time employees and 118 part-time employees. Approximately 30 of our employees have organized but are not covered by a collective bargaining agreement. We consider our relations with our employees to be satisfactory.

## Legislation and Regulation

### General

Federal, state and local laws regulate the development and operation of cable communications systems. In the following paragraphs, we summarize the federal laws and regulations materially affecting us and other cable operators and the level of competition that we face. We also provide a brief description of certain relevant state and local laws. Currently few laws or regulations apply to Internet services. Existing federal, state and local laws and regulations and state and local franchise requirements are currently the subject of judicial proceedings, legislative hearings and administrative proceedings that 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 business or operations can be predicted at this time.

### Federal Regulation

The principal federal statutes governing the cable industry, the Communications Act of 1934, as amended by the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992 and the Telecommunications Act of 1996 (collectively, the “Cable Act”), establish the federal regulatory framework for the industry. The Cable Act allocates principal responsibility for enforcing the federal policies among the Federal Communications Commission, or FCC and state and local governmental authorities.

The Cable 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.

The FCC and some state regulatory agencies regularly conduct administrative proceedings to adopt or amend regulations implementing the statutory mandate of the Cable 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. Further court actions and regulatory proceedings may occur that might affect the rights and obligations of various parties under the Cable Act. The results of these judicial and administrative proceedings may materially affect the cable industry and our business and operations.

### Subscriber Rates

The Cable Act and the FCC’s regulations and policies limit the ability of cable systems to raise rates for basic services and customer equipment. No other rates are subject to regulation. Federal law exempts cable systems from all rate regulation in communities that are subject to effective competition, as defined by federal law and where affirmatively declared by the FCC. Federal law defines effective competition as existing in a variety of circumstances that historically were rarely satisfied but are increasingly likely to be satisfied with the recent increase in DBS penetration and the announced plans of some local phone companies to offer comparable video service. Although the FCC is conducting a proceeding that may streamline the process for obtaining effective competition determinations, neither the outcome of this proceeding nor its impact upon the cable industry or our business or operations can be predicted at this time.

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

- the lowest level of programming service offered by the cable operator, typically called basic service, which includes, at a minimum, the local broadcast channels and any public access or governmental channels that are required by the operator's franchise;
- the installation of cable service and related service calls; 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 affirmatively seek and obtain FCC certification to regulate by following a simplified FCC certification process and agreeing to follow established FCC rules and policies when regulating the cable operator's rates. Currently, the majority of the communities we serve have not sought such certification to regulate our rates.

Several years ago, the FCC adopted detailed rate regulations, guidelines and rate forms that a cable 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 either a detailed cost-of-service methodology or an add-on to the benchmark rate based on the additional capital cost and certain operating expenses resulting from qualifying upgrades to the cable plant. The Cable Act and FCC rules also allow 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 a cable operator's rates are too high under the FCC's rate rules, the local franchising authority may require the cable operator to reduce rates and to refund overcharges to subscribers, with interest. The cable operator may appeal adverse local rate decisions to the FCC.

The FCC's regulations allow a cable 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-imposed obligations.

The Cable Act and/or the FCC's regulations also:

- require cable 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 cable operators to subscribers in multiple dwelling units; and
- permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

The FCC recently conducted an inquiry into the advisability of mandating the a la carte offering of programming, as opposed to the cable industry's practice of packaging numerous channels into tiers. Although the FCC recommended against an a la carte mandate, it is possible that in the future rate regulation on the cable industry could be expanded to include new restrictions on the retail pricing or packaging of cable programming. Such restrictions could adversely impact our business.

## Content Requirements

### *Must Carry and Retransmission Consent*

The FCC's regulations contain broadcast signal carriage requirements that allow local commercial television broadcast stations to elect once every three years whether to require a cable system:

- to carry the station, subject to certain exceptions; or
- to negotiate the terms by which the cable system may carry the station on its cable systems, commonly called retransmission consent.

The Cable Act and the FCC's regulations require a cable operator to devote up to one-third of its activated channel capacity for the carriage of local commercial television stations. The Cable Act and the FCC's rules also give certain local non-commercial, educational television stations mandatory carriage rights, but not the option to negotiate retransmission consent. Additionally, cable systems must obtain retransmission consent for carriage of:

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

Under legislation enacted in 1999, Congress barred broadcasters from entering into exclusive retransmission consent agreements (through 2006) and required that broadcasters negotiate retransmission consent agreements in "good faith." In November 2004, Congress extended the ban on exclusive retransmission consent agreements to cover all multi-channel video programming distributors, including cable operators.

The FCC has opened an inquiry into the impact on competition in the multichannel video programming distribution market of the Cable Act's provisions and the FCC's rules on retransmission consent, network nonduplication, syndicated exclusivity and sports blackouts. The FCC's inquiry will form the basis for a report to Congress mandated by the Satellite Home Viewer Extension and Reauthorization Act of 2004 ("SHVERA"), which is due September 8, 2005. The FCC also recently opened a rulemaking to implement the requirement in SHVERA that extends the good faith retransmission consent bargaining requirements from broadcasters to multichannel video programming providers, including cable operators. Neither the outcome of these proceedings nor their impact upon subsequent legislation, FCC regulations or the cable industry or our business or operations can be predicted at this time.

Must-carry obligations may decrease the attractiveness of the cable operator's overall programming offerings by including less popular programming on the channel line-up, while cable operators may need to provide some form of consideration to broadcasters to obtain retransmission consent to carry more popular programming. We carry both broadcast stations based on must-carry obligations and others that have granted retransmission consent.

The FCC has issued a decision that effectively requires mandatory carriage of local television stations that surrender their analog channel and broadcast only digital signals. These stations are entitled to request carriage in their choice of digital or converted analog format. Stations transmitting in both digital and analog formats ("Dual Format Broadcast Stations"), which is permitted during the current several-year transition period, have no carriage rights for the digital format during the transition unless and until they turn in their analog channel. The FCC has recently reaffirmed that cable operators are not required to carry the digital signal of Dual Format Broadcast Stations that currently have must-carry rights for their analog signals. In addition to rejecting a "dual carriage" requirement during the transition, the FCC also confirmed

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that a cable operator need only carry a broadcaster's "primary video" service (rather than all of the digital "multi-cast" services), both during and after the transition. In addition, in November 2004, Congress passed a non-binding resolution urging that legislation be considered in 2005 that would set a firm date for the broadcasters to return their analog spectrum. The adoption, by legislation or FCC regulation, of additional must-carry requirements would have a negative impact on us because it would reduce available channel capacity and thereby could require us to either discontinue other channels of programming or restrict our ability to carry new channels of programming that may be more desirable to our customers.

### ***Tier Buy Through***

The Cable Act and the FCC's regulations require our cable systems, other than those systems which are subject to effective competition, 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 service tier.

### ***Program Access***

To increase competition between cable operators and other video program distributors, the Cable 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.

### ***Other Programming***

Federal law 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;
- adult programming;
- sponsorship identification; and
- closed captioning of video programming.

### ***Use of Our Cable Systems by the Government and Unrelated Third Parties***

The Cable Act allows local franchising authorities and unrelated third parties to obtain access to a portion of our cable systems' channel capacity for their own use. For example, the Cable Act:

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

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- 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.

### **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 Cable Act provides oversight and guidelines to govern our relationship with local franchising authorities.

For example, the Cable Act and/or FCC regulations and determinations:

Provide guidelines for the exercise of local regulatory authority that:

- affirm 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 prohibit us from operating in communities without a franchise;
- permit local authorities, when granting or renewing our franchises, to establish requirements for cable - related facilities and equipment, but prohibit franchising authorities from establishing requirements for specific video programming or information services other than in broad categories; and
- permit us to obtain modification of our franchise requirements from the franchise authority or by judicial action if warranted by commercial impracticability.

Generally prohibit 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 derive from providing telecommunications or information services over our cable systems ;
- restricting our use of any type of subscriber equipment or transmission technology; and
- requiring payment of franchise fees to the local franchising authority in excess of 5.0% of our gross revenues derived from providing cable services over our cable system.

Encourage competition with existing cable systems by:

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

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

Provide renewal procedures:

- The Cable 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 to the extent permitted by law. 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 the purchaser 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.

The Cable Act and the FCC allow cable operators to pass franchise fees on to subscribers and to separately itemize them on subscriber bills. In 2003 an appellate court affirmed an FCC ruling that franchise fees paid by cable operators on non-subscriber related revenue (such as cable advertising revenue and home shopping commissions) may be passed through to subscribers and itemized on subscriber bills regardless of the source of the revenues on which they were assessed.

In connection with its decision in March 2002 classifying high-speed Internet services provided over a cable system as interstate information services, the FCC stated that revenues derived from cable operators' Internet services should not be included in the revenue base from which franchise fees are calculated. In 2003 an appellate court vacated the FCC's decision classifying cable operators' Internet services as an interstate "information service" and not a "telecommunications service"; however, the United States Supreme Court has agreed to hear the FCC's appeal of the appellate court decision. Because of the FCC's decision, we are no longer collecting and remitting franchise fees on our high-speed Internet service revenues. We are unable to predict the ultimate resolution of these matters but do not expect that any additional franchise fees we may be required to pay will be material to our business and operations.

### **Ownership Limitations**

The FCC previously adopted nationwide limits on the number of subscribers under the control of a cable operator and on the number of channels which can be occupied on a cable system by video programming in which the cable operator has an interest. The U.S. Court of Appeals for the District of Columbia Circuit overturned the FCC's rules implementing these statutory provisions and remanded the case to the FCC for further proceedings.

The 1996 amendments to the Cable 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 has been invalidated by a federal appellate court. The FCC has eliminated its regulatory restriction on cross-ownership of cable systems and national broadcasting networks.



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The 1996 amendments to the Cable Act 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.

Pursuant to these changes in federal law, local telephone companies may now 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. Open video systems are exempt from certain regulatory obligations that currently apply to cable operators. The decision as to whether an operator of an open video system must obtain a local franchise is left to each community.

The 1996 amendments to the Cable Act allow registered utility holding companies and subsidiaries to provide telecommunications services, including cable television, notwithstanding the Public Utilities Holding Company Act of 1935, as amended. In 2004, the FCC adopted rules: 1) that affirmed the ability of electric service providers to provide broadband Internet access services over their distribution systems; and 2) that seek to avoid interference with existing services. Electric utilities could be formidable competitors to cable system operators.

The Cable 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.

### **Cable Equipment**

The Cable Act and FCC regulations seek to promote competition in the delivery of cable equipment by giving consumers the right to purchase set-top converters from third parties as long as the equipment does not harm the network, does not interfere with services purchased by other customers and is not used to receive unauthorized services. Over a multi-year phase-in period, the rules also require multichannel video programming distributors, other than direct broadcast satellite operators, to separate security from non-security functions in set-top converters to allow third party vendors to provide set-tops with basic converter functions. Beginning July 1, 2006 cable operators will be prohibited from leasing digital set-top terminals that integrate security and basic navigation functions.

To promote compatibility of cable television systems and consumer electronics equipment the FCC recently adopted rules implementing “plug and play” specifications for one-way digital televisions. The rules require cable operators to provide “CableCard” security modules and support for digital televisions equipped with built-in set-top functionality.

### **Pole Attachment Regulation**

The Cable Act requires certain public utilities, defined to include all local telephone companies and electric utilities except those owned by municipalities and co-operatives, to provide cable operators and telecommunications carriers with nondiscriminatory access to poles, ducts, conduit and rights-of-way at just and reasonable rates. This right to access is beneficial to us. Federal law also requires the FCC

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to regulate the rates, terms and conditions imposed by such 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 will regulate pole attachment rates, terms and conditions only in response to a formal complaint. The FCC adopted a new rate formula that became effective in 2001 which governs the maximum rate certain utilities may charge for attachments to their poles and conduit by companies providing telecommunications services, including cable operators.

Increases in attachment rates due to the FCC's new rate formula are phased in over a five-year period in equal annual increments, beginning in February 2001. This new formula will result in higher attachment rates than at present, but they will apply only to cable television systems which elect to offer telecommunications services. The FCC ruled that the provision of Internet services will not, in and of itself, trigger use of the new formula. The Supreme Court affirmed this decision and also held that the FCC's authority to regulate rates for attachments to utility poles extended to attachments by cable operators and telecommunications carriers that are used to provide Internet service or for wireless telecommunications service. The United States Supreme Court will review an appellate court decision classifying Internet services provided over cable systems to include a "telecommunications service" component. If the Supreme Court affirms the appellate court's decision, it may subject our pole attachments to higher rates.

### **Other Regulatory Requirements of the Cable 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 Cable Act and/or FCC rules include provisions, among others, regulating 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 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 routinely conducts 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.

## **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. In 1999, Congress modified the satellite compulsory license in a manner that permits DBS service providers to become more competitive with cable operators. Congress recently adopted legislation extending this authority through 2009. 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 related to either the cable compulsory license or the right of direct broadcast satellite providers to deliver local broadcast signals.

Copyrighted material 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 copyright owners. These entities generally offer through to-the-viewer licenses to the cable networks that 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 from which performance licenses must be obtained. Cable industry representatives negotiated standard license agreements with the largest music performing rights organizations covering locally originated programming, including advertising inserted by the cable operator in programming produced by other parties. These standard agreements require the payment of music license fees for earlier time periods, but such license fees have not had a significant impact on our business and operations.

## **Interactive Television**

The FCC has issued a Notice of Inquiry covering a wide range of issues relating to interactive television ("ITV"). Examples of ITV services are interactive electronic program guides and access to a graphic interface that provides supplementary information related to the video display. In the near term, cable systems are likely to be the platform of choice for the distribution of ITV services. The FCC posed a series of questions including the definition of ITV, the potential for discrimination by cable systems in favor of affiliated ITV providers, enforcement mechanisms, and the proper regulatory classification of ITV service.

## **Privacy**

The Cable Act imposes a number of restrictions on the manner in which cable television operators can collect, disclose and retain data about individual system customers and requires cable operators to take such actions as necessary to prevent unauthorized access to such information. The statute also requires that the system operator periodically provide all customers with written information about its policies including the types of information collected; the use of such information; the nature, frequency and purpose of any disclosures; the period of retention; the times and places where a customer may have access to such information; the limitations placed on the cable operator by the Cable Act; and a customer's enforcement rights. In the event that a cable television operator is found to have violated the customer privacy provisions of the Cable Act, it could be required to pay damages, attorneys' fees and other costs. Certain of these Cable Act requirements have been modified by certain more recent

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federal laws. Other federal laws currently impact the circumstances and the manner in which we disclose certain customer information and future federal legislation may further impact our obligations. In addition, some states in which we operate have also enacted customer privacy statutes that are in some cases more restrictive than those in federal law.

### **Cable Modem Service**

There are currently few laws or regulations that specifically regulate communications or commerce over the Internet. Section 230 of the Communications Act declares it to be the policy of the United States to promote the continued development of the Internet and other interactive computer services and interactive media, and to preserve the vibrant and competitive free market that presently exists for the Internet and other interactive computer services, unfettered by federal or state regulation. One area in which Congress did attempt to regulate content over the Internet involved the dissemination of obscene or indecent materials.

The Digital Millennium Copyright Act is intended to reduce the liability of online service providers for listing or linking to third-party Websites that include materials that infringe copyrights or other rights or if customers use the service to publish or disseminate infringing materials. The Children's Online Protection Act and the Children's Online Privacy Protection Act are intended to restrict the distribution of certain materials deemed harmful to children and impose additional restrictions on the ability of online services to collect user information from minors. In addition, the Protection of Children From Sexual Predators Act of 1998 requires online service providers to report evidence of violations of federal child pornography laws under certain circumstances.

A number of ISPs 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, which is often called "open access." Many local franchising authorities have examined the issue of open access and a few have required cable operators to provide such access, although several federal courts have ruled that localities are not authorized to require open access. The FCC, in connection with its review of the AOL-Time Warner merger, imposed, together with the Federal Trade Commission, limited multiple access and other requirements related to the merged company's Internet and Instant Messaging platforms.

In March of 2002, the FCC announced that it was classifying Internet access service provided through cable modems as an interstate information service, a classification that is currently under review by the United States Supreme Court. At the same time, the FCC initiated a rulemaking proceeding designed to address a number of issues resulting from this regulatory classification, including the following:

- the FCC confirmed that there is no current legal requirement for cable operators to grant open access now that cable modem service is classified as an information service. The FCC is considering, however, whether it has the authority to impose open access requirements and, if so, whether it should do so, or whether to permit local authorities to impose such a requirement.
- the FCC found that cable modem service is an information service, not a cable service, which has resulted in several court rulings that local franchise authorities may not collect franchise fees on cable modem service revenues under existing laws and regulations.
- the FCC concluded that federal law does not permit local franchise authorities to impose additional franchise requirements on cable modem service. It is considering, however, whether local franchise authorities nonetheless have the authority to impose restrictions, requirements or fees because cable modem service is delivered over cable using public rights of way.
- the FCC is considering whether cable operators providing cable modem service should be required to contribute to a "universal service fund" designed to support making service available to all consumers, including those in low income, rural and high-cost areas at rates that are reasonably comparable to those charged in urban areas.

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- the FCC is considering whether it should take steps to ensure that the regulatory burdens on cable systems providing cable modem service are comparable to those of other providers of Internet access service, such as telephone companies. One method of achieving comparability would be to make cable operators subject to some of the regulations that do not now apply to them, but are applicable to telephone companies.

Challenges to the FCC's classification of cable Internet access service as an information service and not a cable service or a telecommunications service have been filed in federal court. Based on a finding that it was bound by an earlier decision, an appellate court overturned the FCC's classification and found cable Internet service to include both information service and telecommunications service components. The United States Supreme Court has agreed to hear an appeal of the appellate court's decision. If the lower court's decision prevails, it could result in an open access requirement and other obligations imposed on telecommunications carriers. Any such requirements could adversely affect our results of operations.

### **Voice-Over-Internet Protocol Telephony**

The 1996 amendments to the Cable Act created a more favorable regulatory environment for cable operators to enter the phone business. Currently, numerous cable operators are exploring, planning or have commenced offering Voice-over-Internet-Protocol ("VoIP") telephony as a competitive alternative to traditional circuit-switched telephone service. Various states, including states where we operate, have adopted or are considering differing regulatory treatment, ranging from minimal or no regulation to full-blown common carrier status. As part of the proceeding to determine any appropriate regulatory obligations for VoIP telephony, the FCC recently decided that alternative voice technologies, like certain types of VoIP telephony, should be regulated only at the federal level, rather than by individual states. Many implementation details remain unsolved, and there are substantial regulatory changes being considered that could either benefit or harm VoIP telephony as a business operation. While the final outcome of the FCC proceedings cannot be predicted, it is generally believed that the FCC favors a "light touch" regulatory approach for VoIP telephony, which might include preemption of certain state or local regulation.

### **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;

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- use and occupancy of public streets; and
- types of cable services provided.

In the process of renewing franchises, a franchising authority may seek to impose new and more onerous requirements, such as upgraded facilities, increased channel capacity or enhanced services, although protections available under the Cable Act require the municipality to take into account the cost of meeting such requirements. The Cable Act also contains renewal procedures and criteria designed to protect incumbent franchisees against arbitrary denials of renewal.

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, other than Delaware, no state in which we operate has enacted such state-level regulation. State and local franchising jurisdiction is not unlimited; it must be exercised consistent with federal law. The Cable Act immunizes franchising authorities from most monetary damage awards arising from regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

## **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. Our distribution system consists primarily of coaxial and fiber optic cables and related electronic equipment. Customer premise equipment consists of set-top devices and cable modems.

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 cable systems require maintenance and periodic upgrading to improve system performance and capacity.

We own and lease the real property housing our regional call centers, 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.

## **ITEM 3. LEGAL PROCEEDINGS**

On April 5, 2004, a lawsuit was filed against us, MCC Georgia LLC, one of our indirect subsidiaries, and other, currently unnamed potential defendants in the United States District Court for the District of Colorado by Echostar Satellite LLC, which operates a direct broadcast satellite business under the name "Dish Network". Echostar alleges that systems operated by us and MCC Georgia LLC have used, without authorization, Dish Network satellite dishes activated under residential accounts to receive the signals of certain broadcast television stations in one or more locations in Georgia and that it has then been redistributing those signals, through its cable systems, to its subscribers. Among other claims, the complaint filed by Echostar alleges that these actions violate a provision of the Communications Act of 1934 (47 U.S.C. Sec. 605) that prohibits unauthorized interception of radio communications. The plaintiff seeks injunctive relief, actual and statutory damages, disgorgement of profits, punitive damages and litigation costs, including attorneys' fees.

On June 29, 2004, Echostar amended its complaint to also allege that this conduct amounted to a breach of the contract between Echostar and one of our employees, who allegedly acted as an agent for the defendants, by which we received the Echostar satellite signal. On September 7, 2004, the U.S. District Court granted our motion to transfer the case to the Middle District of Georgia, where venue is proper and where personal jurisdiction over us exists. There have been no further proceedings since that date. We intend to vigorously defend against these claims. At the present time, we are unable to reasonably evaluate the likelihood of an unfavorable outcome or quantify the possible damages, if any, associated with these matters, or whether or not those damages would be material.

We are also involved in various other legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position, results of operations, cash flows or business.

**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, 2004.

**ITEM 4A. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

<u>Name</u>	<u>Age</u>	<u>Position</u>
Rocco B. Commisso	55	Chairman and Chief Executive Officer
Mark E. Stephan	48	Executive Vice President, Chief Financial Officer, Treasurer & Director
John G. Pascarelli	43	Executive Vice President, Operations
Italia Commisso Weinand	51	Senior Vice President, Programming & Human Resources
Joseph E. Young	56	Senior Vice President, General Counsel & Secretary
Charles J. Bartolotta	50	Senior Vice President, Customer Operations
Calvin G. Craib	50	Senior Vice President, Business Development
Brian M. Walsh	39	Senior Vice President & Corporate Controller
Craig S. Mitchell	46	Director
William S. Morris III	70	Director
Thomas V. Reifenheiser	69	Director
Natale S. Ricciardi	56	Director
Robert L. Winikoff	58	Director

*Rocco B. Commisso* has 27 years of experience with the cable television industry and has served as our Chairman and Chief Executive Officer since founding our predecessor company 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 managed the bank's lending activities to communications firms including the cable industry. He serves on the board of directors and executive committees of the National Cable Television Association and Cable Television Laboratories, Inc., and on the board of directors of C-SPAN. Mr. Commisso holds a Bachelor of Science in Industrial Engineering and a Master of Business Administration from Columbia University.

*Mark E. Stephan* has 18 years of experience with the cable television industry and has served as our Executive Vice President, Chief Financial Officer and Treasurer since November 2003. Prior to that he was 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.

*John G. Pascarelli* has 24 years of experience in the cable television industry and has served as our Executive Vice President, Operations since November 2003. Prior to that he was our Senior Vice President, Marketing Consumer Services from June 2000 and our Vice President of Marketing from March 1998. Before joining us in March 1998, Mr. Pascarelli served as Vice President, Marketing for Helicon Communications Corporation 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, Inc., Cablevision Systems and Storer Communications. Mr. Pascarelli is a member of the board of directors of the Cable and Telecommunications Association for Marketing.

*Italia Commisso Weinand* has 28 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, Inc., Times Mirror Cable and Time Warner, Inc. Ms. Weinand is the sister of Mr. Commisso.



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*Joseph E. Young* has 20 years of experience with the cable television industry. Before joining us in November 2001 as Senior Vice President, General Counsel, Mr. Young served as Executive Vice President, Legal and Business Affairs, for LinkShare Corporation, an Internet-based provider of marketing services, from September 1999 to October 2001. Prior to that time, he practiced corporate law with Baker & Botts, LLP from January 1995 to September 1999. Previously, Mr. Young was a partner with the Law Offices of Jerome H. Kern and a partner with Shea & Gould.

*Charles J. Bartolotta* has 22 years of experience in the cable television industry. Before joining us in October 2000, Mr. Bartolotta served as Division President for AT&T Broadband, LLC from July 1998, where he was responsible for managing an operating division serving nearly three million customers. Prior to that time, he served as Regional Vice President of Tele-Communications, Inc. from January 1997 and as Vice President and General Manager for TKR Cable Company from 1989. Prior to that time, Mr. Bartolotta held various management positions with Cablevision Systems Corporation.

*Calvin G. Craib* has 23 years of experience in the cable television industry and has served as our Senior Vice President, Business Development since August 2001. Prior to that he was our Vice President, Business Development since April 1999. 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 and 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.

*Brian M. Walsh* has 16 years of experience in the cable television industry and has served as our Senior Vice President and Corporate Controller since February 2005. Prior to that he was our Senior Vice President, Financial Operations from November 2003, our Vice President, Finance and Assistant to the Chairman from November 2001, our Vice President and Corporate Controller from February 1998 and our Director of Accounting from November 1996. Before joining us in April 1996, Mr. Walsh held various management positions with Cablevision Industries from 1988 to 1995.

*Craig S. Mitchell* has held various management positions with Morris Communications Company LLC for more than the past five years. He currently serves as its Senior Vice President of Finance, Treasurer and Secretary and is also a member of its board of directors.

*William S. Morris III* has served as the Chairman and Chief Executive Officer of Morris Communications for more than the past five years. He was the Chairman of the board of directors of the Newspapers Association of America for 1999-2000.

*Thomas V. Reifenheiser* served for more than five years as a Managing Director and Group Executive of the Global Media and Telecom Group of Chase Securities Inc. until his retirement in September 2000. He joined Chase in 1963 and had been the Global Media and Telecom Group Executive since 1977. He also had been a director of the Management Committee of The Chase Manhattan Bank. Mr. Reifenheiser is also a member of the board of directors of Cablevision Systems Corporation and Lamar Advertising Company.

*Natale S. Ricciardi* has held various management positions with Pfizer Inc. for more than the past five years. Mr. Ricciardi joined Pfizer in 1972 and currently serves as its President/Team Leader, Global Manufacturing, with responsibility for all of Pfizer's manufacturing facilities.

*Robert L. Winikoff* has been a partner of the law firm of Sonnenschein Nath & Rosenthal, LLP since August 2000. Prior thereto, he was a partner of the law firm of Cooperman Levitt Winikoff Lester & Newman, P.C. for more than five years. Sonnenschein Nath & Rosenthal, LLP currently serves as our outside general counsel, and prior to such representation, Cooperman Levitt Winikoff Lester & Newman, P.C. served as our outside general counsel from 1995.

**PART II****ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

Our Class A common stock is traded on the Nasdaq National Market under the symbol "MCCC". The following table sets forth, for the periods indicated, the high and low closing sales prices for our Class A common stock as reported by the Nasdaq National Market:

	2004		2003	
	High	Low	High	Low
First Quarter	\$ 9.99	\$ 7.40	\$ 10.04	\$ 6.86
Second Quarter	\$ 8.23	\$ 6.95	\$ 10.79	\$ 8.37
Third Quarter	\$ 7.85	\$ 5.86	\$ 10.80	\$ 6.71
Fourth Quarter	\$ 7.11	\$ 5.10	\$ 8.80	\$ 6.46

As of February 4, 2005, there were approximately 750 holders of record of our Class A common stock and 5 holders of record of our Class B common stock. The number of Class A stockholders does not include beneficial owners holding shares through nominee names.

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.

The following is a summary of our repurchases of Class A common shares during 2004 under the \$50.0 million repurchase program, authorized by our Board of Directors in May 2000 and reaffirmed on August 3, 2004:

Period	Total Number of Shares Purchased	Average Price Per share	Total Number of Shares Purchased as Part of Publicly Announced Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
Third Quarter 2004	596,092	\$ 6.13	596,092	\$ 40,380,751
October	—	—	—	\$ 40,380,751
November	446,100	\$ 5.66	446,100	\$ 37,853,837
December	—	—	—	\$ 37,853,837
Fourth Quarter 2004	446,100	\$ 5.66	446,100	\$ 37,853,837
	<u>1,042,192</u>	<u>\$ 5.93</u>	<u>1,042,192</u>	<u>\$ 37,853,837</u>

**ITEM 6. SELECTED FINANCIAL DATA**

In the table below, we provide you with selected historical consolidated financial and operating data for the years ended December 31, 2000 through 2004 and balance sheet data as of December 31, 2000 through 2004, which are derived from our audited consolidated financial statements. We have significantly expanded our business through acquisitions. In June and July 2001, we acquired cable systems serving approximately 800,000 basic subscribers for an aggregate purchase price of \$2.06 billion.

See “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

	Year Ended December 31,				
	2004	2003	2002	2001	2000(1)
	(dollars in thousands, except per share data) (unaudited)				
<b>Statement of Operations Data:</b>					
Revenues	\$ 1,057,226	\$ 1,004,889	\$ 923,033	\$ 585,175	\$ 328,258
Costs and expenses:					
Service costs	412,841	385,129	359,737	219,479	110,442
Selling, general and administrative expenses	211,428	196,826	173,970	105,794	55,820
Corporate expenses(2)	19,276	17,237	18,075	11,609	34,283
Depreciation and amortization	217,262	273,307	319,435	310,785	178,331
Operating income (loss)	196,419	132,390	51,816	(62,492)	(50,618)
Interest expense, net	(192,740)	(190,199)	(188,304)	(139,867)	(68,955)
Gain (loss) on derivative instruments, net	16,125	9,057	(13,877)	(8,441)	—
Gain (loss) on sale of assets and investments, net	5,885	(1,839)	—	—	—
Other (expense) income	(12,061)	(11,460)	(11,093)	21,653	(30,024)
Net income (loss) before income taxes	13,628	(62,051)	(161,458)	(189,147)	(149,597)
Provision for income taxes	76	424	200	87	250
Net income (loss) before cumulative effect of accounting change	13,552	(62,475)	(161,658)	(189,234)	(149,847)
Cumulative effect of accounting change(3)	—	—	—	(1,642)	—
Net income (loss)	<u>\$ 13,552</u>	<u>\$ (62,475)</u>	<u>\$ (161,658)</u>	<u>\$ (190,876)</u>	<u>\$ (149,847)</u>
Basic and diluted earnings (loss) per share:(4)					
Before cumulative effect of accounting change	\$ 0.11	\$ (0.53)	\$ (1.35)	\$ (1.78)	\$ (1.79)
Cumulative effect of accounting change	—	—	—	(0.02)	—
Basic and diluted earnings (loss) per share:	<u>\$ 0.11</u>	<u>\$ (0.53)</u>	<u>\$ (1.35)</u>	<u>\$ (1.80)</u>	<u>\$ (1.79)</u>
Weighted average common shares outstanding (4)					
Basic weighted average shares outstanding	118,533,513	118,627,262	119,607,605	105,779,737	83,803,032
Diluted weighted average share outstanding	118,543,126	118,627,262	119,607,605	105,779,737	83,803,032
<b>Balance Sheet Data (end of period):</b>					
Total assets	\$ 3,635,655	\$ 3,662,763	\$ 3,703,974	\$ 3,664,848	\$ 1,379,972
Total debt	3,009,632	3,051,492	3,019,211	2,798,000	987,000
Total stockholders’ equity	293,512	285,114	346,541	507,576	261,621

*(continued on next page)*

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	Year Ended December 31,				
	2004	2003	2002	2001	2000(1)
	(dollars in thousands, except per share data) (unaudited)				
<b>Other Data:</b>					
Operating income before depreciation and amortization <sup>(5)</sup>	\$ 413,681	\$ 405,697	\$ 371,251	\$ 248,293	\$ 127,713
Operating income before depreciation and amortization margin <sup>(6)</sup>	39.1%	40.4%	40.2%	42.4%	38.9%
Net cash flows provided by (used in):					
Operating activities	\$ 224,611	\$ 206,900	\$ 172,596	\$ 258,625	\$ 95,527
Investing activities	(177,424)	(221,444)	(421,602)	(2,402,947)	(297,110)
Financing activities	(49,127)	9,135	216,923	2,203,477	201,262
<b>Operating Data: (end of period)</b>					
Estimated homes passed <sup>(7)</sup>	2,785,000	2,755,000	2,715,000	2,630,000	1,173,000
Basic subscribers <sup>(8)</sup>	1,458,000	1,543,000	1,592,000	1,595,000	779,000
Basic penetration <sup>(9)</sup>	52.4%	56.0%	58.6%	60.6%	66.4%
Digital customers <sup>(10)</sup>	396,000	383,000	371,000	321,000	40,000
Data customers <sup>(11)</sup>	367,000	280,000	191,000	115,000	15,600

- (1) Mediacom Communications Corporation was organized as a Delaware corporation in November 1999 and completed an initial public offering in February 2000. Mediacom LLC was formed as a New York 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 its members. 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 are subject to federal, state and local income taxes.
- (2) Represents actual corporate expenses subsequent to our initial public offering in February 2000 and fees paid to Mediacom Management Corporation, a Delaware corporation, for management services rendered to our operating subsidiaries under management agreements prior to our initial public offering. Such management agreements were 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. Corporate expenses include non-cash stock charges relating to corporate expenses as follows:
- for the years ended December 31, 2002 and 2001, \$5.3 million and \$2.9 million, respectively, resulted from the vesting of equity grants made during 1999 to certain members of our management team.
  - for the year ended December 31, 2000, a one-time \$24.5 million charge resulting from the termination of the management agreements with Mediacom Management upon completion of our initial public offering in February 2000 and a \$3.8 million charge relating to the vesting of equity grants made during 1999 to certain members of our management team.
- (3) Relates to our adoption of Statements of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."
- (4) Basic and diluted earnings (loss) per share is calculated based on the weighted average shares outstanding. Prior to our initial public offering, the weighted average shares outstanding was 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 our initial public offering.

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- (5) Operating income before depreciation and amortization (“OIBDA”) is not a financial measure calculated in accordance with generally accepted accounting principles (“GAAP”) in the United States of America. However, OIBDA is one of the primary measures used by management to evaluate our performance and to forecast future results. We believe OIBDA is useful for investors because it enables them to assess our performance in a manner similar to the method used by management, and provides a measure that can be used to analyze, value and compare the companies in the cable television industry, which may have different depreciation and amortization policies. A limitation of this measure, however, is that it excludes depreciation and amortization, which represents the periodic costs of certain capitalized tangible and intangible assets used in generating revenues in our business. Management utilizes a separate process to budget, measure and evaluate capital expenditures.

OIBDA should not be regarded as an alternative to either operating income or net income (loss) as an indicator of operating performance nor should it be considered in isolation or as a substitute for financial measures prepared in accordance with GAAP. We believe that operating income is the most directly comparable GAAP financial measure to OIBDA.

The following represents a reconciliation of OIBDA to operating income (loss), which is the most directly comparable GAAP measure:

	Year Ended December 31,				
	2004	2003	2002	2001	2000
OIBDA	\$ 413,681	\$ 405,697	\$ 371,251	\$ 248,293	\$ 127,713
Depreciation and amortization	(217,262)	(273,307)	(319,435)	(310,785)	(178,331)
Operating income (loss)	<u>\$ 196,419</u>	<u>\$ 132,390</u>	<u>\$ 51,816</u>	<u>\$ (62,492)</u>	<u>\$ (50,618)</u>

- (6) Represents OIBDA as a percentage of revenues. See note 5 above.
- (7) Represents an estimate of the number of single residence homes, apartments and condominium units passed by the cable distribution network in a cable system’s service area.
- (8) Represents a dwelling with one or more television sets that receives a package of over-the-air broadcast stations, local access channels or certain satellite-delivered cable television services. Accounts that are billed on a bulk basis, which typically receive discounted rates, are converted into full-price equivalent basic subscribers by dividing total bulk billed basic revenues of a particular system by the applicable combined limited and expanded cable rate charged to basic subscribers in that system. Basic subscribers include connections to schools, libraries, local government offices and employee households that may not be charged for limited and expanded cable services, but may be charged for digital cable, VOD, HDTV, DVR or high-speed Internet service. Customers who exclusively purchase high-speed Internet service are not counted as basic subscribers. Our methodology of calculating the number of basic subscribers may not be identical to those used by other cable companies.
- (9) Represents basic subscribers as a percentage of estimated homes passed.
- (10) Represents customers that receive digital cable services.
- (11) Represents residential data customers and small to medium-sized commercial cable modem accounts billed at higher rates than residential customers. Small to medium-sized commercial accounts generally represent customers with bandwidth requirements less than 5Mbps. These commercial accounts are converted to equivalent residential data customers by dividing their associated revenues by the applicable residential rate. Our data customers exclude large commercial accounts and include an insignificant number of dial-up customers. Our methodology of calculating data customers may not be identical to those used by other cable companies.

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

Reference is made to the "Risk Factors" below for a discussion of important factors that could cause actual results to differ from expectations and any of our forward-looking statements contained herein. The following discussion should be read in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2004, 2003 and 2002.

### Overview

In 2003, we completed our planned network upgrade program that significantly increased bandwidth and enabled interactivity. As of December 31, 2004, approximately 99% of our cable network was upgraded with 550MHz to 870MHz bandwidth capacity and about 99% of our estimated homes passed were activated with two-way communications capability. As of the same date, approximately 96% of our basic subscribers were served by our 50 largest headend facilities. Expressed in megahertz, or MHz, bandwidth represents a system's capacity to deliver telecommunication services. A headend facility is the location where signals are received and processed for distribution over a cable system to our customers.

Our network technology allows us to offer an array of advanced video, data and voice products and services, including VOD, DVRs, HDTV, HSD and, beginning in the second quarter of 2005, cable telephony. We currently offer video and HSD bundles, and when we introduce cable telephony, we will offer triple play bundles of video, HSD and voice. Bundled products and services offer our subscribers a single provider contact for provisioning, billing and customer care.

We face increasing competition for our video programming services, most notably from DBS service providers. Since they have been permitted to deliver local television broadcast signals beginning in 1999, DIRECTV, Inc. and Echostar Communications Corporation, the two largest DBS service providers, have been increasing the number of markets in which they deliver these local television signals. As of December 31, 2004, local-to-local launches in our markets represented an estimated 92% of our basic subscribers. During 2004, competitive pressure from DBS service providers further intensified when they launched local television channels in additional markets representing an estimated 30% of our basic subscriber base. These local-into-local launches were usually accompanied by heavy marketing and advertising and are the primary cause of our loss of basic subscribers during the last two years.

In September 2004, as a result of Hurricane Ivan, our cable systems in areas of Alabama, Florida and Mississippi experienced, to varying degrees, damage to cable plant and other property and equipment, business interruption and loss of customers. This hurricane caused a temporary loss of an estimated 8,000 basic subscribers, 2,000 digital customers and 1,000 data customers in these three states. While we believe many of these customers will return to our service, there can be no assurance that they will do so. The revenue impact and the costs incurred are reflected in our consolidated financial statements, and are detailed as follows: revenues were recorded net of \$2.9 million of service interruption credits issued to customers; service costs included \$0.9 million of incremental costs to cover the repair of our facilities, the use of outside contractors to help repair cable plant and increased employee costs; selling, general and administrative expenses included incremental costs of \$0.3 million related to additional customer service employee costs required to support customers' needs; and depreciation expense included \$2.1 million due to an impairment of cable plant and other property and equipment. In addition, we incurred capital expenditures of approximately \$8.1 million to replace or rebuild property, plant and equipment damaged by Hurricane Ivan. We are insured against certain losses related to the hurricane, subject to varying deductible amounts. At this time, we cannot estimate the amounts that will be ultimately recoverable under our insurance policies.

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**Actual Results of Operations**

**Year Ended December 31, 2004 Compared to Year Ended December 31, 2003**

The following table sets forth the consolidated statements of operations for the years ended December 31, 2004 and 2003 (dollars in thousands and percentage changes that are not meaningful are marked NM):

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2004</u>	<u>2003</u>		
Revenues	\$ 1,057,226	\$ 1,004,889	\$ 52,337	5.2%
Costs and expenses:				
Service costs	412,841	385,129	27,712	7.2%
Selling, general and administrative expenses	211,428	196,826	14,602	7.4%
Corporate expenses	19,276	17,237	2,039	11.8%
Depreciation and amortization	217,262	273,307	(56,045)	(20.5%)
Operating income	196,419	132,390	64,029	48.4%
Interest expense, net	(192,740)	(190,199)	(2,541)	1.3%
Gain on derivatives, net	16,125	9,057	7,068	NM
Gain (loss) on sale of assets and investments, net	5,885	(1,839)	7,724	NM
Other expense	(12,061)	(11,460)	(601)	5.2%
Net income (loss) before provision for income taxes	13,628	(62,051)	75,679	NM
Provision for income taxes	76	424	(348)	(82.1%)
Net income (loss)	<u>\$ 13,552</u>	<u>\$ (62,475)</u>	<u>\$ 76,027</u>	<u>NM</u>

**Revenues**

The following table sets forth revenue information for the years ended December 31, 2004 and 2003 (dollars in millions):

	<u>Year Ended December 31,</u>				<u>\$ Change</u>	<u>% Change</u>
	<u>2004</u>		<u>2003</u>			
	<u>Amount</u>	<u>% of Revenues</u>	<u>Amount</u>	<u>% of Revenues</u>		
Video	\$ 848.8	80.3%	\$ 845.9	84.2%	\$ 2.9	0.3%
Data	156.3	14.8%	116.3	11.6%	40.0	34.4%
Advertising	52.1	4.9%	42.7	4.2%	9.4	22.0%
	<u>\$ 1,057.2</u>	<u>100.0%</u>	<u>\$ 1,004.9</u>	<u>100.0%</u>	<u>\$ 52.3</u>	<u>5.2%</u>

Video revenues represent monthly subscription fees charged to customers for our core cable television products and services (including basic, expanded basic and analog premium programming, digital cable television programming services, wire maintenance, equipment rental and services to commercial establishments), pay-per-view charges, installation and reconnection fees, late payment fees, and other ancillary revenues. Data revenues primarily represent monthly subscription fees charged to customers for our data products and services and equipment rental fee. Franchise fees charged to customers for payment to local franchising authorities are included in their corresponding revenue category.

Revenues rose 5.2%, net of service interruption credits given to customers affected by the hurricane. Excluding such credits, revenues rose 5.5%, largely attributable to an increase in broadband data customers and basic rate increases applied on our video customers, driven in large part by our own video programming cost increases, offset by a reduction in basic subscribers during the period.

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Video revenues rose 0.3% as a result of the aforementioned basic rate increases, substantially offset by a loss of basic subscribers from 1,543,000 to 1,458,000. Digital customers increased 3.4% to 396,000 as compared to 383,000 a year ago. Our loss in basic subscribers resulted primarily from increased competitive pressures by DBS service providers, particularly in those markets where we experienced their local-into-local launches and, to a lesser extent, from our tighter customer credit policies. In an effort to reverse this video subscriber trend, we have been increasing our customer retention efforts and our emphasis on product bundling, enhancing and differentiating our video products and services with new digital packages, VOD, HDTV, DVR and more local programming.

Data revenues rose 34.4%, due primarily to a 31.1% increase in data customers from 280,000 to 367,000 and an increased contribution from our relatively new commercial enterprise business.

Advertising revenues increased 22.0%, primarily as a result of higher local advertising sales, including political advertising and, to a lesser extent, the completion of an interconnect in one of our larger markets. Political advertising contributed approximately 45.0% of this increase. Also in 2004, we completed an interconnect agreement, under which we represent other cable operators to jointly sell local advertising, which accounted for 29.8% of the growth. We do not expect growth in advertising revenues to continue at the same rate in 2005, due to the likely reduction in political advertising and because we do not currently expect to enter into any new material interconnect agreements.

### **Costs and Expenses**

Service costs include: fees paid to programming suppliers; expenses related to wages and salaries of technical personnel who maintain our cable network and perform customer installation activities; broadband data access costs, including costs of bandwidth connectivity, customer provisioning and technical support and plant operating costs, such as utilities and pole rental expense. Programming costs, which are payments to programmers for content and are generally paid on a per subscriber basis, have historically increased due to both increases in the rates charged for existing programming services and the introduction of new programming services to our basic subscribers.

Service costs increased 7.2%, primarily due to increases in programming expenses, employee costs and plant operating costs. The largest component of service costs is programming related expense which increased 3.5%, as a result of rate increases on basic and premium services, significantly offset by a reduction in basic subscribers and an increase in launch support received from programmers in return for our carriage of their programming services. Employee and plant operating costs increased 23.7%, primarily due to increases in employee benefits, operational insurance claims and the expensing of such operational costs resulting from the continued transition from upgrade construction in 2003 to maintenance activities in 2004. Service costs as a percentage of revenues were 39.0% for the year ended December 31, 2004, as compared with 38.3% for the year ended December 31, 2003.

Selling, general and administrative expenses include: wages and salaries for our call center, customer service and support and administrative personnel; franchise fees and taxes; and expenses related to billing, telecommunications, marketing, bad debt, advertising and office administration.

Selling, general and administrative expenses increased 7.4%, principally due to higher advertising, marketing and employee costs and higher taxes and fees, partially offset by a decrease in bad debt expense. Advertising costs increased 22.7% as a result of employee commissions on increased revenues. Employee costs increased 6.3% as a result of increases in employee compensation, benefit costs and customer service overtime, driven by higher call volumes related to the rollout of new products. Marketing costs rose 16.9% as a result of mass media campaigns to support the rollout of new advanced services, and to promote customer retention and acquisition initiatives. Taxes and fees increased 4.9% due to higher state property taxes. This increase in selling, general and administrative expenses was partly offset by a 7.6% decrease in bad debt expense as a result of improved customer credit and collection policies. Selling, general and administrative expenses as a percentage of revenues were 20.0% for the year ended December 31, 2004, as compared with 19.6% for the year ended December 31, 2003.

We expect continued revenue growth in advanced services, which include digital video, HDTV and broadband data access and, in the second quarter of 2005, the launch of cable telephony service. As a result, we expect our service costs and selling, general and administrative expenses to increase.

Corporate expenses reflect compensation of corporate employees and other corporate overhead. Corporate expenses increased 11.8%, primarily due to increases in legal and accounting fees, general insurance expenses and employee costs offset by greater capitalization of labor and overhead costs related to increased capital activities in 2004 related to the cable telephony project. Corporate expenses as a percentage of revenues were 1.8% for the year ended December 31, 2004, as compared with 1.7% for the year ended December 31, 2003.



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Depreciation and amortization decreased 20.5%, primarily due to changes, effective July 1, 2003, in the estimated useful lives of our cable systems and equipment in conjunction with the completion of our network upgrade and rebuild program, this was offset in part by increased depreciation for investments in our cable network and ongoing investments to continue the rollout of products and services including video-on-demand, high-definition television, digital video recorders and broadband data access. See Note 2 to our consolidated financial statements.

### **Interest Expense, net**

Interest expense, net, increased by 1.3%, primarily due to slightly higher market interest rates on variable rate debt and lower interest expense capitalization associated with the substantial reduction of upgrade/rebuild capital expenditures, partially offset by lower indebtedness.

### **Gain on Derivatives, net**

We enter into interest rate exchange agreements, or “interest rate swaps”, with counterparties to fix the interest rate on a portion of our variable rate debt to reduce the potential volatility in our interest expense that would otherwise result from changes in market interest rates. As of December 31, 2004 we had interest rate swaps with an aggregate principal amount of \$800.0 million. The changes in their mark-to-market values are derived from changes in market interest rates, the decrease in their time to maturity and the creditworthiness of the counterparties. As a result of the quarterly mark-to-market valuation of these interest rate swaps, we recorded a gain on derivatives amounting to \$16.1 million for the year ended December 31, 2004, as compared to a gain on derivatives of \$9.1 million for the year ended December 31, 2003.

### **Gain (loss) on Sale of Assets and Investments, net**

We had a net gain on sale of assets and investments amounting to \$5.9 million for the year ended December 31, 2004 as compared to a loss of \$1.8 million for the year ended December 31, 2003. The net gain was principally due to the sale of a cable system in May 2004, serving approximately 3,450 subscribers, for gross proceeds of about \$10.1 million.

### **Other Expense**

Other expense was \$12.1 million and \$11.5 million for the years ended December 31, 2004 and 2003, respectively. Other expense primarily represents amortization of deferred financing costs and fees on unused credit commitments.

### **Provision for Income Taxes**

Provision for income taxes was approximately \$76,000 and \$424,000 for the years ended December 31, 2004 and 2003, respectively. The provision for income taxes relates to state income tax liabilities.

### **Net income (loss)**

As a result of the factors described above, we generated net income for the year ended December 31, 2004 of \$13.6 million, as compared to a net loss of \$62.5 million for the year ended December 31, 2003.

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**Year Ended December 31, 2003 Compared to Year Ended December 31, 2002**

The following table sets forth the consolidated statements of operations for the years ended December 31, 2003 and 2002 (dollars in thousands and percentage changes that are not meaningful are marked NM):

	<u>Year Ended December 31,</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>2003</u>	<u>2002</u>		
Revenues	\$ 1,004,889	\$ 923,033	\$ 81,856	8.9%
Costs and expenses:				
Service costs	385,129	359,737	25,392	7.1%
Selling, general and administrative expenses	196,826	173,970	22,856	13.1%
Corporate expenses	17,237	18,075	(838)	(4.6%)
Depreciation and amortization	273,307	319,435	(46,128)	(14.4%)
Operating income	132,390	51,816	80,574	155.5%
Interest expense, net	(190,199)	(188,304)	(1,895)	1.0%
Gain (loss) on derivatives, net	9,057	(13,877)	22,934	NM
Loss on sale of assets and investments, net	(1,839)	—	(1,839)	NM
Other expense	(11,460)	(11,093)	(367)	3.3%
Net loss before provision for income taxes	(62,051)	(161,458)	99,407	NM
Provision for income taxes	424	200	224	112.0%
Net loss	<u>\$ (62,475)</u>	<u>\$ (161,658)</u>	<u>\$ 99,183</u>	<u>NM</u>

**Revenues**

The following table sets forth revenue information for the years ended December 31, 2003 and 2002 (dollars in millions):

	<u>Year Ended December 31,</u>					
	<u>2003</u>		<u>2002</u>		<u>\$ Change</u>	<u>% Change</u>
	<u>Amount</u>	<u>% of Revenues</u>	<u>Amount</u>	<u>% of Revenues</u>		
Video	\$ 845.9	84.2%	\$ 812.8	88.1%	\$ 33.1	4.1%
Data	116.3	11.6%	70.7	7.6%	45.6	64.5%
Advertising	42.7	4.2%	39.5	4.3%	3.2	8.1%
	<u>\$ 1,004.9</u>	<u>100.0%</u>	<u>\$ 923.0</u>	<u>100.0%</u>	<u>\$ 81.9</u>	<u>8.9%</u>

Revenues rose 8.9% attributable to a 46.6% increase in high-speed data customers and basic rate increases applied on our video customers, driven in large part by our own programming cost increases.

Video revenues increased 4.1% as a result of the aforementioned basic rate increases, partially offset by a 3.0% decline in basic subscribers, after adjusting for, small acquisitions and divestitures during 2003. Our loss in basic subscribers resulted primarily from greater competitive pressures by DBS service providers, particularly in those markets where we experienced their local-to-local launches.

Data revenues rose 64.5% due, in large part, to a 46.6% increase in data customers from 191,000 to 280,000.

Advertising revenues increased 8.1% primarily as a result of bringing in-house certain markets previously managed by third parties. Instead of receiving advertising revenues which are net of commissions paid to the third parties, we now record the full revenues from these markets with the related expenses, including in-house commissions, which are recorded as selling, general and administrative expenses.

## **Costs and Expenses**

Service costs increased 7.1% over the prior year, which included \$4.3 million of one-time incremental costs related to our transition to our Mediacom Online high-speed Internet access service. These costs represented the excess over the agreed-upon charges owed to our former high-speed provider that were incurred in the first quarter of 2002. Excluding these incremental costs, service costs would have increased 8.4% or \$29.7 million. Approximately half of this increase was due to servicing the growth in our data customers of 89,000, with the balance primarily represented by increases in unit costs for basic programming. The increase in total programming costs, however, was partially offset by the aforementioned decline in basic subscribers as well as a decrease in premium service units. As a percentage of revenues, service costs were 38.3% for the year ended December 31, 2003, as compared with 39.0% for the year ended December 31, 2002.

Selling, general and administrative expenses increased 13.1%, principally due to higher customer support, marketing, call center and bad debt expenses, and higher taxes and fees. Customer support expenses increased 35.5% as a result of higher staffing levels and employee commissions. Marketing expenses rose 13.7% to support the digital television and data products and services, to cover the costs of advertising campaigns we deployed to counter competitive pressures from DBS, and to pay commissions to our marketing personnel. Expenses relating to our call centers, mainly customer service personnel and telecommunications, increased 9.0% as a result of increased staffing and higher call volumes experienced during the year. Bad debt expense rose 24.7% primarily as a result of higher customer churn and the implementation throughout the year of tighter customer credit controls. As a percentage of revenues, selling, general and administrative expenses were 19.6% for the year ended December 31, 2003, as compared with 18.8% for the year ended December 31, 2002.

Corporate expenses decreased 4.6%, primarily due to the recognition of \$5.3 million of non-cash stock charges during the year ended December 31, 2002, which represented vesting in equity interests granted to certain members of our management team, offset by a greater number of corporate employees and increases in salaries, legal and other professional fees, and insurance premiums. As a percentage of revenues, corporate expenses were 1.7% for the year ended December 31, 2003, as compared with 2.0% for the year ended December 31, 2002.

Depreciation and amortization decreased 14.4%, primarily due to changes, effective July 1, 2003, in the estimated useful lives of our cable systems and equipment in conjunction with the completion of our network upgrade and rebuild program. These changes reduced depreciation by \$63.5 million for the year ended December 31, 2003. This decrease was offset in part by increased depreciation for investments in our cable network and ongoing investments to continue the rollout of products and services such as video-on-demand, high-definition television and high-speed Internet access. See Note 2 to our consolidated financial statements.

### **Interest Expense, net**

Interest expense, net, remained relatively flat year over year. This was primarily due to higher average indebtedness offset by a decrease in market interest rates on our variable rate debt.

### **Gain (loss) on derivative instruments, net**

We enter into interest rate exchange agreements, or interest rate swaps, to fix the interest rate on a portion of our variable rate debt to reduce the potential volatility in our interest expense due to changes in variable market interest rates. As of December 31, 2003 we had interest rate swaps with an aggregate principal amount of \$800.0 million, compared to \$790.0 million as of December 31, 2002. The changes in their mark-to-market values are derived from changes in market interest rates, the decrease in their time to maturity and the creditworthiness of the counterparties. As a result of the quarterly mark-to-market valuation of these interest rate swaps, we recorded a gain on derivative instruments amounting to \$9.1 million for the year ended December 31, 2003, as compared to loss on derivative instruments of \$13.9 million for the year ended December 31, 2002.

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### **Loss on sale of assets and investments, net**

We had a loss on the sale of assets and investments amounting to \$1.8 million for the year ended December 31, 2003. The loss was principally due to a sale of a small cable system in September 2003 with approximately 1,500 subscribers for gross proceeds of \$3.1 million.

### **Other expense**

Other expense was \$11.5 million for the year ended December 31, 2003, as compared to \$11.1 million for the year ended December 31, 2002. Other expense primarily represents amortization of deferred financing costs and fees on unused credit commitments.

### **Provision for Income Taxes**

Provision for income taxes was approximately \$424,000 and \$200,000 for the years ended December 31, 2003 and 2002, respectively. The provision for income taxes relates to state income tax liabilities.

### **Net loss**

Due to the factors described above, we generated a net loss of \$62.5 million and \$161.7 for the years ended December 31, 2003 and 2002, respectively.

## **Liquidity and Capital Resources**

In recent years, we have made significant capital investments in our cable systems to enhance their reliability and capacity, which allows for the introduction of new advanced broadband services. Our capital investments are now more focused on the deployment of new products and services, including VOD, DVRs, HSD and cable telephony. We also may continue to make strategic acquisitions of cable systems. Given our level of indebtedness, we also have significant amounts of interest expense to pay each year. We believe that we will meet our debt service, capital spending and other requirements through a combination of our net cash flows from operating activities, borrowing availability under our bank credit facilities and our ability to secure future external financing.

### **Operating Activities**

Net cash flows provided by operating activities were \$224.6 million for the year ended December 31, 2004, as compared to \$206.9 million for the prior year, and reflected primarily our operating income before depreciation and amortization and, to a much lesser extent, changes in accounts payable and accrued expenses.

### **Investing Activities**

Net cash flows used in investing activities were \$177.4 million for the year ended December 31, 2004, as compared to \$221.4 million for the prior year, and principally comprised capital expenditures. For the year ended December 31, 2004, we made capital expenditures of \$181.4 million, including \$8.1 million to replace or rebuild property, plant and equipment damaged by Hurricane Ivan and \$6.6 million to fund our cable telephony initiative. This compares to \$231.5 million and \$408.3 million we invested in 2003 and 2002, respectively, which reflected significantly higher levels of capital expenditures for network upgrade and rebuild activities than in 2004. This reduction in capital expenditures resulted primarily from the completion of our planned network upgrade program in 2003. A larger percentage of our capital spending in 2004 was attributable to the deployment of our advanced products and services, including VOD, HDTV and HSD, and our preparation for the launch of cable telephony. In 2004, approximately 55% of our capital expenditures was for advanced product and service deployment and cable telephony; 17% was for rebuild and upgrade activities, including modifications to our cable network; 15% was for extensions of our cable network to enter new service territories; and 13% was for outlays associated with non-network assets. This trend of spending more on the deployment of advanced products and services as compared to network improvements is expected to continue in 2005 and beyond. We plan to invest between \$200 million and \$210 million in capital expenditures in 2005.

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During 2004, we also acquired a small cable system for \$3.4 million and received \$10.6 million in proceeds from the sale of assets and investments, including the divestiture of a small cable system.

### **Financing Activities**

Net cash flows used in financing activities were \$49.1 million for the year ended December 31, 2004, as compared to \$9.1 million of net cash flows provided by financing activities the prior year. In 2004, our principal financing activities included the repayment of bank indebtedness in the amount of \$41.9 million and repurchase of shares of our Class A common stock in the amount of \$6.2 million.

### **Description of Our Credit Facilities**

We own our cable systems through two principal subsidiaries, Mediacom Broadband LLC and Mediacom LLC. In October 2004, the operating subsidiaries of Mediacom LLC refinanced their two bank credit facilities (the "two prior LLC credit facilities") with a new \$1.15 billion bank credit facility (the "LLC credit facility") that expires in March 2013. The LLC credit facility consists of a \$400.0 million revolving credit commitment, a \$200.0 million delayed-draw term loan and a \$550.0 million term loan, which are subject to amortization, as applicable. Approximately \$658.0 million was drawn from the LLC credit facility at closing, of which approximately \$652 million was used to pay in full the outstanding indebtedness, including accrued interest, under the two prior LLC credit facilities and the balance was used to pay fees and expenses related to this new credit facility. The financial obligations of the operating subsidiaries under the two prior LLC credit facilities have been satisfied, and these credit facilities have been terminated. As of December 31, 2004, \$646.0 million was outstanding under the LLC credit facility. In January 2005, we borrowed the entire amount of the \$200.0 million term loan and repaid a portion of our indebtedness under our revolving credit commitments.

The operating subsidiaries of Mediacom Broadband LLC have a \$1.4 billion bank credit facility (the "Broadband credit facility") that expires in September 2010 and consists of a \$600.0 million revolving credit commitment, a \$300.0 million term loan and a \$500.0 million term loan, which are subject to commitment reductions and amortization, as applicable. In December 2004, these operating subsidiaries amended their bank credit agreement to conform its definitions, financial covenants, and other terms (including those relating to letters of credit, mandatory prepayment, representations and warranties, negative covenants and events of default) to those of the credit agreement of the LLC credit facility. As of December 31, 2004, \$960.5 million was outstanding under the Broadband credit facility.

We have entered into interest rate exchange agreements, which expire from June 2005 through March 2007, to hedge \$800.0 million of floating rate debt. Under the terms of all of our interest rate exchange agreements, we are exposed to credit loss in the event of nonperformance by the counterparties to the agreements. However, due to the high creditworthiness of our counterparties, which are major banking firms with investment grade ratings, we do not anticipate their nonperformance. As of December 31, 2004, about 73.2% of the Company's outstanding indebtedness was at fixed interest rates or subject to interest rate protection.

As of December 31, 2004, our total debt was approximately \$3.0 billion and we were in compliance with all covenants under our debt arrangements. On that same date, our annualized cost of debt was approximately 6.8%, and we had unused revolving commitments under our credit facilities of about \$908.5 million, all of which could be borrowed and used for general corporate purposes based on the terms and conditions of our debt arrangements, including the applicable financial measures of leverage and interest coverage. The average interest rate for borrowings under the revolving commitments of our credit facilities is now LIBOR plus 1.25%

As of December 31, 2004, approximately \$14.5 million of letters of credit were issued to various parties to secure our performance relating to insurance and franchise requirements.

Although we have not generated earnings sufficient to cover fixed charges in the past, we have generated cash and obtained financing sufficient to meet our short-term requirements, including our debt service, working capital and capital expenditures. We expect that we will continue to be able to generate funds and obtain financing sufficient to service our long-term business plan, service our debt obligations and complete any future acquisitions if the opportunities arise. However, 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.

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### **Contractual Obligations and Commercial Commitments**

The following table summarizes our contractual obligations and commercial commitments, and the effects they are expected to have on our liquidity and cash flow, for the five years subsequent to December 31, 2004 and thereafter (dollars in thousands)\*:

	Debt	Capital Leases	Operating Leases	Total(2)
2005	\$ 40,500	\$ 2,200	\$ 4,296	\$ 46,996
2006	220,500 <sup>(1)</sup>	2,269	2,045	224,814
2007	70,500	1,120	1,583	73,203
2008	270,500	43	824	271,367
2009	214,000	—	583	214,583
Thereafter	2,188,000	—	1,288	2,189,288
<b>Total cash obligations</b>	<b>\$ 3,004,000</b>	<b>\$ 5,632</b>	<b>\$ 10,619</b>	<b>\$ 3,020,251</b>

\* Refer to Note 7 to our consolidated financial statements for a discussion of our long-term debt, and to Note 12 for a discussion of our operating leases and other commitments and contingencies.

(1) Includes \$172.5 million of convertible senior notes due 2006.

(2) Excludes interest expense.

### **Critical Accounting Policies**

The foregoing discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. Periodically, we evaluate our estimates, including those related to doubtful accounts, long-lived assets, capitalized costs and accruals. We base our estimates on historical experience and on various other assumptions that we believe are reasonable. Actual results may differ from these estimates under different assumptions or conditions. We believe that the application of the critical accounting policies discussed below requires significant judgments and estimates on the part of management. For a summary of our accounting policies, see Note 2 of our consolidated financial statements.

#### **Property, Plant and Equipment**

We capitalize the costs of new construction and replacement of our cable transmission and distribution facilities and new cable service installations. Capitalized costs include all direct labor and materials as well as certain indirect costs and are based on historical construction and installation costs. Capitalized costs are recorded as additions to property, plant and equipment and depreciate over the life of the related asset. We perform periodic evaluations of the estimates used to determine the amount of costs that are capitalized.

#### **Income Taxes**

We account for income taxes using the liability method as stipulated by SFAS No. 109 "Accounting for Income Taxes". This method generally provides that deferred tax assets and liabilities be recognized for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities and anticipated benefit of utilizing net operating loss carryforwards. We assess the likelihood of realization of deferred tax assets and net operating loss carryforwards by considering the scheduled reversal of deferred tax liabilities, taxable income in future periods and available prudent tax planning strategies. At December 31, 2004, we have recorded a net deferred tax asset valuation allowance of approximately \$222.8 million. We will continue to monitor the need for the deferred tax asset valuation allowance in accordance

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with SFAS No. 109. Should there be a change in our ability to recover our deferred tax assets, our valuation allowance would decrease or increase in the period in which we determined that the recovery of our deferred tax assets were either likely or unlikely, respectively.

### **Intangibles**

Our cable systems operate under non-exclusive franchises granted by state and local governmental authorities for varying lengths of time. We acquired these cable franchises through acquisitions of cable systems and were accounted for using the purchase method of accounting. We have concluded that our cable franchise rights have an indefinite useful life since, among other things, there are no legal, regulatory, contractual, competitive, economic or other factors limiting the period over which these cable franchise rights contribute to our revenues. Accordingly, with our adoption of SFAS No. 142 we no longer amortize the cable franchise rights and other indefinite-lived assets. Instead, such assets are tested annually for impairment or more frequently if impairment indicators arise.

Based on the guidance outlined in Emerging Issues Task Force, or "EITF", issue No. 02-7, we determined that the unit of accounting for testing franchise value for impairment resides at a cable system cluster level. Such level reflects the financial reporting level managed and reviewed by the corporate office (i.e., chief operating decision maker) as well as how we allocated capital resources and utilize the assets. Lastly, the unit reporting level reflects the level at which the purchase method of accounting for our acquisitions was originally recorded. We have three cable system clusters, or reporting units, for the purpose of applying SFAS No. 142.

We assess the fair value of our franchise costs based on a discounted cash flow methodology. If the determined fair value of our franchise costs is less the carrying amount on the financial statements, an impairment charge would be recognized for the difference between the fair value and the carrying value of the assets. To test the impairment of the goodwill carried on our financial statements, the fair value of the cable system cluster's tangible and intangible assets (including franchise value) other than goodwill is deducted from the cable system cluster's fair value. The balance represents the fair value of goodwill which is then compared to the carrying value of goodwill to determine if there is any impairment.

Upon adoption of SFAS No. 142, we determined that no impairment of our franchise costs and goodwill existed as of January 1, 2002. Subsequent impairment tests performed in 2002 and 2003 reflected no impairment of our franchise costs and goodwill. We completed our most recent impairment test as of October 1, 2004, which reflected no impairment of our franchise costs and goodwill. Our use of discounted cash flow analyses in determining the fair value of each cable system cluster involves certain assumptions and estimates, which are consistent with the expectations of buyers and sellers of cable systems in determining fair value. Significant impairment in value resulting in impairment charges may result if these estimates and assumptions used in the fair value determination change in the future.

### **Impairment of Long-Lived Assets**

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," we periodically evaluate the recoverability and estimated lives of our long-lived assets, including property and equipment and intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. The measurement for such impairment loss is based on the fair value of the asset, typically based upon the future cash flows discounted at a rate commensurate with the risk involved. Unless presented separately, the loss is included as a component of either depreciation expense or amortization expense, as appropriate.

### **Derivatives**

We account for derivatives instruments in accordance with SFAS No. 133, SFAS No. 138 and SFAS No. 149. Our primary objective for holding derivative financial instruments is to manage interest rate risk. Our derivative instruments are recorded at fair value and are included in other current assets, other assets and other liabilities. Our accounting policies for these instruments are based on whether they meet our criteria for designation as hedging transactions. The criteria for designating a derivative as a hedge include the instrument's effectiveness in risk reduction and, in most cases, a one-to-one matching of the derivative instrument to its underlying transaction. Gains and losses from changes in fair values of derivatives that are not designated as hedges for accounting purposes are recognized currently in earnings. During 2004, 2003 and 2002, none of our derivative financial instruments were designated as hedges. Therefore, changes in fair value for the respective periods were recognized in earnings.

## Recent Accounting Pronouncements

The FASB issued SFAS No. 148, “*Accounting for Stock-Based Compensation — Transition and Disclosure*,” in December 2002, which amends: (i) SFAS No. 123, “*Accounting for Stock-Based Compensation*,” to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation; (ii) the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity’s accounting policy decisions with respect to stock-based employee compensation; and (iii) Accounting Principles Board (“APB”) Opinion No. 28, “*Interim Financial Reporting*,” to require disclosure about those effects in interim financial information. We adopted SFAS No. 148 on January 1, 2003. We did not change to the fair value based method of accounting for stock-based employee compensation. Accordingly, the adoption of SFAS No. 148 did not affect our financial condition or results of operations.

In December 2004, the FASB issued SFAS No. 123R, “*Amendment of Statement 123 on Share-Based Payment*.” SFAS No. 123R requires companies to expense the value of employee stock options, stock granted through the employee stock purchase program and similar awards. SFAS No. 123R is effective for periods beginning after June 15, 2005. We plan on adopting SFAS No. 123R effective July 1, 2005 and expect that the adoption of SFAS No. 123R will have a material impact on our consolidated results of operations and earnings per share.

There are three methods of adopting SFAS No. 123R. The first method is called modified prospective method, which allows companies to avoid recording additional compensation expense for vested awards that are outstanding on the effective date of the SFAS No. 123R. Unvested awards outstanding on the effective date would be charged to expense over the remaining vesting period. The second method is similar to the modified prospective method, except it allows companies to restate earlier interim periods in the year of adoption using the applicable SFAS 123R pro forma amounts. The third method is the modified retrospective method, which directs companies to apply the modified prospective method and restate prior financial statements. We are currently evaluating these transitional methods.

In March 2004, the FASB approved the consensus reached on the EITF Issue No. 03-1, “*The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*.” The Issue’s objective is to provide guidance for identifying other-than-temporarily impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB issued a FASB Staff Position (FSP) EITF 03-1 that delays the effective date of the measurement and recognition guidance in EITF 03-1 until further notice. The disclosure requirements of EITF 03-1 are effective with this annual report for fiscal 2004. Once the FASB reaches a final decision on the measurement and recognition provisions, we will evaluate the impact of the adoption of the accounting provision of EITF 03-1.

In December 2004, the FASB issued SFAS No. 153, “*Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29*.” The guidance in APB Opinion No. 29, “*Accounting for Nonmonetary Transactions*”, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on our financial position and results of operations.

## Inflation and Changing Prices

Our systems’ costs and expenses are subject to inflation and price fluctuations. Such changes in costs and expenses can generally be passed through to subscribers. Programming costs have historically increased at rates in excess of inflation and are expected to continue to do so. We believe that under the FCC’s existing cable rate regulations we may increase rates for cable television services to more than cover any increases in programming. However, competitive conditions and other factors in the marketplace may limit our ability to increase our rates.



## Risk Factors

### Risks Related to our Business

***We have a history of net losses.***

We have a history of net losses. Although we reported net income of \$13.6 million for the year ended December 31, 2004, we reported net losses of \$161.7 million and \$62.5 million for the years ended December 31, 2002 and 2003, respectively. The principal reasons for our prior net losses include the depreciation and amortization expenses associated with our acquisitions, the capital expenditures related to expanding and upgrading our cable systems and interest costs on borrowed money.

***If we are unsuccessful in implementing our growth strategy, our business and results of operations could be adversely affected.***

We currently expect that a substantial portion of our future growth in revenues will come from the expansion of relatively new services and the introduction of additional new services. Relatively new services include HSD, VOD, DVRs and HDTV. We plan to offer cable telephony service to our subscribers beginning with certain markets in the second quarter of 2005 and expanding to an additional 1.6 million homes in our markets within twelve months of our initial market launch. We may not be able to successfully expand existing services or introduce cable telephony due to unpredictable technical, operational or regulatory challenges. It is also possible that these services will not generate significant revenue growth.

***Our programming costs are increasing, and our business and results of operations will be adversely affected if we cannot pass through a sufficient part of the additional costs to subscribers.***

Our programming costs have been, and are expected to continue to be, one of our largest single expense items. In recent years, the cable and satellite video industries have experienced a rapid increase in the cost of programming, particularly sports programming. This increase in programming costs is expected to continue, and we may not be able to pass all programming cost increases on to our customers. In addition, as we add programming to our basic and expanded basic programming tiers, we may not be able to pass all of our costs of the additional programming on to our customers without the potential loss of basic subscribers. To the extent that we may not be able to pass increased or additional programming costs, particularly sports programming, through to subscribers, our business and results of operations will be adversely affected.

We also expect to be subject to increasing financial and other demands by broadcasters to obtain the required consents for the transmission of broadcast programming to our subscribers. We cannot predict the impact of these negotiations on our business and results of operations or the effect on our subscribers should we be required to suspend the carriage of this programming.

***We operate in a highly competitive business environment, which affects our ability to attract and retain customers and can adversely affect our business and operations. We have lost a significant number of customers to direct broadcast satellite competition, and further loss of customers could have a material negative impact on our business.***

The industry in which we operate is highly competitive and is often subject to rapid and significant changes and developments in the marketplace and in the regulatory and legislative environment. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater resources and operating capabilities, greater brand name recognition and long-standing relationships with regulatory authorities and customers.

Our video business faces competition primarily from DBS service providers. Our principal competitor in the HSD business, in markets where it is available, is telephone service, or DSL. The two largest DBS companies, DIRECTV, Inc. and EchoStar Communications, are each among the four largest providers of multichannel video programming services based on reported customers. In addition, DIRECTV's affiliation with News Corporation could strengthen that company's competitive positioning, as News Corporation also owns Fox Television Network and several cable programming services. Competition from DBS has had an adverse effect on our ability to retain customers. DBS has

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grown rapidly over the past several years and continue to do so. We have lost a significant number of customers to DBS competition, and will continue to face significant challenges from DBS providers.

Local telephone companies, electric utilities and other municipal organizations are capable of offering video and other services in competition with us and they may increasingly do so in the future. Certain telephone companies have begun to deploy fiber more extensively in their networks and some have announced plans to deploy broadband services, including video programming services, in a manner to avoid the same regulatory burdens imposed on our business. These deployments will enable them to begin providing video services, as well as telephone and Internet access services, to residential and business customers. New laws or regulations at the federal or state level may clarify the ability of the local telephone companies to provide their services without obtaining state or local cable franchises. If local telephone companies are not required to obtain local cable franchises comparable to ours, it would be adverse to our business.

We also face competition from over-the-air television and radio broadcasters and from other communications and entertainment media such as movie theaters, live entertainment and sports events, newspapers and home video products. Further losses of customers to DBS or other alternative video and HSD services could have a material adverse effect on our business.

In our HSD business, we face competition primarily from telephone companies and other providers of “dial-up” and DSL. DSL service is competitive with HSD service over cable systems. Telephone companies (which already have telephone lines into the household, an existing customer base and other operational functions in place) and other companies offer DSL service. In addition, certain DBS providers are currently offering two-way broadband data access services, which compete with our ability to offer bundled services to our customers.

Our HSD business may also face competition in the future from registered utility holding companies and subsidiaries. In 2004, the FCC adopted rules: (i) that affirmed the ability of electric service providers to provide broadband Internet access services over their distribution systems; and (ii) that seek to avoid interference with existing services. Electric utilities could be formidable competitors to us.

Some of our competitors, including franchised, wireless or private cable operators, satellite television providers and local exchange carriers, may benefit from permanent or temporary business combinations such as mergers, joint ventures and alliances and the potential repeal of certain ownership rules, either through access to financing, resources or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

***If we are unable to keep pace with technological change, our business and results of operations could be adversely affected.***

Our industry is characterized by rapid technological change and the introduction of new products and services. We cannot assure you that we will be able to fund the capital expenditures necessary to keep pace with future technological developments. We also cannot assure you that we will successfully anticipate the demand of our customers for products and services requiring new technology. This type of rapid technological change could adversely affect our ability to maintain, expand or upgrade our systems and respond to competitive pressures. An inability to maintain and expand our systems and provide advanced services in a timely manner, or to anticipate the demands of the market place, could adversely affect our ability to compete and our results of operations.

***The loss of key personnel could have a material adverse effect on our business.***

Our success is substantially dependent upon the retention and continued performance of our key personnel, including Rocco B. Commisso, our Chairman and Chief Executive Officer. We have not entered into a long-term employment agreement with Mr. Commisso. If Mr. Commisso or any of our other key personnel cease to be employed by us for any reason, our business could be materially adversely affected. We do not currently maintain key man life insurance on Mr. Commisso or other key personnel.

***We may not be able to obtain critical items at a reasonable cost or when required, which could adversely affect business, financial condition and results of operations.***

We depend on third-party suppliers for equipment, software, services and other items that are critical for the operation of our cable systems and the provision of advanced services, including digital set-top converter boxes, digital video recorders and routers, fiber-optic cable, telephone circuits, software, the “backbone” telecommunications network for our high-speed data service and construction services for expansion and upgrades of our cable systems. These items are available from a limited number of suppliers. Demand for these items has increased with the general growth in demand for Internet and telecommunications services. We typically do not carry significant inventories of equipment. Moreover, if there are no suppliers that are able to provide set-top converter boxes that comply with evolving Internet and telecommunications standards or that are compatible with other equipment and software that we use, our business, financial condition and results of operations could be materially adversely affected. If we are unable to obtain critical equipment, software, services or other items on a timely basis and at an acceptable cost, our ability to offer our products and services and roll out advanced services may be impaired, and our business, financial condition and results of operations could be materially adversely affected.

#### **Risks Related to Indebtedness of us and our Operating Subsidiaries**

***We are a holding company with no operations and we depend on our operating subsidiaries for cash to fund our obligations.***

As a holding company, we do not have any operations or hold any assets other than our investments in and our advances to our operating subsidiaries. Consequently, our subsidiaries conduct all of our consolidated operations and own substantially all of our consolidated assets. The only source of cash we have to pay interest on, and repay the principal of, our indebtedness and to meet our other obligations is the cash that our subsidiaries generate from their operations and their borrowings. Our subsidiaries are not obligated to make funds available to us. Our subsidiaries’ ability to make payments to us will depend upon their operating results and will be subject to applicable laws and contractual restrictions, including the agreements governing our subsidiary credit facilities and other indebtedness. Those agreements permit our subsidiaries to distribute cash to us under certain circumstances, but only so long as there is no default under any of such agreements.

***We have substantial existing debt and have significant interest payment requirements, which could adversely affect our ability to obtain financing in the future and require our operating subsidiaries to apply a substantial portion of their cash flow to debt service.***

Our total debt as of December 31, 2004 was approximately \$3.01 billion. Our interest expense for the year ended December 31, 2004 was \$192.7 million. We cannot assure you that our business will generate sufficient cash flows to permit us, or our subsidiaries, to repay indebtedness or that refinancing of that indebtedness will be possible on commercially reasonable terms or at all.

This high level of debt and our debt service obligations could have material consequences, including that:

- our ability to access new sources of financing for working capital, capital expenditures, acquisitions or other purposes may be limited;
- we may need to use a large portion of our revenues to pay interest on borrowings under our subsidiary credit facilities and our senior notes, which will reduce the amount of money available to finance our operations, capital expenditures and other activities;
- some of our debt has a variable rate of interest, which may expose us to the risk of increased interest rates;
- we may be more vulnerable to economic downturns and adverse developments in our business;
- we may be less flexible in responding to changing business and economic conditions, including increased competition and demand for new products and services;
- we may be at a disadvantage when compared to those of our competitors that have less debt; and
- we may not be able to fully implement our business strategy.

***A default under our indentures or our subsidiary credit facilities could result in an acceleration of our indebtedness and other material adverse effects.***

The agreements and instruments governing our own and our subsidiaries' indebtedness contain numerous financial and operating covenants. The breach of any of these covenants could cause a default, which could result in the indebtedness becoming immediately due and payable. If this were to occur, we would be unable to adequately finance our operations. In addition, a default could result in a default or acceleration of our other indebtedness subject to cross-default provisions. If this occurs, we may not be able to pay our debts or borrow sufficient funds to refinance them. Even if new financing is available, it may not be on terms that are acceptable to us. The membership interests of our operating subsidiaries are pledged as collateral under the respective subsidiary credit facilities. A default under one of our subsidiary credit facilities could result in a foreclosure by the lenders on the membership interests pledged under that facility. Because we are dependent upon our operating subsidiaries for all of our revenues, a foreclosure would have a material adverse effect on our business, financial condition and results of operations.

***The terms of our indebtedness could materially limit our financial and operating flexibility.***

Several of the covenants contained in the agreements and instruments governing our own and our subsidiaries' indebtedness could materially limit our financial and operating flexibility by restricting, among other things, our ability and the ability of our operating subsidiaries to:

- incur additional indebtedness;
- create liens and other encumbrances;
- pay dividends and make other payments, investments, loans and guarantees;
- enter into transactions with related parties;
- sell or otherwise dispose of assets and merge or consolidate with another entity;
- repurchase or redeem capital stock, other equity interests or debt;
- pledge assets; and
- issue capital stock or other equity interests.

Complying with these covenants could cause us to take actions that we otherwise would not take or cause us not to take actions that we otherwise would take.

***We may not be able to obtain additional capital to continue the development of our business.***

We have invested substantial capital for the upgrade, expansion and maintenance of our cable systems and the launch and expansion of new or additional products and services. While we have completed our planned system upgrades, if there is accelerated growth in our video, HSD and voice products and services, or we decide to introduce other new advanced products and services, or the cost to provide these products and services increases, we may need to make unplanned additional capital expenditures. We may not be able to obtain the funds necessary to finance additional capital requirements through internally generated funds, additional borrowings or other sources. If we are unable to obtain these funds, we would not be able to implement our business strategy and our results of operations would be adversely affected.

## Risks Related to Legislative and Regulatory Matters

### ***Our cable television business is subject to extensive governmental regulation.***

The cable television industry is subject to extensive legislation and regulation at the federal and local levels, and, in some instances, at the state level. Many aspects of such regulation are currently the subject of judicial and administrative proceedings and legislative and administrative proposals. We expect that court actions and regulatory proceedings will continue to refine our rights and obligations under applicable federal, state and local laws. The results of these judicial and administrative proceedings and legislative activities may materially affect our business operations. Local authorities grant us non-exclusive franchises that permit us to operate our cable systems. We renew or renegotiate these franchises from time to time. Local franchising authorities may demand concessions, or other commitments, as a condition to renewal, and these concessions or other commitments could be costly. The Communications Act contains renewal procedures and criteria designed to protect incumbent franchisees against arbitrary denials of renewal, and although such Act requires the local franchising authorities to take into account the costs of meeting such concessions or commitments, there is no assurance that we will not be compelled to meet their demands in order to obtain renewals. We cannot predict whether any of the markets in which we operate will expand the regulation of our cable systems in the future or the impact that any such expanded regulation may have upon our business.

Similarly, due to the increasing popularity and use of commercial online services and the Internet, certain aspects have become subject to regulation at the federal and state level such as collection of information online from children, disclosure of certain subscriber information to governmental agencies, commercial emails or “spam,” privacy, security and distribution of material in violation of copyrights. In addition to the possibility that additional federal laws and regulations may be adopted with respect to commercial online services and the Internet, it is possible that individual states may also impose such restrictions, potentially creating an intricate patchwork of laws and regulations. Future federal and/or state laws may cover such issues as privacy, access to some types of content by minors, pricing, encryption standards, consumer protection, electronic commerce, taxation of e-commerce, copyright infringement and other intellectual property matters. The adoption of such laws or regulations in the future may decrease the growth of such services and the Internet, which could in turn decrease the demand for our cable modem service, increase our costs of providing such service or have other adverse effects on our business, financial condition and results of operations.

### ***Changes in channel carriage regulations could impose significant additional costs on us.***

Cable operators face significant regulation of their channel carriage. Currently, they can be required to devote substantial capacity to the carriage of programming that they would not carry voluntarily, including certain local broadcast signals, local public, educational and government access programming, and unaffiliated commercial leased access programming. If the FCC or Congress were to require cable systems to carry both the analog and digital versions of local broadcast signals or to carry multiple program streams included with a single digital broadcast transmission, this carriage burden would increase substantially. Recently, the FCC reaffirmed that cable operators need only carry one programming service of each television broadcaster to fulfill its must-carry obligation.

### ***Our franchises are non-exclusive and local franchising authorities may grant competing franchises in our markets.***

Our cable systems are operated under non-exclusive franchises granted by local franchising authorities. As a result, competing operators of cable systems and other potential competitors, such as municipal utility providers, may be granted franchises and may build cable systems in markets where we hold franchises. Any such competition could adversely affect our business. The existence of multiple cable systems in the same geographic area is generally referred to as an “overbuild.” As of the filing date of this report, approximately 12.4% of the estimated homes passed by our cable systems were overbuilt by other cable operators. We cannot assure you that competition from overbuilders will not develop in other markets that we now serve or will serve after any future acquisitions.

***Pending FCC and court proceedings could adversely affect our HSD service.***

The legal and regulatory status of providing high-speed Internet access service by cable television companies is uncertain. The adoption of new rules by the FCC or rulings in court proceedings could place additional costs and regulatory burdens on us, reduce our anticipated revenues or increase our anticipated costs for this service, complicate the franchise renewal process, result in greater competition or otherwise adversely affect our business. The FCC has issued a declaratory ruling that cable modem service, as it is currently offered, is properly classified as an interstate information service that is not subject to common carrier regulation. However, the FCC is still considering the following: whether to require cable companies to provide capacity on their systems to other entities to deliver high-speed Internet directly to customers, also known as “open access”; whether certain other regulatory requirements do or should apply to cable modem service; and whether and to what extent cable modem service should be subject to local franchise authorities’ regulatory requirements or franchise fees. There can be no assurance that regulatory authorities will not impose “open access” or similar requirements on us as part of an industry-wide requirement. Such requirements could have a negative impact on our business and results of operations.

Challenges to the FCC’s classification of cable Internet access service as an “information service” and not a “cable service” or a “telecommunications service” have been addressed by a federal appellate court. Based on a finding that it was bound by an earlier decision, the appellate court overturned the FCC’s classification and found cable Internet service to include both “information service” and “telecommunications service” components. The United States Supreme Court has agreed to review the appellate court’s decision. If the appellate court’s decision prevails, it could result in an open access requirement and other obligations imposed on telecommunications carriers, which would be adverse to us.

***We may be subject to legal liability because of the acts of our HSD customers or because of our own negligence.***

Our HSD service enables individuals to access the Internet and to exchange information, generate content, conduct business and engage in various online activities on an international basis. The law relating to the liability of providers of these online services for activities of their users is currently unsettled both within the United States and abroad. Potentially, third parties could seek to hold us liable for the actions and omissions of our cable modem service customers, such as defamation, negligence, copyright or trademark infringement, fraud or other theories based on the nature and content of information that our customers use our service to post, download or distribute. We also could be subject to similar claims based on the content of other Websites to which we provide links or third-party products, services or content that we may offer through our Internet service. Due to the global nature of the Web, it is possible that the governments of other states and foreign countries might attempt to regulate its transmissions or prosecute us for violations of their laws.

It is also possible that information provided directly by us will contain errors or otherwise be negligently provided to users, resulting in third parties making claims against us. For example, we offer Web-based email services, which expose us to potential risks, such as liabilities or claims resulting from unsolicited email, lost or misdirected messages, illegal or fraudulent use of email, or interruptions or delays in email service. Additionally, we host website “portal pages” designed for use as a home page by, but not limited to, our HSD customers. These portal pages offer a wide variety of content from third parties which could contain errors or other material that could give rise to liability.

To date, no one has filed such a claim against us. However, in the future someone may file such a claim against us in either a domestic or international jurisdiction and may succeed in imposing liability on us. Our defense of any such actions could be costly and involve significant distraction of our management and other resources. If we are held or threatened with significant liability, we may decide to take actions to reduce our exposure to this type of liability. This may require us to spend significant amounts of money for new equipment and may also require us to discontinue offering some features or our cable modem service.

Since we launched our proprietary Mediacom Online<sup>(SM)</sup> HSD service in February 2002, from time to time, we receive notices of claimed infringements by our cable modem service users. The owners of copyrights and trademarks have been increasingly active in seeking to prevent use of the Internet to violate their rights. In many cases, their claims of infringement are based on the acts of customers of an Internet service provider—for example, a customer’s use of an Internet service or the resources it provides to post, download or disseminate copyrighted music, movies, software or other content without the consent of the copyright owner or to seek to profit from the use of the goodwill associated with another person’s trademark. In some cases, copyright and trademark owners have sought to recover damages from the Internet service provider, as well as or instead of the customer. The law relating to the potential liability of Internet service providers in these circumstances is unsettled. In 1996, Congress adopted the Digital Millennium Copyright Act,

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which is intended to grant ISPs protection against certain claims of copyright infringement resulting from the actions of customers, provided that the ISP complies with certain requirements. So far, Congress has not adopted similar protections for trademark infringement claims.

***We may be required to provide access to our networks to other Internet service providers, which could significantly increase our competition and adversely affect our ability to provide new products and services.***

Local authorities and the FCC have been asked to require cable operators to provide non-discriminatory access over their cable systems to other Internet service providers. A federal court in each of California, Virginia and Florida has struck down these open-access requirements imposed by a variety of franchising authorities as unlawful. Each of these courts used different legal grounds to strike down the open-access requirements. However, an appellate court has found that cable modem service is part telecommunications service and part information service. The U.S. Supreme Court has agreed to hear an appeal of that decision. If not overturned, the decision could potentially result in open access being imposed on us. If we are required to provide access in this manner, it could have a significant adverse impact on our financial results, including by: (i) increasing competition; (ii) increasing the expenses we incur to maintain our systems; and/or (iii) increasing the expense of upgrading and/or expanding our systems.

***We may become subject to additional regulatory burdens when we offer cable telephony service.***

The regulatory obligations of VoIP are currently under consideration by the FCC and state authorities. If our planned cable telephony service is deemed by regulators to be a telecommunications service or a state-regulated telephone service, such service could subject us to significant regulation as well as higher fees for pole attachments. The additional regulatory requirements could cause us to incur additional costs and we may not be able to meet them in a timely manner.

***Actions by pole owners might subject us to significantly increased pole attachment costs.***

Our cable facilities are often attached to or use public utility poles, ducts or conduits. Historically, cable system attachments to public utility poles have been regulated at the federal or state level. Generally this regulation resulted in favorable pole attachment rates for attachments used to provide cable service. The FCC clarified that the provision of Internet access does not endanger a cable operator's favorable pole rates; this approach ultimately was upheld by the Supreme Court of the United States. However, an appellate court has subsequently held that cable modem service is not "cable service" but is part "telecommunications service" and part "information service", which possibly could lead to higher pole attachment rates. The U.S. Supreme Court has agreed to hear an appeal of the lower court's decision. As a result of this uncertainty, utility pole owners in many areas are attempting to raise pole attachment rates and impose additional costs on cable operators and others. In addition, utility companies can increase the favorable pole attachment rates afforded cable operators under federal law if the operator provides telecommunications services, as well as cable service, over plant attached to utility poles. Our financial results could suffer a material adverse impact from any significant increased costs, and such increased pole attachment costs could discourage system upgrades and the introduction of new products and services.

### **Risks related to our Chairman and Chief Executive Officer's Controlling Position**

***Our Chairman and Chief Executive Officer has the ability to control all major corporate decisions, and a sale of his stock could result in a change of control that would have unpredictable effects.***

Rocco B. Commisso, our Chairman and Chief Executive Officer, beneficially owned our common stock representing approximately 75.9% of the combined voting power as of December 31, 2004. As a result, Mr. Commisso will generally have the ability to control the outcome of all matters requiring stockholder approval, including the election of our entire board of directors, the approval of any merger or consolidation and the sale of all or substantially all of our assets. In addition, Mr. Commisso's voting power may have the effect of discouraging offers to acquire Mediacom because any such acquisition would require his consent.

We cannot assure you that Mr. Commisso will maintain all or any portion of his ownership or that he would continue as an officer or director if he sold a significant part of his stock. The disposition by Mr. Commisso of a sufficient number of shares could result in a change in control of our company, and we cannot assure you that a change of control would not adversely affect our business, financial condition or results of operations. As noted above, it could also result in a default under our subsidiary credit agreements and could also trigger a variety of federal, state and local regulatory consent requirements.

**ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

In the normal course of business, we use interest rate exchange agreements (“interest rate swaps”) with counterparties to fix the interest rate on a portion of our variable interest rate debt. As of December 31, 2004, we had \$800.0 million of interest rate swaps with various banks with a weighted average fixed rate of approximately 3.3%. The fixed rates of the interest rate swaps are offset against the applicable three-month London Interbank Offering Rate to determine the related interest expense. Under the terms of the interest rate exchange agreements, which expire from 2005 through 2007, we are exposed to credit loss in the event of nonperformance by the other parties. However, due to the high creditworthiness of our counterparties, which are major banking firms with investment grade ratings, we do not anticipate their nonperformance. At December 31, 2004, based on the mark-to-market valuation, we would have received approximately \$0.3 million, including accrued interest, if we terminated these agreements.

The table below provides the expected maturity and estimated fair value of our debt as of December 31, 2004 (all dollars in thousands). See Note 7 to our consolidated financial statements.

	Senior Notes	Bank Credit Facilities	Capital Lease Obligations	Total
<b>Expected Maturity:</b>				
January 1, 2005 to December 31, 2005	\$ —	\$ 40,500	\$ 2,200	\$ 42,700
January 1, 2006 to December 31, 2006	172,500 <sup>(1)</sup>	48,000	2,269	222,769
January 1, 2007 to December 31, 2007	—	70,500	1,120	71,620
January 1, 2008 to December 31, 2008	200,000	70,500	43	270,543
January 1, 2009 to December 31, 2009	—	214,000	—	214,000
Thereafter	1,025,000	1,163,000	—	2,188,000
<b>Total</b>	<u>\$ 1,397,500</u>	<u>\$ 1,606,500</u>	<u>\$ 5,632</u>	<u>\$ 3,009,632</u>
<b>Fair Value</b>	<u>\$ 1,427,881</u>	<u>\$ 1,606,500</u>	<u>\$ 5,632</u>	<u>\$ 3,040,013</u>
<b>Weighted Average Interest Rate</b>	<u>9.1%</u>	<u>4.4%</u>	<u>3.1%</u>	<u>6.6%</u>

(1) Represents convertible senior notes due July 2006.



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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

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## Report of Independent Registered Public Accounting Firm

To the Shareholders of Mediacom Communications Corporation:

We have completed an integrated audit of Mediacom Communications Corporation's 2004 consolidated financial statements and of its internal control over financial reporting as of December 31, 2004 and audits of its 2003 and 2002 consolidated financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our opinions, based on our audits, are presented below.

### Consolidated financial statements and financial statement schedule

In our opinion, the consolidated financial statements listed in the accompanying index present fairly, in all material respects, the financial position of Mediacom Communications Corporation and its subsidiaries (the "Company") at December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2004 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the consolidated financial statement schedule listed in the accompanying index presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. These consolidated financial statements and consolidated financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and consolidated financial statement schedule based on our audits. We conducted our audits of these statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

### Internal control over financial reporting

Also, in our opinion, management's assessment, included in management's report on internal control over financial reporting, appearing in Item 9A, that the Company maintained effective internal control over financial reporting as of December 31, 2004 based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is fairly stated, in all material respects, based on those criteria. Furthermore, in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal Control – Integrated Framework* issued by the COSO. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express opinions on management's assessment and on the effectiveness of the Company's internal control over financial reporting based on our audit. We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP  
New York, New York  
**March 15, 2005**

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
(All dollar amounts in thousands)

	December 31,	
	2004	2003
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 23,875	\$ 25,815
Investments	1,987	1,987
Subscriber accounts receivable, net of allowance for doubtful accounts of \$3,659 and \$3,524, respectively	58,253	56,706
Prepaid expenses and other current assets	12,757	13,214
Deferred tax asset	7,024	7,804
Total current assets	103,896	105,526
Investment in cable television systems:		
Property, plant and equipment, net of accumulated depreciation of \$1,040,289 and \$844,519, respectively	1,443,090	1,465,362
Intangible assets, net of accumulated amortization of \$299,098 and \$289,906, respectively	2,042,110	2,050,095
Total investment in cable television systems	3,485,200	3,515,457
Other assets, net of accumulated amortization of \$25,266 and \$23,823, respectively	46,559	41,780
Total assets	<u>\$ 3,635,655</u>	<u>\$ 3,662,763</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 261,223	\$ 247,728
Deferred revenue	38,707	36,634
Current portion of long-term debt	42,700	12,570
Total current liabilities	342,630	296,932
Long-term debt, less current portion	2,966,932	3,038,922
Other non-current liabilities	32,581	41,795
Total liabilities	3,342,143	3,377,649
<b>STOCKHOLDERS' EQUITY</b>		
Class A common stock, \$.01 par value; 300,000,000 shares authorized; 92,978,134 shares issued and 90,399,198 shares outstanding as of December 31, 2004 and 91,345,346 shares issued and 89,808,602 shares outstanding as of December 31, 2003	930	913
Class B common stock, \$.01 par value; 100,000,000 shares authorized; 27,461,939 and 28,913,145 shares issued and outstanding as of December 31, 2004 and December 31, 2003, respectively	274	289
Additional paid-in capital	983,417	982,390
Accumulated deficit	(678,963)	(692,515)
Treasury stock, at cost, 2,578,936 and 1,536,744 shares of Class A common stock, as of December 31, 2004 and December 31, 2003, respectively	(12,146)	(5,963)
Total stockholders' equity	293,512	285,114
Total liabilities and stockholders' equity	<u>\$ 3,635,655</u>	<u>\$ 3,662,763</u>

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

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS  
(All dollar amounts in thousands, except per share amounts)

	Year Ended December 31,		
	2004	2003	2002
Revenues	\$ 1,057,226	\$ 1,004,889	\$ 923,033
Costs and expenses:			
Service costs (exclusive of depreciation and amortization of \$217,262, \$273,307 and \$319,435, respectively, shown separately below)	412,841	385,129	359,737
Selling, general and administrative expenses	211,428	196,826	173,970
Corporate expenses	19,276	17,237	18,075
Depreciation and amortization	217,262	273,307	319,435
Operating income	196,419	132,390	51,816
Interest expense, net	(192,740)	(190,199)	(188,304)
Gain (loss) on derivatives, net	16,125	9,057	(13,877)
Gain (loss) on sale of assets and investments, net	5,885	(1,839)	—
Other expense	(12,061)	(11,460)	(11,093)
Net income (loss) before provision for income taxes	13,628	(62,051)	(161,458)
Provision for income taxes	76	424	200
Net income (loss)	\$ 13,552	\$ (62,475)	\$ (161,658)
Basic weighted average shares outstanding	118,534	118,627	119,608
Basic earnings (loss) per share	\$ 0.11	\$ (0.53)	\$ (1.35)
Diluted weighted average shares outstanding	118,543	118,627	119,608
Diluted earnings (loss) per share	\$ 0.11	\$ (0.53)	\$ (1.35)

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

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN  
STOCKHOLDERS' EQUITY  
(All dollar amounts in thousands)

	Class A Common Stock	Class B Common Stock	Additional Paid-In Capital	Accumulated Deficit	Treasury Stock	Total
<b>Balance, December 31, 2001</b>	\$ 905	\$ 293	\$974,760	\$ (468,382)	\$ —	\$ 507,576
Net loss	—	—	—	(161,658)	—	(161,658)
Issuance of common stock in employee stock purchase plan	3	—	1,260	—	—	1,263
Vesting of equity granted to management, net of forfeiture	—	—	5,323	—	—	5,323
Transfer of stock	3	(3)	—	—	—	—
Treasury stock, at cost	—	—	—	—	(5,963)	(5,963)
<b>Balance, December 31, 2002</b>	\$ 911	\$ 290	\$981,343	\$ (630,040)	\$ (5,963)	\$ 346,541
Net loss	—	—	—	(62,475)	—	(62,475)
Issuance of common stock in employee stock purchase plan	1	—	1,047	—	—	1,048
Transfer of stock	1	(1)	—	—	—	—
<b>Balance, December 31, 2003</b>	\$ 913	\$ 289	\$982,390	\$ (692,515)	\$ (5,963)	\$ 285,114
Net income	—	—	—	13,552	—	13,552
Issuance of common stock in employee stock purchase plan	2	—	1,027	—	—	1,029
Transfer of stock	15	(15)	—	—	—	—
Treasury stock, at cost	—	—	—	—	(6,183)	(6,183)
<b>Balance, December 31, 2004</b>	\$ 930	\$ 274	\$983,417	\$ (678,963)	\$ (12,146)	\$ 293,512

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

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(All dollar amounts in thousands)

	Year Ended December 31,		
	2004	2003	2002
<b>CASH FLOWS PROVIDED BY OPERATING ACTIVITIES:</b>			
Net income (loss)	\$ 13,552	\$ (62,475)	\$ (161,658)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	217,262	273,307	319,435
(Gain) loss on derivatives, net	(16,125)	(9,057)	13,877
Vesting of management stock	—	—	5,323
(Gain) loss on sale of assets and investments, net	(5,885)	1,839	—
Amortization of deferred financing costs	8,725	6,696	7,183
Deferred income taxes	780	748	(5,375)
Changes in assets and liabilities, net of effects from acquisitions:			
Subscriber accounts receivable, net	(1,043)	(501)	(10,601)
Prepaid expenses and other current assets	457	(3,951)	3,400
Accounts payable and accrued expenses	6,961	(2,620)	(4,080)
Deferred revenue	2,073	10,372	3,855
Other non-current liabilities	(2,146)	(7,458)	1,237
Net cash flows provided by operating activities	<u>224,611</u>	<u>206,900</u>	<u>172,596</u>
<b>CASH FLOWS USED IN INVESTING ACTIVITIES:</b>			
Capital expenditures	(181,362)	(231,505)	(408,314)
Acquisition of cable television systems	(3,372)	(7,374)	(6,548)
Proceeds from sale of assets and investments	10,556	15,409	—
Other investing activities	(3,246)	2,026	(6,740)
Net cash flows used in investing activities	<u>(177,424)</u>	<u>(221,444)</u>	<u>(421,602)</u>
<b>CASH FLOWS (USED IN) PROVIDED BY FINANCING ACTIVITIES:</b>			
New borrowings	247,872	302,594	539,750
Repayment of debt	(289,732)	(279,348)	(318,750)
Repurchases of Class A common stock	(6,183)	—	(5,963)
Proceeds from issuance of common stock in employee stock purchase plan	1,029	1,048	1,263
Financing costs	(8,147)	(520)	(984)
Other financing activities — book overdrafts	6,034	(14,639)	1,607
Net cash flows (used in) provided by financing activities	<u>(49,127)</u>	<u>9,135</u>	<u>216,923</u>
Net decrease in cash and cash equivalents	(1,940)	(5,409)	(32,083)
CASH AND CASH EQUIVALENTS, beginning of period	25,815	31,224	63,307
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 23,875</u>	<u>\$ 25,815</u>	<u>\$ 31,224</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
Cash paid during the period for interest, net of amounts capitalized	<u>186,835</u>	<u>196,253</u>	<u>194,497</u>
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:</b>			
Capital expenditures financed through capital leases	<u>\$ —</u>	<u>\$ 9,036</u>	<u>\$ —</u>

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

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**(1) Organization**

Mediacom Communications Corporation (“MCC,” and collectively with its direct and indirect subsidiaries, the “Company”) was organized in November 1999 and is involved in the acquisition and development of cable systems serving smaller cities and towns in the United States. Through these cable systems, the Company provides entertainment, information and telecommunications services to its subscribers. As of December 31, 2004, the Company was operating cable systems in 23 states, principally Alabama, California, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Kentucky, Minnesota, Missouri, North Carolina and South Dakota.

**(2) Summary of Significant Accounting Policies**

***Basis of Preparation of Consolidated Financial Statements***

The consolidated financial statements include the accounts of MCC 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 in the United States of America 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. The accounting estimates that require management’s most difficult and subjective judgments include assessment and valuation of intangibles, useful lives of property, plant and equipment, and the recognition and measurement of income tax assets and liabilities and the valuation of programming liabilities. Actual results could differ from those and other estimates.

***Change in Estimate***

Effective July 1, 2003, the Company changed the estimated useful lives of its cable systems and equipment. The changes in estimated useful lives were made to reflect management’s evaluation of the longer economic lives of the Company’s upgraded and rebuilt network. The new asset lives are consistent with those used by companies in the cable television industry. The weighted average useful lives of such fixed assets changed from approximately 7 years to approximately 12 years. These changes were made on a prospective basis and resulted in an increase in net income of approximately \$130.3 million or \$1.10 per share for the year ended December 31, 2004 and a decrease in net loss of approximately \$63.5 million or \$0.54 per share for the year ended December 31, 2003.

***Revenue Recognition***

Revenues include amounts billed to customers for services provided, installations, advertising and other services. Revenues from video and data services are recognized when the services are provided to the customers. Installation revenues are less than direct installation costs. Therefore, installation revenues are recognized as connects are completed. Advertising sales are recognized in the period that the advertisements are exhibited. Franchise fees are collected on a monthly basis and are periodically remitted to local franchise authorities. Franchise fees collected and paid are reported as revenues and expenses as a component of selling, general and administrative.

***Allowance for Doubtful Accounts***

The allowance for doubtful accounts represents the Company’s best estimate of probable losses in the accounts receivable balance. The allowance is based on the number of days outstanding, customer balances, historical experience and other currently available information.

***Cash and Cash Equivalents***

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



**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*****Concentration of Credit Risk***

The Company's accounts receivable are 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. The Company invests its cash with high quality financial institutions.

***Property, Plant and Equipment***

Property, plant and equipment are recorded at cost. Additions to property, plant and equipment generally include material, labor and indirect costs. Depreciation is calculated on a straight-line basis over the following useful lives:

Buildings	40 years
Leasehold improvements	Life of respective lease
Cable systems and equipment and subscriber devices	4 to 20 years
Vehicles	5 years
Furniture, fixtures and office equipment	5 years

The Company capitalizes improvements that extend asset lives and expenses repairs and maintenance as incurred. At the time of retirements, sales or other dispositions of property, the original cost and related accumulated depreciation are removed from the respective accounts and the gains or losses are presented as a separate component on the statement of operations.

The Company capitalizes the costs associated with the construction of cable transmission and distribution facilities, new customer installations and indirect costs associated with our telephony product. Costs include direct labor and material, as well as certain indirect costs including interest. The Company performs periodic evaluations of certain estimates used to determine the amount and extent that such costs that are capitalized. Any changes to these estimates, which may be significant, are applied in the period in which the evaluations were completed. The costs of disconnecting service at a customer's dwelling or reconnecting to a previously installed dwelling are charged as expense in the period incurred. Costs associated with subsequent installations of additional services not previously installed at a customer's dwelling are capitalized to the extent such costs are incremental and directly attributable to the installation of such additional services.

***Capitalized Software Costs***

The Company accounts for internal-use software development and related costs in accordance with AICPA Statement of Position No. 98-1 "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Software development and other related costs consist of external and internal costs incurred in the application development stage to purchase and implement the software that will be used in the Company's telephony business. Costs incurred in the development of application and infrastructure of the software is capitalized and will be amortized over its respective estimated useful life. During the year ended December 31, 2004 and 2003, the Company capitalized approximately \$3.6 million and \$0.7 million, respectively of software development costs. Amortization will begin when the Company launches its telephony product.

***Intangible Assets***

In accordance with FASB No. 142 "Goodwill and Other Intangible Assets," the amortization of goodwill and indefinite-lived intangible assets is prohibited and requires such assets to be tested annually for impairment, or more frequently if impairment indicators arise. The Company has determined that its cable franchise costs and goodwill are indefinite-lived assets and therefore not amortizable. Other finite-lived intangible assets, which consist primarily of subscriber lists and covenants not to compete, continue to be amortized over their useful lives of 5 to 10 years and 5 years, respectively.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Other Assets***

Other assets, net, include financing costs incurred to raise debt, which are deferred and amortized as other expense over the expected term of such financings.

***Segment Reporting***

SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," requires the disclosure of factors used to identify an enterprise's reportable segments. The Company's operations are organized and managed on the basis of cable system clusters that represent operating segments responsible for certain geographical regions. Each operating segment derives its revenues from the delivery of similar products and services to a customer base that is also similar. Each operating segment deploys similar technology to deliver our products and services and operates within a similar regulatory environment. In addition, each operating segment has similar economic characteristics. Management evaluated the criteria for aggregation of the geographic operating segments under SFAS No. 131 and believes the Company meets each of the respective criteria set forth. Accordingly, management has identified broadband services as the Company's one reportable segment.

***Accounting for Derivative Instruments***

The Company accounts for derivative instruments in accordance with SFAS No. 133, SFAS No. 138 and SFAS No. 149. These pronouncements require that all derivative instruments be recognized on the balance sheet at fair value. The Company's stated strategy is to manage its interest expense using a combination of fixed and variable interest rate debt. The Company enters into interest rate exchange agreements to fix the interest rate on a portion of its variable interest rate debt to reduce the potential volatility in its interest expense that would otherwise result from changes in market interest rates. The Company's derivative instruments are recorded at fair value and are included in other current assets, other assets and other liabilities. The Company's accounting policies for these instruments are based on whether they meet the Company's criteria for designation as hedging transactions. The criteria for designating a derivative as a hedge include the instrument's effectiveness in risk reduction and, in most cases, a one-to-one matching of the derivative instrument to its underlying transaction. Gains and losses from changes in fair values of derivatives that are not designated as hedges for accounting purposes are recognized currently in earnings. During 2004, 2003 and 2002, none of the Company's derivative financial instruments were designated as hedges. Therefore, changes in fair value for the respective periods were recognized in earnings.

***Accounting for Asset Retirement***

The Company adopted SFAS No. 143, "Accounting for Asset Retirement Obligations", on January 1, 2003. SFAS No. 143 addresses financial accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. The Company reviewed its asset retirement obligations to determine the fair value of such liabilities and if a reasonable estimate of fair value could be made. This entailed the review of leases covering tangible long-lived assets as well as the Company's rights-of-way under franchise agreements. In determining the fair value of the Company's asset retirement obligation, consideration was given to the Cable Communications Policy Act of 1984, which generally entitles the cable operator to the "fair market value" for the cable system covered by a franchise, if renewal is denied and the franchising authority acquires ownership of the cable system or effects a transfer of the cable system to another person. Changes in these assumptions based on future information could result in adjustments to estimated liabilities.

Upon adoption of SFAS No. 143, the Company determined that in certain instances, it is obligated by contractual terms or regulatory requirements to remove facilities or perform other remediation activities upon the retirement of its assets. The Company has recorded a \$7.8 million asset in property, plant and equipment and a corresponding liability of \$7.8 million.

***Accounting for Long-Lived Assets***

In accordance with SFAS No. 144 "Accounting for the Impairment or Disposal of Long-Lived Assets," the Company periodically evaluates the recoverability and estimated lives of its long-lived assets, including property and equipment and intangible assets subject to amortization, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or the useful life has changed. The measurement for such impairment loss is based on the fair value of the asset, typically based upon the future cash flows discounted at a rate commensurate with the risk involved. Unless presented separately, the loss is included as a component of either depreciation expense or amortization expense, as appropriate.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Income Taxes***

The Company provides for income taxes using the liability method in accordance with SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability based approach in accounting for income taxes. The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and expected benefits of utilizing net operating loss carryforwards. The Company periodically assesses the likelihood of the realization of deferred tax assets and net operating loss carryforwards by considering the scheduled reversal of deferred tax liabilities, projected taxable income in future periods and the evaluation of available prudent tax planning strategies.

***Reclassifications***

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

***Recent Accounting Pronouncements***

The FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation — Transition and Disclosure," in December 2002, which amended: (i) SFAS No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation; (ii) the disclosure provisions of SFAS No. 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation; and (iii) APB Opinion No. 28, "Interim Financial Reporting," to require disclosure about those effects in interim financial information. The Company adopted SFAS No. 148 on January 1, 2003.

The Company did not change to the fair value-based expense recognition method of accounting for stock-based employees' compensation. Accordingly, the adoption of SFAS No. 148 did not affect the Company's financial condition or results of operations. However, SFAS No. 148 requires that information be provided as if the Company had accounted for employee stock options under the fair value method of this statement, including disclosing pro forma information regarding net income (loss) and net income (loss) per share beginning with the first quarter of 2003. The Company accounts for stock-based compensation in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," as permitted by SFAS No. 123. Compensation expense for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of the grant over the amount the employee must pay to acquire the stock.

In December 2004, the FASB issued SFAS No. 123R, "Amendment of Statement 123 on Share-Based Payment." SFAS No. 123R requires companies to expense the value of employee stock options, stock granted through the employee stock purchase program and similar awards. SFAS No. 123R is effective for periods beginning after June 15, 2005. The Company plans on adopting SFAS No. 123R effective July 1, 2005 and expects that the adoption of SFAS No. 123R will have a material impact on its consolidated results of operations and earnings per share.

There are three methods of adopting SFAS No. 123R. The first method is called modified prospective method, which allows companies to avoid recording additional compensation expense for vested awards that are outstanding on the effective date of the SFAS No. 123R. Unvested awards outstanding on the effective date would be charged to expense over the remaining vesting period. The second method is similar to the modified prospective method, except it allows companies to restate earlier interim periods in the year of adoption using the applicable SFAS No. 123R pro forma amounts. The third method is the modified retrospective method, which directs companies to apply the modified prospective method and to restate prior financial statements. The Company is currently evaluating these transitional methods.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

In March 2004, the FASB approved the consensus reached on the Emerging Issues Task Force (EITF) Issue No. 03-1, “*The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments*.” The Issue’s objective is to provide guidance for identifying other-than-temporarily impaired investments. EITF 03-1 also provides new disclosure requirements for investments that are deemed to be temporarily impaired. In September 2004, the FASB issued a FASB Staff Position (FSP) EITF 03-1 that delays the effective date of the measurement and recognition guidance in EIFT 03-1 until further notice. The disclosure requirements of EITF 03-1 are effective with this annual report for fiscal 2004. Once the FASB reaches a final decision on the measurement and recognition provisions, the Company will evaluate the impact of the adoption of the accounting provision of EIFT 03-1.

In December 2004, the FASB issued SFAS No. 153, “*Exchanges of Nonmonetary Assets, an amendment of APB Opinion No. 29*.” The guidance in APB Opinion No. 29, “*Accounting for Nonmonetary Transactions*”, is based on the principle that exchanges of nonmonetary assets should be measured based on the fair value of assets exchanged. The guidance in that Opinion, however, included certain exceptions to that principle. This Statement amends Opinion 29 to eliminate the exception for nonmonetary exchanges of similar productive assets that do not have commercial substance. A nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. SFAS No. 153 is effective for nonmonetary exchanges occurring in fiscal periods beginning after June 15, 2005. The adoption of SFAS No. 153 is not expected to have a material impact on the Company’s financial position and results of operations.

**(3) Earnings per Share**

The Company calculates earnings per share in accordance with SFAS No. 128, “*Earnings per Share*.” SFAS No. 128 computes basic earnings (loss) per share by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period. Diluted earnings per share is computed by dividing the net income (loss) by the weighted average number of shares of common stock outstanding during the period plus the effects of any dilutive securities. Diluted earnings per share considers the impact of potentially dilutive securities except in periods in which there is a loss because the inclusion of the potential common shares would have an anti-dilutive effect. The Company’s potentially dilutive securities include common shares which may be issued upon exercise of its stock options or conversion of convertible senior notes.

Diluted earnings per share for the years ended December 31, 2004, 2003 and 2002 exclude potential common shares of approximately 20.5 million, 19.4 million and 19.4 million, respectively, primarily related to the Company’s outstanding stock options and convertible senior notes, because the assumed issuance of such potential common shares is antidilutive. For the year ended December 31, 2004, diluted weighted average common shares includes approximately 9,500 potential common shares assuming the exercise of stock options.

The following table summarizes the Company’s calculation of basic and diluted earnings (loss) per share for the years ended December 31, 2004, 2003 and 2002 (amounts in thousands, except per share amounts):

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net income (loss)	\$ 13,552	\$ (62,475)	\$ (161,658)
Basic weighted average common shares outstanding	118,534	118,627	119,608
Basic earnings (loss) per share	\$ 0.11	\$ (0.53)	\$ (1.35)
Diluted weighted average common shares outstanding	118,543	118,627	119,608
Diluted earnings (loss) per share	\$ 0.11	\$ (0.53)	\$ (1.35)

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(4) Property, Plant and Equipment**

As of December 31, 2004 and 2003, property, plant and equipment consisted of (dollars in thousands):

	2004	2003
Land and land improvements	\$ 7,089	\$ 7,059
Buildings and leasehold improvements	39,898	41,273
Cable systems, equipment and subscriber devices	2,342,220	2,172,953
Vehicles	60,754	63,023
Furniture, fixtures and office equipment	33,417	25,573
	2,483,379	2,309,881
Accumulated depreciation	(1,040,289)	(844,519)
Property, plant and equipment, net	<u>\$ 1,443,090</u>	<u>\$ 1,465,362</u>

Depreciation expense for the years ended December 31, 2004, 2003 and 2002 was approximately \$206.2 million, \$258.4 million and \$286.4 million, respectively. As of December 31, 2004 and 2003 the Company had property under capitalized leases of \$10.1 million and \$10.7 million, respectively, before accumulated depreciation, and \$7.4 million and \$8.9 million, respectively, net of accumulated depreciation. During the years ended December 31, 2004 and 2003, the Company incurred gross interest expense of \$195.7 million and \$197.2 million, respectively of which \$3.0 million and \$7.0 million was capitalized. See Note 2 to our consolidated financial statements.

**(5) Intangible Assets**

The Company operates its cable systems under non-exclusive cable franchises that are granted by state or local government authorities for varying lengths of time. As of December 31, 2004, the company held 1,380 franchises in areas located throughout the United States. The Company acquired these cable franchises through acquisitions of cable systems and were accounted for using the purchase method of accounting.

On January 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets", which eliminates amortization of goodwill and certain intangibles that have indefinite lives but requires that such assets be tested for impairment at least annually. The Company evaluated the expected useful life of its cable franchises, also referred to as franchise costs, upon adoption of SFAS No. 142 and determined that all of its cable franchises have an indefinite useful life. As such, the Company ceased amortizing its cable franchises effective January 1, 2002.

The Company has assessed franchise value for impairment under SFAS No. 142 by utilizing a discounted cash flow methodology. In performing an impairment test in accordance with SFAS No. 142, the Company considers the guidance contained in EITF Issue No. 02-7, "Recognition of Customer Relationship Intangible Assets acquired in a Business Combination," whereby the Company considers assumptions, such as future cash flow expectations and other future benefits related to the intangible assets, when measuring the fair value of each cable systems other net assets. If the determined fair value of the Company's franchise costs is less the carrying amount on the financial statements, an impairment charge would be recognized for the difference between the fair value and the carrying value of the assets. To test the impairment of the goodwill carried on the Company's financial statements, the fair value of the cable system cluster's tangible and intangible assets (includes franchise costs) other than goodwill is deducted from the cable system cluster's fair value. The balance represents the fair value of goodwill which is then compared to the carrying value of goodwill to determine if there is any impairment. The Company completed its last impairment test in accordance with SFAS No. 142 as of October 1, 2004, which reflected no impairment of franchise costs or goodwill. There have been no events since then that would require an analysis to be completed before the next annual test date.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table summarizes the net asset value for each intangible asset category as of December 31, 2004 and 2003 (dollars in thousands):

<b>2004</b>	<b>Gross Asset Value</b>	<b>Accumulated Amortization</b>	<b>Net Asset Value</b>
Franchise costs	\$ 1,944,918	\$ 140,947	\$ 1,803,971
Goodwill	224,614	3,232	221,382
Subscriber Lists	165,981	149,277	16,704
Covenants not to compete	5,695	5,642	53
	<u>\$ 2,341,208</u>	<u>\$ 299,098</u>	<u>\$ 2,042,110</u>
<b>2003</b>	<b>Gross Asset Value</b>	<b>Accumulated Amortization</b>	<b>Net Asset Value</b>
Franchise costs	\$ 1,943,010	\$ 141,167	\$ 1,801,843
Goodwill	224,281	3,232	221,049
Subscriber Lists	167,015	140,030	26,985
Covenants not to compete	5,695	5,477	218
	<u>\$ 2,340,001</u>	<u>\$ 289,906</u>	<u>\$ 2,050,095</u>

Amortization expense for the years ended December 31, 2004, 2003 and 2002 was approximately \$11.1 million, \$14.9 million and \$33.0 million, respectively. The Company's estimated aggregate amortization expense for 2005 through 2008 and beyond are \$2.8 million, \$2.1 million, \$2.1 million, \$2.1 million and \$7.7 million, respectively.

The net asset value as of December 31, 2004 decreased approximately \$8.0 million from December 31, 2003, primarily due to the recording of amortization expense and the purchase and sale of cable system assets during the period.

**(6) Accounts Payable and Accrued Expenses**

Accounts payable and accrued expenses consist of the following as of December 31, 2004 and December 31, 2003 (dollars in thousands):

	<b>December 31, 2004</b>	<b>December 31, 2003</b>
Accounts payable	\$ 14,097	\$ 2,374
Book overdrafts	10,223	4,189
Accrued interest	61,910	55,053
Accrued payroll and benefits	24,314	23,524
Accrued programming costs	62,049	77,296
Accrued property, plant and equipment	18,261	25,463
Accrued taxes and fees	27,777	26,513
Other accrued expenses	42,592	33,316
	<u>\$ 261,223</u>	<u>\$ 247,728</u>

Book overdrafts represent outstanding checks in excess of funds on deposit at the Company's disbursement accounts.

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(7) Debt**

As of December 31, 2004 and 2003, debt consisted of (dollars in thousands):

	<u>2004</u>	<u>2003</u>
Bank credit facilities	\$ 1,606,500	\$ 1,646,500
8 <sup>1</sup> / <sub>2</sub> % senior notes	200,000	200,000
7 <sup>7</sup> / <sub>8</sub> % senior notes	125,000	125,000
9 <sup>1</sup> / <sub>2</sub> % senior notes	500,000	500,000
11% senior notes	400,000	400,000
5 <sup>1</sup> / <sub>4</sub> % convertible senior notes	172,500	172,500
Capital lease obligations	5,632	7,492
	<u>\$ 3,009,632</u>	<u>\$ 3,051,492</u>
Less: Current portion	42,700	12,570
Total long-term debt	<u>\$ 2,966,932</u>	<u>\$ 3,038,922</u>

**Bank Credit Facilities**

On October 21, 2004, the operating subsidiaries of Mediacom LLC, one of the Company's two principal subsidiaries, refinanced their two credit facilities with a new \$1.15 billion senior secured credit facility (the "LLC credit facility"). The LLC credit facility consists of a revolving credit facility (the "LLC revolver") with a \$400.0 million revolving credit commitment, a \$200.0 million delayed-draw term loan (the "LLC term loan A") and a \$550.0 million term loan (the "LLC term loan B"). The LLC revolver expires on September 30, 2011 and its commitment amount is not subject to scheduled reductions prior to maturity. The LLC term loan A matures on September 30, 2012 and beginning on March 31, 2008 will be subject to quarterly reductions ranging from 2.50% to 9.00% of the original amount. The LLC term loan B matures on March 31, 2013 and will be subject to quarterly reductions of 0.25% from March 31, 2005 to December 31, 2012, and 92.00% on maturity, of the original amount. As of December 31, 2004, the maximum commitment available under the LLC revolver was \$400.0 million and the revolver had an outstanding balance of \$96.0 million, the LLC term loan B had an outstanding balance of \$550.0 million, and the LLC term loan A had not been drawn.

The credit agreement of the LLC credit facility (the "LLC credit agreement") provides for interest at varying rates based upon various borrowing options and certain financial ratios, and for commitment fees of 1/2% to 5/8% per annum on the unused portion of the available revolving credit commitment. Interest on outstanding LLC revolver and LLC term loan A balances are payable at either the Eurodollar rate plus a floating percentage ranging from 1.00% to 2.00% or the base rate plus a floating percentage ranging from 0% to 1.00%. Interest on the LLC term loan B is payable at either the Eurodollar rate plus 2.25% or the base rate plus 1.25%. For the year ended December 31, 2005, the LLC term loan B will be reduced by \$5.5 million or 1.00% of the original amount.

The operating subsidiaries of Mediacom Broadband LLC, the Company's other principal subsidiary, maintain a \$1.4 billion senior secured credit facility (the "Broadband credit facility") consisting of a revolving credit facility (the "Broadband revolver") with an initial commitment of \$600 million, a \$300 million term loan A (the "Broadband term loan A") and a \$500 million term loan B (the "Broadband term loan B"). On December 16, 2004, the operating subsidiaries of Mediacom Broadband LLC amended the credit agreement of the Broadband credit facility (the "Broadband credit agreement") to conform its definitions, financial covenants and other terms (including those relating to letters of credit, mandatory prepayment, representations and warranties, negative covenants and events of default) to those of the LLC credit agreement. The Broadband revolver expires on March 31, 2010 and, beginning on December 31, 2004, its commitments were subject to quarterly reductions ranging from 2.00% to 8.00% of the original commitment amount. The Broadband term loan A matures on March 31, 2010 and, beginning on September 30, 2004, has been subject to quarterly reductions ranging from 1.00% to 8.00% of the original amount. The Broadband term loan B matures on September 30, 2010 and is subject to quarterly reductions

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

of 0.25% from September 30, 2004 to June 30, 2010, and 94.00% on maturity, of the original amount. As of December 31, 2004, the maximum commitment available under the Broadband revolver was \$588.0 million and the revolver had an outstanding balance of \$169.0 million, the Broadband term loan A had an outstanding balance of \$294.0 million, and the Broadband term loan B had an outstanding balance of \$497.5 million.

The Broadband credit agreement provides for interest at varying rates based upon various borrowing options and certain financial ratios, and for commitment fees of 3/8% to 5/8% per annum on the unused portion of the available revolving credit commitment. Interest on outstanding Broadband revolver and Broadband term loan A balances are payable at either the Eurodollar rate plus a floating percentage ranging from 1.00% to 2.50% or the base rate plus a floating percentage ranging from 0.25% to 1.50%. Interest on the Broadband term loan B is payable at either the Eurodollar rate plus a floating percentage ranging from 2.50% to 2.75% or the base rate plus a floating percentage ranging from 1.50% to 1.75%.

For the year ended December 31, 2005, the maximum commitment amount under the Broadband revolver will be reduced by \$60.0 million or 10.0% of the original commitment amount; the outstanding debt under the Broadband term loan A will be reduced by \$30.0 million or 10.0% of the original amount, and the Broadband term loan B will be reduced by \$5.0 million or 1.0% of the original amount.

The LLC and Broadband credit agreements require compliance with certain financial covenants including, but not limited to, leverage, interest coverage and debt service coverage ratios, as defined therein. The credit agreements also require 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 restricted payments, and certain transactions with affiliates. The Company was in compliance with all covenants of the LLC and Broadband credit agreements as of and for all periods in the year ended December 31, 2004.

The LLC credit agreement is collateralized by Mediacom LLC's pledge of all its ownership interests in its operating subsidiaries and is guaranteed by Mediacom LLC on a limited recourse basis to the extent of such ownership interests. The Broadband credit agreement is collateralized by Mediacom Broadband LLC's pledge of all its ownership interests in its operating subsidiaries and is guaranteed by Mediacom Broadband LLC on a limited recourse basis to the extent of such ownership interests.

The average interest rate on debt outstanding under the LLC and Broadband credit agreements was 4.4% and 3.0% for the years ended December 31, 2004 and 2003, respectively, before giving effect to the interest rate exchange agreements discussed below. As of December 31, 2004, the Company had approximately \$908.5 million of unused bank commitments under the LLC and Broadband credit agreements.

The Company uses interest rate exchange agreements in order to fix the interest rate on its floating rate debt. As of December 31, 2004, the Company had interest rate exchange agreements with various banks pursuant to which the interest rate on \$800.0 million is fixed at a weighted average rate of approximately 3.3%, plus the average applicable margin over the Eurodollar rate option under the Company's bank credit agreements. Under the terms of the interest rate exchange agreements, which expire from 2005 through 2007, the Company is exposed to credit loss in the event of nonperformance by the other parties. However, due to the high creditworthiness of its counterparties, which are major banking firms with investment grade ratings, the Company does not anticipate their nonperformance.

The fair value of the interest rate exchange agreements is the estimated amount that the Company would receive or pay to terminate such agreements, taking into account market interest rates, the remaining time to maturities and the creditworthiness of the Company's counterparties. At December 31, 2004, based on the mark-to-market valuation, the Company recorded an investment in derivatives of \$4.0 million, offset by a \$3.7 derivative liability. As a result of the quarterly mark-to-market valuations of these interest rate swaps, the Company recorded a gain on derivative instruments amounting to \$16.1 million and \$9.1 million for the years ended December 31, 2004 and 2003, respectively.



**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

***Senior Notes***

On April 1, 1998, Mediacom LLC and its wholly-owned subsidiary, Mediacom Capital Corporation, a New York corporation, jointly issued \$200.0 million aggregate principal amount of 8<sup>1</sup>/<sub>2</sub>% senior notes due on April 2008 (the “8<sup>1</sup>/<sub>2</sub>% Senior Notes”). The 8<sup>1</sup>/<sub>2</sub>% Senior Notes are unsecured obligations of Mediacom LLC, and the indenture for the 8<sup>1</sup>/<sub>2</sub>% 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 Mediacom LLC. The 8<sup>1</sup>/<sub>2</sub>% Senior Notes are redeemable at 102.833% of par value through April 14, 2005, 101.417% of par value from April 15, 2005 through April 14, 2006, and at par value thereafter.

On February 26, 1999, Mediacom LLC and Mediacom Capital Corporation jointly issued \$125.0 million aggregate principal amount of 7<sup>7</sup>/<sub>8</sub>% senior notes due on February 2011 (the “7<sup>7</sup>/<sub>8</sub>% Senior Notes”). The 7<sup>7</sup>/<sub>8</sub>% Senior Notes are unsecured obligations of Mediacom LLC, and the indenture for the 7<sup>7</sup>/<sub>8</sub>% 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 Mediacom LLC.

On January 24, 2001, Mediacom LLC and its wholly-owned subsidiary, Mediacom Capital Corporation, completed an offering of \$500.0 million of 9<sup>1</sup>/<sub>2</sub>% senior notes due January 2013 (the “9<sup>1</sup>/<sub>2</sub>% Senior Notes”). The 9<sup>1</sup>/<sub>2</sub>% Senior Notes are unsecured obligations of Mediacom LLC, and the indenture for the 9<sup>1</sup>/<sub>2</sub>% 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 Mediacom LLC.

On June 29, 2001, Mediacom Broadband LLC and its wholly-owned subsidiary, Mediacom Broadband Corporation, a Delaware corporation, completed an offering of \$400.0 million in aggregate principal amount of 11% senior notes due July 2013 (the “11% Senior Notes”). The 11% Senior Notes are unsecured obligations of Mediacom Broadband, and the indenture for the 11% Senior Notes stipulates, among other things, restrictions of incurrence of indebtedness, distributions, mergers and assets sales and has cross-default provisions related to other debt of Mediacom Broadband.

Mediacom LLC and Mediacom Broadband LLC were each in compliance with the indentures governing their respective Senior Notes as of and for all periods in the year ended December 31, 2004.

***Convertible Senior Notes***

The Company maintains \$172.5 million aggregate principal amount of 5<sup>1</sup>/<sub>4</sub>% convertible senior notes (“Convertible Senior Notes”) due July 2006. The Convertible Senior Notes are convertible at any time at the option of the holder into the Company’s Class A common stock at an initial conversion rate of 53.4171 shares per \$1,000 principal amount of notes, which is equivalent to a price of \$18.72 per share. The conversion rate is subject to adjustment as specified in the indenture governing the Convertible Senior Notes. The Company may redeem the Convertible Senior Notes at 101.313% of par value from July 5, 2004 through June 30, 2005 and at par value thereafter.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS*****Fair Value and Debt Maturities***

The fair values of the Company's bank credit facilities approximated their carrying values at December 31, 2004. On that same date, the fair values of the 8<sup>1</sup>/<sub>2</sub>% Senior Notes, the 7<sup>7</sup>/<sub>8</sub>% Senior Notes, the 9<sup>1</sup>/<sub>2</sub>% Senior Notes and the 11% Senior Notes were approximately \$204.0 million, \$122.5 million, \$501.9 million and \$430.0 million, respectively. The fair value on that same date of the Convertible Senior Notes was approximately \$169.5 million.

The stated maturities of all debt outstanding as of December 31, 2004 are as follows (dollars in thousands):

2005	\$ 42,700
2006	222,769
2007	71,620
2008	270,543
2009	214,000
Thereafter	2,188,000
	<u>\$ 3,009,632</u>

**(8) Stockholders' Equity**

The Company has authorized 300,000,000 shares of Class A common stock, \$0.01 par value and 100,000,000 shares of Class B common stock, \$0.01 par value. The holders of Class A and Class B common stock are entitled to vote as a single class on each matter in which the shareholders of the Company are entitled to vote. Each Class A share is entitled to one vote and each Class B share is entitled to ten votes.

During 2002, the Company repurchased approximately 1.5 million shares of its Class A common stock for an aggregate cost of approximately \$6.0 million at share prices ranging from \$3.59 to \$4.29 per share.

During the second half of 2004, the Company repurchased approximately 1.0 million shares of its Class A common stock for an aggregate cost of approximately \$6.2 million at share prices ranging from \$5.55 to \$6.29 per share. These repurchases were completed under the \$50.0 million Class A stock repurchase program authorized by the Board of Directors in May 2000. As of the filing of this report, approximately \$37.9 million of the original \$50.0 million authorized remains available under the Class A stock repurchase program.

**(9) Income Tax**

Income tax expense relates to minimum state and local taxes and capital taxes that the Company is required to pay in certain jurisdictions. The reconciliation of the income tax expense at the United States federal statutory rate to the actual income tax expense is as follows (dollars in thousands):

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Tax provision (benefit) at the United States statutory rate	\$ 4,770	\$ (21,718)	\$ (56,510)
State taxes, net of federal tax benefit	49	276	130
Valuation allowance	(4,750)	21,697	56,683
Other	7	169	(103)
Total income tax expense	<u>\$ 76</u>	<u>\$ 424</u>	<u>\$ 200</u>

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company's net deferred tax liabilities consists of the following (dollars in thousands):

	2004	2003
Current deferred tax assets:		
Unrealized loss on investments	\$ 5,600	\$ 5,600
Accrued liabilities	3,891	6,858
Allowance for doubtful accounts	1,442	1,386
Total current deferred tax assets	10,933	13,844
Less: Valuation allowance	(3,909)	(6,040)
Current deferred tax assets, net	<u>\$ 7,024</u>	<u>\$ 7,804</u>
Long-term deferred tax assets:		
Net operating loss	595,293	492,906
Other assets	16,824	16,320
Valuation allowance	(218,863)	(222,161)
Long-term deferred tax assets, net	\$ 393,254	\$ 287,065
Long-term deferred tax liabilities:		
Investment in cable television systems	400,278	294,869
Long-term deferred tax liabilities, net	<u>\$ 7,024</u>	<u>\$ 7,804</u>

At December 31, 2004, the Company had pre-tax net operating loss carryforwards of approximately \$1.5 billion for federal and state purposes, which will expire in the years 2020 through 2024. The valuation allowance used in calculating the deferred tax liabilities decreased from 2004 to 2003 by approximately \$5.4 million, primarily due to the net increase in deferred tax liabilities as of December 31, 2004. The Company assesses the likelihood of realization of deferred tax assets and net operating loss carryforwards by considering the scheduled reversal of deferred tax liabilities, taxable income in future periods and the availability of prudent tax planning strategies. The Company will continue to monitor the need for the deferred tax asset valuation allowance.

**(10) Related Party Transactions**

Mediacom Management Corporation ("Mediacom Management"), a Delaware corporation, holds a 1% direct ownership interest in Mediacom California LLC, which in turn holds a 1% interest in Mediacom Arizona LLC. These ownership interests represent less than 1% of the Company's total revenues. Mediacom Management is wholly-owned by the Chairman and CEO of MCC.

One of the Company's directors is a partner of a law firm that performs various legal services for the Company. For the years ended December 31, 2004, 2003 and 2002, the Company paid this law firm approximately \$0.8 million, \$1.0 million and \$1.3 million, respectively, for services performed.

**(11) Employee Benefit Plans**

Substantially all employees of the Company are eligible to participate in a defined contribution plan pursuant to the Internal Revenue Code Section 401(k) (the "Plan"). Under such Plan, eligible employees may contribute up to 15% of their current pre-tax compensation. 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 \$2.0 million for the year ended December 31, 2004 and \$1.8 million for the years ended December 31, 2003 and 2002.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****(12) Commitments and Contingencies**

Under various lease and rental agreements for offices, warehouses and computer terminals, the Company had rental expense of approximately \$4.4 million, \$5.4 million and \$5.0 million for the years ended December 31, 2004, 2003 and 2002, respectively. Future minimum annual rental payments are as follows (dollars in thousands):

2005	\$ 4,296
2006	2,045
2007	1,583
2008	824
2009	583
Thereafter	1,288
	<u>\$ 10,619</u>

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 \$9.6 million, \$8.5 million and \$7.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

As of December 31, 2004, approximately \$14.5 million of letters of credit were issued to various parties to secure the Company's performance relating to insurance and franchise requirements. The fair value of such letters of credit was not material.

***Legal Proceedings***

On April 5, 2004, a lawsuit was filed against the Company, MCC Georgia LLC, an indirect subsidiary of the Company, and other, currently unnamed potential defendants in the United States District Court for the District of Colorado by Echostar Satellite LLC, which operates a direct broadcast satellite business under the name "Dish Network". Echostar alleges that systems operated by MCC Georgia LLC have used, without authorization, Dish Network satellite dishes activated under residential accounts to receive the signals of certain broadcast television stations in one or more locations in Georgia and that it has then been redistributing those signals, through its cable systems, to its subscribers. Among other claims, the complaint filed by Echostar alleges that these actions violate a provision of the Communications Act of 1934 (47 U.S.C. Sec. 605) that prohibits unauthorized interception of radio communications. The plaintiff seeks injunctive relief, actual and statutory damages, disgorgement of profits, punitive damages and litigation costs, including attorneys' fees.

On June 29, 2004, Echostar amended its complaint to also allege that this conduct amounted to a breach of the contract between Echostar and one of the Company's employees, who allegedly acted as an agent for the defendants, by which the Company received the Echostar satellite signal. On September 7, 2004, the U.S. District Court granted the Company's motion to transfer the case to the Middle District of Georgia, where venue is proper and where personal jurisdiction over the Company exists. There have been no further proceedings since that date. The Company intends to vigorously defend against these claims. The Company is unable to reasonably evaluate the likelihood of an unfavorable outcome or quantify the possible damages, if any, associated with these matters, or whether or not the those damages would be material.

The Company is also involved in various other legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on the Company's consolidated financial position, results of operations, cash flows or business.

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**(13) Stock Options / Employee Stock Purchase Program**

In April 2003, MCC's Board of Directors adopted the Company's 2003 Incentive Plan, or "2003 Plan", which amended and restated the Company's 1999 Stock Option Plan and incorporated into the 2003 Plan options that were previously granted outside the 1999 Stock Option Plan. The 2003 Plan was approved by MCC's stockholders in June 2003. The 2003 Plan provides for the grant of incentive stock options, nonqualified stock options, restricted shares, and other stock-based awards, in addition to annual incentive awards. The 2003 plan has 21,000,000 shares of common stock available for issuance in settlement of awards. As of December 31, 2004, under the 2003 plan, options for 11,617,109 shares had been granted, consisting of 3,534,347 shares of Class A common stock and 8,082,762 of Class B common stock.

The following table summarizes information concerning stock option activity for the years ended December 31, 2004, 2003 and 2002:

	<u>Shares</u>	<u>Weighted Average Exercise Price</u>
Outstanding at December 31, 2001	10,508,595	\$ 18.81
Granted	604,735	11.97
Exercised	—	—
Forfeited	(216,775)	16.69
Outstanding at December 31, 2002	10,896,555	\$ 18.47
Granted	1,009,000	7.93
Exercised	—	—
Forfeited	(162,240)	15.78
Outstanding at December 31, 2003	11,743,315	\$ 17.60
Granted	167,000	8.14
Exercised	—	—
Forfeited	(293,206)	16.94
Outstanding at December 31, 2004	<u>11,617,109</u>	<u>\$ 17.54</u>

The Company had options exercisable on underlying shares amounting to 10,022,444, 9,437,629 and 8,934,584, with average prices of \$18.44, \$18.83 and \$18.94 at December 31, 2004, 2003 and 2002, respectively. The weighted average fair value of options granted was \$3.91, \$3.82 and \$6.04 per share for the years ended December 31, 2004, 2003 and 2002, respectively.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The following table summarizes information concerning stock options outstanding as of December 31, 2004:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at December 31, 2004	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at December 31, 2004	Weighted Average Exercise Price
\$6.94 to \$12.00	1,653,415	8.34 years	\$ 9.05	507,511	\$ 9.41
\$12.01 to \$18.00	554,624	6.29 years	16.87	349,575	16.80
\$18.01 to \$22.00	9,409,070	1.31 years	19.00	9,165,358	19.00
	<u>11,617,109</u>	2.55 years	<u>\$ 17.48</u>	<u>10,022,444</u>	<u>\$ 18.44</u>

The Company accounts for its stock option plans and employee stock purchase program under APB No. 25. Accordingly, no compensation expense has been recognized for any option grants in the accompanying consolidated statements of operations since the price of the options was at their fair market value at the date of grant. SFAS No. 148 requires that information be determined as if the Company had accounted for employee stock options under the fair value method of this statement, including disclosing pro forma information regarding net income (loss) and income (loss) per share. The weighted average fair value of all of the employee options was estimated on the date of grant using the Black-Scholes model with the following assumptions: (i) risk free average interest rate of 3.8%, 3.6% and 5.0% for the years ended December 31, 2004, 2003 and 2002, respectively; (ii) expected dividend yields of 0%; (iii) expected lives of 6 years; and (iv) expected volatility of 45%. Had compensation expense been recorded for the employee options under SFAS No. 148, the compensation expense would have been \$5.1 million, \$4.6 million, and \$8.0 million for the years ended December 31, 2004, 2003 and 2002, respectively.

The Company maintains an employee stock purchase plan ("ESPP"). Under the plan, all employees are allowed to participate in the purchase of MCC's Class A Common Stock at a 15% discount on the date of the allocation. Shares purchased by employees amounted to 172,531, 191,335 and 176,634 in 2004, 2003 and 2002 respectively. The net proceeds to the Company were approximately \$1.0 million, \$1.0 million and \$1.3 million in 2004, 2003 and 2002 respectively. Compensation expense was not recorded on the distribution of these shares in accordance with APB No. 25. The weighted average fair value of all of the stock issued under the ESPP was estimated on the purchase date using the Black-Scholes model with the following assumptions: (i) discount rate equal to the six year bond rate on the stock purchase date; (ii) expected dividend yields of 0%; (iii) expected lives of six months; and (iv) expected volatility of 45%. Had compensation expense been recorded for the stock issued for the ESPP under SFAS No. 148, the compensation costs would have been approximately \$325,000, \$325,000 and \$420,000 for the years ended December 31, 2004, 2003 and 2002, respectively.

**MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

Had the Company applied the fair value recognition provisions of SFAS No. 123 to stock-based compensation, MCC's net income (loss) and basic and diluted earnings (loss) per share would have been changed from the "as reported" amounts to the "pro forma" amounts as follows (dollars in thousands, except per share data):

	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net income (loss), as reported	\$ 13,552	\$ (62,475)	\$ (161,658)
Deduct: Total stock based compensation expense determined under fair value based method of all awards	<u>(5,380)</u>	<u>(4,938)</u>	<u>(8,455)</u>
Pro forma, net income (loss)	<u>\$ 8,172</u>	<u>\$ (67,413)</u>	<u>\$ (170,113)</u>
Basic and diluted earnings (loss) per share:			
As reported	<u>\$ 0.11</u>	<u>\$ (0.53)</u>	<u>\$ (1.35)</u>
Pro forma	<u>\$ 0.07</u>	<u>\$ (0.57)</u>	<u>\$ (1.42)</u>

**(14) Hurricane Losses**

In September 2004, Hurricane Ivan impacted the Company's systems in Alabama, Florida and Mississippi. As a result, for the year ended December 31, 2004, the Company: (i) recorded revenues net of \$2.9 million of service interruption credits issued to customers; (ii) incurred additional service costs of approximately \$0.9 million; (iii) incurred additional selling, general and administrative costs of approximately \$0.3 million; (iv) recorded an increase in depreciation expense of \$2.1 million due to the impairment of cable plant and equipment; and (v) spent approximately \$8.1 million of capital expenditures to replace or rebuild property, plant and equipment. The Company is insured against certain losses related to the hurricane, subject to varying deductible amounts. The Company cannot estimate at this time the amounts that will be ultimately recoverable under its insurance policies.

**(15) Sale of Assets and Investments**

The Company had a net gain on sale of assets and investments amounting to \$5.9 million for the year ended December 31, 2004. This was principally due to the sale of a cable system in May 2004, serving approximately 3,450 subscribers, for gross proceeds of about \$10.1 million.

**(16) Subsequent Events**

On January 25, 2005, the Company borrowed the full amount of the LLC term loan A, the proceeds of which were used to reduce outstandings under the Company's revolving credit facilities.

In February 2005, the Company filed form S-8, registering 12.0 million shares of the Company's Class A common stock. These shares are issuable in accordance with the terms of the Company's 2003 Incentive Plan.

## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## (17) Selected Quarterly Financial Data (all dollar amounts in thousands, except per share data):

	<u>First Quarter</u>	<u>Second Quarter</u>	<u>Third Quarter</u> (unaudited)	<u>Fourth Quarter</u>
<b>2004</b>				
Revenues	\$ 263,439	\$ 267,599	\$ 261,025	\$ 265,163
Operating income	51,564	52,932	42,876	49,047
Net (loss) income	(5,739)	30,129	(12,807)	1,969
Basic and diluted net (loss) income per share	\$ (0.05)	\$ 0.25	\$ (0.11)	\$ 0.02
Basic weighted average common shares outstanding	118,723	118,806	118,523	118,088
Diluted weighted average common shares outstanding	118,723	128,065	118,523	118,088
<b>2003</b>				
Revenues	\$ 242,775	\$ 252,194	\$ 251,107	\$ 258,813
Operating income	19,029	21,400	44,134	47,827
Net (loss) income	(33,366)	(38,158)	1,937	7,112
Basic and diluted net (loss) income per share	\$ (0.28)	\$ (0.32)	\$ 0.02	\$ 0.06
Basic weighted average common shares outstanding	118,525	118,632	118,633	118,717
Diluted weighted average common shares outstanding	118,525	118,632	118,698	118,753
<b>2002</b>				
Revenues	\$ 219,547	\$ 230,792	\$ 233,723	\$ 238,971
Operating income	11,997	13,722	21,584	4,513
Net loss	(35,190)	(37,487)	(39,940)	(49,041)
Basic and diluted loss per share	\$ (0.29)	\$ (0.31)	\$ (0.33)	\$ (0.41)
Basic weighted average common shares outstanding	119,892	119,942	119,943	118,662
Diluted weighted average common shares outstanding	119,892	119,942	119,943	118,662



## MEDIACOM COMMUNICATIONS CORPORATION AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS  
(All dollar amounts in thousands)

	Balance at beginning of period	Additions		Deductions		Balance at end of period
		Charged to costs and expenses	Charged to other accounts	Charged to costs and expenses	Charged to other accounts	
<b>December 31, 2002</b>						
Allowance for doubtful accounts						
Current receivables	\$ 3,243	\$ 13,685	\$ —	\$ 13,139	\$ —	\$ 3,789
Acquisition reserves <sup>(1)</sup>						
Accrued expenses	\$ 36,579	\$ —	\$ 427	\$ 4,613	\$ 31,966	\$ 427
<b>December 31, 2003</b>						
Allowance for doubtful accounts						
Current receivables	\$ 3,789	\$ 6,477	\$ —	\$ 6,742	\$ —	\$ 3,524
Acquisition reserves						
Accrued expenses	\$ 427	\$ —	\$ —	\$ —	\$ 127	\$ 300
<b>December 31, 2004</b>						
Allowance for doubtful accounts						
Current receivables	\$ 3,524	\$ 1,658	\$ 347	\$ 1,870	\$ —	\$ 3,659
Acquisition reserves						
Accrued expenses	\$ 300	\$ —	\$ —	\$ —	\$ —	\$ 300

(1) Additions were charged in connection with purchase accounting.

**ITEM 9 CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON FINANCIAL DISCLOSURE**

None.

**ITEM 9A. CONTROLS AND PROCEDURES**

Our management carried out an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2004. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission.

There has not been any change in our internal control over financial reporting in connection with the evaluation required by Rule 13a-15(d) under the Exchange Act that occurred during the quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Management's Report on Internal Control Over Financial Reporting**

Management of our company is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934 as a process designed by, or under the supervision of, the company's principal executive and principal financial officers and effected by the company's board of directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the company;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risks that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework. Based on this assessment, management determined that, as of December 31, 2004, our company's internal control over financial reporting was effective.

Our management's assessment of the effectiveness of our internal control over financial reporting as of December 31, 2004 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein.

**ITEM 9B. OTHER INFORMATION**

None

**PART III**

**ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

Information called for by Item 10 is set forth under the heading “Directors and Executive Officers of the Registrant” in Item 4A of this annual report on Form 10-K and in “Election of Directors” and “Compliance with Section 16(a) of the Securities Exchange Act of 1934” in our proxy statement relating to the 2005 Annual Meeting of Stockholders (the “Proxy Statement”), which information is incorporated herein by this reference.

**ITEM 11. EXECUTIVE COMPENSATION**

Information called for by Item 11 is set forth under the heading “Executive Compensation” in our Proxy Statement, which information is incorporated herein by this reference. Notwithstanding the foregoing, the information provided under the sub-headings “Report of the Compensation Committee” and the “Performance Graph” in the 2005 Proxy Statement is not incorporated by reference.

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

Information called for by Item 12 is set forth under the heading “Security Ownership of Certain Beneficial Owners and Management” and “Equity Compensation Plan Information” in our Proxy Statement, which information is incorporated herein by this reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

Information called for by Item 13 is set forth under the heading “Certain Relationships and Related Transactions” in our Proxy Statement, which information is incorporated herein by this reference.

**ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

Information called for by Item 14 is set forth under the heading “Ratification of Appointment of Independent Auditors” in our Proxy Statement, which information is incorporated herein by this reference.

**PART IV****ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULE****(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:

<b>Exhibit Number</b>	<b>Exhibit Description</b>
3.1	Restated Certificate of Incorporation of Mediacom Communications Corporation <sup>(1)</sup>
3.2	By -laws of Mediacom Communications Corporation <sup>(1)</sup>
4.1	Form of certificate evidencing share of Class A common stock <sup>(1)</sup>
4.2	Indenture relating to 8½% senior notes due 2008 of Mediacom LLC and Mediacom Capital Corporation <sup>(2)</sup>
4.3	Indenture relating to 7⅞% senior notes due 2011 of Mediacom LLC and Mediacom Capital Corporation <sup>(3)</sup>
4.4	Indenture relating to 9½% senior notes due 2013 of Mediacom LLC and Mediacom Capital Corporation <sup>(4)</sup>
4.5	Indenture relating to 11% senior notes due 2013 of Mediacom Broadband LLC and Mediacom Broadband Corporation <sup>(2)</sup>
4.6	Indenture relating to 5.25% Convertible Senior Note due 2006 <sup>(5)</sup>
4.7	Indenture Supplement No. 1, dated as of August 6, 2002, to the Indenture relating to 11% senior notes due 2013 of Mediacom Broadband LLC and Mediacom Broadband Corporation. <sup>(6)</sup>
4.8	Indenture Supplement No. 1, dated as of August 6, 2002, to the Indenture relating to 5.25% convertible senior notes due 2006 of the Company. <sup>(6)</sup>
10.1	Credit Agreement, dated as of October 21, 2004, among the operating subsidiaries of Mediacom LLC, the lenders thereto and JPMorgan Chase Bank, as administrative agent for the lenders. <sup>(7)</sup>
10.2	Amendment and Restatement of Credit Agreement, dated as of December 16, 2004, among the operating subsidiaries of Mediacom Broadband LLC, the lenders thereto and JPMorgan Chase Bank, as administrative agent for the lenders.
10.3*	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. <sup>(1)</sup>
10.4	Fifth Amended and Restated Operating Agreement of Mediacom LLC <sup>(8)</sup>

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<b>Exhibit Number</b>	<b>Exhibit Description</b>
10.5	Amended and Restated Limited Liability Company Operating Agreement of Mediacom Broadband LLC <sup>(9)</sup>
10.6	1999 Employee Stock Purchase Plan <sup>(1)</sup>
10.7	2001 Employee Stock Purchase Plan <sup>(10)</sup>
10.8*	2003 Incentive Plan <sup>(11)</sup>
21.1	Subsidiaries of Mediacom Communications Corporation <sup>(12)</sup>
23.1	Consent of PricewaterhouseCoopers LLP
31	Rule 13a -14(a) Certifications
32	Section 1350 Certifications

### **(c) Financial Statement Schedule**

The financial statement schedule – Schedule II – Valuation and Qualifying Accounts – is part of this Form 10-K and is on page 80.

#### \* Compensatory Plan

- (1) 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.
- (2) Filed as an exhibit to the Registration Statement on Form S-4 (File No. 333-57285) of Mediacom LLC and Mediacom Capital Corporation and incorporated herein by reference.
- (3) Filed as an exhibit to the Registration Statement on Form S-4 (File No. 333-85893) of Mediacom LLC and Mediacom Capital Corporation and incorporated herein by reference.
- (4) Filed as an exhibit to the Annual Report on Form 10-K for the fiscal year ended December 31, 2000 of Mediacom Communications Corporation and incorporated herein by reference.
- (5) Filed as an exhibit to Amendment No. 1 of the Current Report on Form 8-K, dated June 22, 2001, of Mediacom Communications Corporation and incorporated herein by reference.
- (6) Filed as an exhibit to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002 of Mediacom Communications Corporation and incorporated herein by reference.
- (7) Filed as an exhibit to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2004 of Mediacom Communications Corporation and incorporated herein by reference.
- (8) Filed as an exhibit to the Annual Report on Form 10-K for the fiscal year ended December 31, 1999 of Mediacom Communications Corporation and incorporated herein by reference.
- (9) Filed as an exhibit to the Registration Statement on Form S-4 (File No. 333-72440) of Mediacom Broadband LLC and Mediacom Broadband Corporation and incorporated herein by reference.
- (10) Filed as an exhibit to the Registration Statement on Form S-8 (File No. 333-68306) of Mediacom Communications Corporation and incorporated herein by reference.

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- (11) Filed as Exhibit A to the definitive Proxy Statement of Mediacom Communications Corporation filed with the SEC on April 30, 2003 and incorporated herein by reference.
- (12) Filed as an exhibit to the Annual Report on Form 10 -K for the fiscal year ended December 31, 2001 of Mediacom Communications Corporation 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 15, 2005

By: /s/ Rocco B. Commisso

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**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.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ ROCCO B.COMMISSO</u> Rocco B. Commisso	Chairman and Chief Executive Officer (principal executive officer)	March 15, 2005
<u>/s/ MARK E.STEPHAN</u> Mark E. Stephan	Executive Vice President, Chief Financial Officer, Treasurer and Director (principal financial officer and principal accounting officer)	March 15, 2005
<u>/s/ WILLIAM S.MORRIS III</u> William S. Morris III	Director	March 15, 2005
<u>/s/ CRAIG S.MITCHELL</u> Craig S. Mitchell	Director	March 15, 2005
<u>/s/ THOMAS V. REIFENHEISER</u> Thomas V. Reifenheiser	Director	March 15, 2005
<u>/s/ NATALE S. RICCIARDI</u> Natale S. Ricciardi	Director	March 15, 2005
<u>/s/ ROBERT L. WINIKOFF</u> Robert L. Winikoff	Director	March 15, 2005

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MCC GEORGIA LLC  
MCC ILLINOIS LLC  
MCC IOWA LLC  
MCC MISSOURI LLC

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AMENDMENT AND RESTATEMENT

dated as of December 16, 2004

of

CREDIT AGREEMENT

Dated as of July 18, 2001

---

J.P. MORGAN SECURITIES INC.,  
and  
SALOMON SMITH BARNEY INC.,  
As Joint Bookrunners and Joint Lead Arrangers

CREDIT SUISSE FIRST BOSTON CORPORATION,  
SALOMON SMITH BARNEY INC.,  
As Co-Syndication Agents

THE BANK OF NOVA SCOTIA,  
SOCIETE GENERALE  
As Documentation Agents

JPMORGAN CHASE BANK, N.A.  
as Administrative Agent

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This Table of Contents is not part of the Agreement to which it is attached but is inserted for convenience of reference only.

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AMENDMENT AND RESTATEMENT dated as of December 16, 2004, between each of the following parties:

MCC IOWA LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware ("MCC Iowa"); MCC ILLINOIS LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware ("MCC Illinois"); MCC GEORGIA LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware ("MCC Georgia"); and MCC MISSOURI LLC, a limited liability company duly organized and validly existing under the laws of the State of Delaware ("MCC Missouri", and, together with MCC Iowa, MCC Illinois and MCC Georgia, the "Borrowers");

each of the lenders party hereto on the date hereof and each lender that becomes a "Lender" after the date hereof pursuant to Section 11.06(b) hereof (individually, a "Lender" and, collectively, the "Lenders"); and

JPMORGAN CHASE BANK, N.A., (formerly known as The Chase Manhattan Bank) a national banking corporation, as administrative agent for the Lenders (in such capacity, together with its successors in such capacity, the "Administrative Agent").

The Borrowers, the Lenders, and the Administrative Agent are parties to a Credit Agreement dated as of July 18, 2001 (as heretofore modified and supplemented and in effect on the date hereof, the "Existing Credit Agreement"), providing, subject to the terms and conditions thereof, for extensions of credit (by the making of loans and issuing of letters of credit) to be made by said Lenders to the Borrowers in an aggregate principal or face amount not exceeding \$1,400,000,000 (which may, in the circumstances herein provided, be increased to \$1,900,000,000). The Borrowers, the Lenders, and the Administrative Agent wish to amend the Existing Credit Agreement in certain respects and, as so amended, to restate the Existing Credit Agreement in its entirety.

Accordingly, the parties hereto agree to amend and restate the Existing Credit Agreement so that, as amended and restated, it reads in its entirety as herein provided.

Section 1. Definitions and Accounting Matters.

1.01 Certain Defined Terms. As used herein, the following terms shall have the following meanings (all terms defined in this Section 1.01 or in other provisions of this Agreement in the singular to have the same meanings when used in the plural and vice versa):

"Acquisition Agreements" shall mean, collectively, the Broadband Acquisition Agreements and any Subsequent Acquisition Agreements.

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“Acquisitions” shall mean, collectively, the Broadband Acquisitions and any Subsequent Acquisitions.

“Additional Capital Expenditures” shall mean Capital Expenditures made in accordance with the requirements of Section 8.12(b) hereof.

“Adjusted Operating Cash Flow” shall mean, for any period during which the Borrowers shall have consummated an Acquisition, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following, in each case determined under the assumption that such Acquisition had been consummated on the first day of such period: (i) Adjusted System Cash Flow minus (ii) the sum of (x) Management Fees paid during such period to the extent not exceeding 4.50% of the gross operating revenues of the Borrowers and their Subsidiaries for such period plus (y) additional Management Fees that would have been paid during such period at a rate equal to the lesser of (A) the percentage of gross operating revenues of the Borrowers and their Subsidiaries actually paid as Management Fees during such period or (B) for any Borrower, the then applicable rate or percentage specified in the Management Agreement for such Borrower of the gross operating revenues of such Borrower and its Subsidiaries for such period (determined, as specified above under the assumption that such Acquisition had been consummated on the first day of such period).

“Adjusted System Cash Flow” shall mean, for any period during which the Borrowers shall have consummated an Acquisition, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following, in each case determined under the assumption that such Acquisition had been consummated on the first day of such period: (i) System Cash Flow for such period plus (ii) the sum of (x) non-recurring expenses incurred by the relevant sellers prior to the actual closing of such Acquisition (to the extent such items were included as operating expenses in the determination of System Cash Flow for such period) and (y) in the case of the Broadband Acquisitions, the amounts set forth in Schedule VII hereto for such period, or, in the case of any Subsequent Acquisition, the amounts set forth in a statement of adjustments to System Cash Flow provided by the Borrowers in connection with such Subsequent Acquisition and acceptable to the Administrative Agent and Majority Lenders (in each case representing specified cost increases and savings in respect of the CATV Systems being acquired in such Acquisition).

“Administrative Questionnaire” shall mean an Administrative Questionnaire in a form supplied by the Administrative Agent.

“Affiliate” shall mean any Person that directly or indirectly controls, or is under common control with, or is controlled by, a Borrower and, if such Person is an individual, any member of the immediate family (including parents, spouse, children and siblings) of such individual and any trust whose principal beneficiary is such individual or one or more members of such immediate family and any Person who is controlled by any such member or trust. As used in this definition, “control” (including, with its correlative meanings, “controlled by” and “under common control with”) shall mean possession, directly or indirectly, of power to direct or

cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract or otherwise), provided that, in any event, any Person that owns directly or indirectly securities having 5% or more of the voting power for the election of directors or other governing body of a corporation or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person. Notwithstanding the foregoing, (a) no individual shall be an Affiliate solely by reason of his or her being a director, officer or employee of any Borrower or any of its Subsidiaries and (b) none of the Borrowers or their Wholly Owned Subsidiaries shall be Affiliates.

“Affiliate Letters of Credit” shall mean Letters of Credit issued in accordance with the requirements of Section 8.08(g) hereof.

“Affiliate Subordinated Indebtedness” shall mean Indebtedness to an Affiliate (i) for which a Borrower is directly and primarily liable, (ii) in respect of which none of its Subsidiaries is contingently or otherwise obligated, (iii) that is subordinated to the obligations of the Borrowers to pay principal of and interest on the Loans, Reimbursement Obligations, fees and other amounts payable hereunder and under the other Loan Documents pursuant to an Affiliate Subordinated Indebtedness Subordination Agreement, (iv) that does not mature prior to September 30, 2011, and that is issued pursuant to documentation containing terms (including interest, covenants and events of default) in form and substance satisfactory to the Majority Lenders, (v) that states by its terms that principal and interest in respect thereof shall only be payable to the extent permitted under Section 8.09 hereof and (vi) that is pledged by the respective holder thereof to the Administrative Agent in a manner that creates a first priority perfected security interest in favor of the Administrative Agent, as collateral security for the obligations of the Borrowers hereunder, pursuant to (in the case of Mediacom Broadband) the Guarantee and Pledge Agreement and (in the case of any other holder) a security document in form and substance satisfactory to the Administrative Agent.

“Affiliate Subordinated Indebtedness Subordination Agreement” shall mean an Affiliate Subordinated Indebtedness Subordination Agreement substantially in the form of Exhibit J hereto between any Person to whom a Borrower or any of its Subsidiaries may be obligated to pay Affiliate Subordinated Indebtedness, the Borrowers and the Administrative Agent, as the same shall be modified and supplemented and in effect from time to time.

“Applicable Lending Office” shall mean, for each Lender and for each Type of Loan, the “Lending Office” of such Lender (or of an affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or of an affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrowers as the office by which its Loans of such Type are to be made and maintained.

“Applicable Margin” shall mean, with respect to the Loans of any Class and Type, the respective rates indicated below for Loans of such Class and Type opposite the then-current Rate Ratio (determined pursuant to Section 3.03 hereof) indicated below (except that

anything in this Agreement to the contrary notwithstanding, the Applicable Margin with respect to the Loans of any Class and Type shall be the highest margins indicated below during any period when an Event of Default shall have occurred and be continuing):

Range of Rate Ratio	Applicable Margin			
	Revolving Credit Facility/Tranche A Term Loan Facility		Tranche B Term Loan Facilities	
	Eurodollar Loans	Base Rate Loans	Eurodollar Loans	Base Rate Loans
Greater than 5.75 to 1	2.50%	1.50%	2.75%	1.75%
Greater than or equal to 5.50 to 1 but less than or equal to 5.75 to 1	2.25%	1.25%	2.75%	1.75%
Greater than or equal to 5.00 to 1 but less than 5.50 to 1	2.00%	1.00%	2.50%	1.50%
Greater than or equal to 4.50 to 1 but less than 5.00 to 1	1.75%	.75%	2.50%	1.50%
Greater than or equal to 4.00 to 1 but less than 4.50 to 1	1.50%	.50%	2.50%	1.50%
Greater than or equal to 3.50 to 1 but less than 4.00 to 1	1.25%	.50%	2.50%	1.50%
Less than 3.50 to 1	1.00%	.25%	2.50%	1.50%

The Applicable Margin for the Incremental Loans of any Series shall be determined at the time such Series of Loans is established pursuant to Section 2.01(e) hereof.

“Applicable Permitted Transaction Amount” shall mean, as at any date during any fiscal quarter during any Fiscal Period, the sum of (a) the Equity Contribution Amount and the outstanding principal amount of Affiliate Subordinated Indebtedness, as at the beginning of such fiscal quarter plus (b) the total cash equity capital contributions made, and the aggregate principal amount of Affiliate Subordinated Indebtedness advanced, to the Borrowers during the period (the “current period”) commencing on the first day of such fiscal quarter through and including such date minus (c) the sum of (i) the aggregate amount of repayments of Affiliate Subordinated Indebtedness, and distributions in respect of equity capital, made during the current period plus (ii) the aggregate face amount of Affiliate Letters of Credit issued during the current period or during the period (the “prior period”) commencing on the Original Closing Date through and including the last day of the fiscal quarter immediately preceding such fiscal quarter minus (iii) the aggregate amount of reductions in the undrawn face amount of Affiliate Letters of Credit (i.e. excluding reductions in such face amount that occur upon a drawing thereunder) during the current period or the prior period, together with the aggregate amount of Affiliate



Letters of Credit that expire or are terminated during the current period or the prior period without being drawn.

“Approved Fund” shall mean any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

“Assignment and Assumption” shall mean an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 11.06 hereof), and accepted by the Administrative Agent, in the form of Exhibit A-1 or any other form approved by the Administrative Agent.

“Bankruptcy Code” shall mean the Federal Bankruptcy Code of 1978, as amended from time to time.

“Base Rate” shall mean, for any day, a rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus 1/2 of 1% and (b) the Prime Rate for such day. Each change in any interest rate provided for herein based upon the Base Rate resulting from a change in the Base Rate shall take effect at the time of such change in the Base Rate.

“Base Rate Loans” shall mean Loans that bear interest at rates based upon the Base Rate.

“Basic Documents” shall mean, collectively, this Agreement, the other Loan Documents and the Acquisition Agreements.

“Basic Subscribers” shall mean, as at any date, (a) single household dwellings with one or more television sets that receive a package of over-the-air-broadcast stations, local access channels or certain satellite-delivered cable television services from a CATV System, plus, without duplication, (b) the number of subscribers determined by dividing the aggregate dollar monthly amount billed for basic service to bulk subscribers (hotels, motels, apartment buildings, hospitals and the like) located in a particular CATV System by the applicable combined limited and expanded cable rate charged to basic subscribers in such CATV System, plus (c) connections to schools, libraries, local government offices and employee households that may not be charged for limited and expanded cable services but may be charged for premium units, pay-per-view events or high-speed Internet service. This definition shall be subject to such modifications as the Borrowers from time to time determine to be reasonably appropriate (and of which the Borrower shall notify the Administrative Agent, which shall promptly notify the Lenders), provided that such modifications are consistent with the periodic reports and/or registrations at the time being filed with the Securities and Exchange Commission by Mediacom Broadband or MCC.

“Basle Accord” shall mean the proposals for risk-based capital framework described by the Basle Committee on Banking Regulations and Supervisory Practices in its paper entitled “International Convergence of Capital Measurement and Capital Standards” dated July 1988, as amended, modified and supplemented and in effect from time to time or any replacement thereof.

“Broadband Acquired Assets” shall mean, in the case of any Broadband Acquisition, the CATV Systems and related assets to be acquired pursuant to such Broadband Acquisition.

“Broadband Acquisition Agreements” shall mean, collectively, the Georgia Acquisition Agreement, the Illinois Acquisition Agreement, the Iowa Acquisition Agreement and the Missouri Acquisition Agreement.

“Broadband Acquisitions” shall mean, collectively, the Georgia Acquisition, the Illinois Acquisition, the Iowa Acquisition and the Missouri Acquisition.

“Broadband Sellers” shall mean, with respect to any Broadband Acquisition Agreement, each of the entities constituting the Seller (as defined therein) party to such Broadband Acquisition Agreement.

“Business Day” shall mean any day (a) on which commercial banks are not authorized or required to close in New York City and (b) if such day relates to a borrowing of, a payment or prepayment of principal of or interest on, a Conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice by a Borrower with respect to any such borrowing, payment, prepayment, Conversion or Interest Period, that is also a day on which dealings in Dollar deposits are carried out in the London interbank market.

“Capital Expenditures” shall mean, for any period, expenditures made by the Borrowers or any of their Subsidiaries to acquire or construct fixed assets, plant and equipment (including renewals, improvements and replacements, but excluding repairs and the Acquisitions) during such period computed in accordance with GAAP. For purposes hereof, “Capital Expenditures” for any period shall include, to the extent reimbursed by the Borrowers, all capital expenditures made by the Broadband Sellers in respect of Franchises retained during such period.

“Capital Lease Obligations” shall mean, for any Person, all obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) Property to the extent such obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP, and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP.

“Casualty Event” shall mean, with respect to any Property of any Person, any loss of or damage to, or any condemnation or other taking of, such Property for which such Person or

any of its Subsidiaries receives insurance proceeds, or proceeds of a condemnation award or other compensation.

“CATV System” shall mean any cable distribution system that receives broadcast signals by antennae, microwave transmission, satellite transmission or any other form of transmission and that amplifies such signals and distributes them to Persons who pay to receive such signals, but shall exclude wireless cable.

“Change of Control” shall mean the occurrence of any one or more of the following events:

(i) any Person (as such term is used in Sections 13(d) and 14(d) of the Exchange Act, including any group acting for the purpose of acquiring, holding or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act), other than one or more Permitted Holders is or becomes the “beneficial owner” (as defined in Rule 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have “beneficial ownership” of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, upon the happening of an event or otherwise), directly or indirectly, of more than 50% of the aggregate voting power of the ownership interests in Mediacom Broadband;

(ii) Mediacom Broadband consolidates with, or merges with or into, another Person or Mediacom Broadband sells, assigns, conveys, transfers, leases or otherwise disposes of all or substantially all of the assets of Mediacom Broadband and its Subsidiaries (determined on a consolidated basis) to any Person, other than any such transaction where immediately after such transaction the Person or Persons that “beneficially owned” (as defined in Rule 13d-3 and 13d-5 under the Exchange Act, except that a Person shall be deemed to have “beneficial ownership” of all shares that any such Person has the right to acquire, whether such right is exercisable immediately or only after the passage of time, upon the happening of an event or otherwise) immediately prior to such transaction, directly or indirectly, a majority of the aggregate voting power of the then outstanding ownership interests in Mediacom Broadband, “beneficially own” (as so determined), directly or indirectly, more than 50% of the aggregate voting power of the then outstanding ownership interests in the surviving or transferee Person;

(iii) Mediacom Broadband is liquidated or dissolved or adopts a plan of liquidation or dissolution;

(iv) a majority of the members of the Executive Committee of Mediacom Broadband shall consist of persons who are not Continuing Members; or

(v) the Borrowers and the Subsidiary Guarantors shall cease to be Subsidiaries of Mediacom Broadband;

provided, however, that a Change of Control will be deemed not to have occurred in any of the circumstances described in clauses (i) through (iv) above if after the occurrence of any such circumstance (A) MCC (or any successor thereto), or a Person (or successor thereto) more than 50% of the aggregate voting power of the then outstanding ownership interests of which is beneficially owned, directly or indirectly, by MCC (or any successor thereto), continues to be the manager of Mediacom Broadband (or the surviving or transferee Person in the case of clause (ii) above) and Rocco Commisso continues to be the chief executive officer or chairman of MCC (or any successor thereto) or (B) Rocco Commisso, or a Person more than 50% of the aggregate voting power of the then outstanding ownership interests of which is beneficially owned, directly or indirectly by Rocco Commisso and the other Permitted Holders together with their respective designees, becomes the manager of Mediacom Broadband (or the surviving or transferee Person in the case of clause (ii) above) or (C) Rocco Commisso becomes and thereafter continues to be the chief executive officer or chairman of Mediacom Broadband (or the surviving or transferee Person in the case of clause (ii) above).

“Class” shall have the meaning assigned to such term in Section 1.03 hereof.

“Closing Date” shall mean the date upon which the conditions to effectiveness of this Agreement set forth in Section 6 hereof shall have been satisfied or waived.

“Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“Collateral Account” shall have the meaning assigned to such term in the Pledge Agreement.

“Commitments” shall mean, collectively, the Revolving Credit Commitments, the Tranche A Term Loan Commitments, the Tranche B Term Loan Commitments and the Incremental Facility Commitments (if any).

“Continue”, “Continuation” and “Continued” shall refer to the continuation pursuant to Section 2.09 hereof of a Eurodollar Loan from one Interest Period to the next Interest Period.

“Continuing Member” shall mean, as of any date of determination thereof, any Person who: (i) was a member of the Executive Committee of Mediacom Broadband on the date hereof; (ii) was nominated for election or elected to the Executive Committee of Mediacom Broadband with the affirmative vote of a majority of the Continuing Members who were members of the Executive Committee at the time of such nomination or election; or (iii) is a representative of, or was approved by, a Permitted Holder.

“Convert”, “Conversion” and “Converted” shall refer to a conversion pursuant to Section 2.09 hereof of one Type of Loans into another Type of Loans, which may be accompanied by the transfer by a Lender (at its sole discretion) of a Loan from one Applicable Lending Office to another.

“Cure Monies” shall mean proceeds of Affiliate Subordinated Indebtedness and/or equity contributions received by the Borrowers after the Original Closing Date that, at the time the same are received by the Borrowers, are identified by the Borrowers in a certificate of a Senior Officer delivered by the Borrowers to the Administrative Agent within one Business Day of such receipt, as constituting “Cure Monies” for purposes of Section 9.02 hereof.

“Debt Issuance” shall mean any issuance or sale by a Borrower or any of its Subsidiaries after the Original Closing Date of any debt securities, excluding, however, any Indebtedness incurred pursuant to Section 8.07(a), 8.07(c) or 8.07(f) hereof.

“Debt Service” shall mean, for any period, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following: (a) in the case of Revolving Credit Loans and Incremental Facility Revolving Credit Loans under this Agreement, the aggregate amount of payments of principal of such Loans that, giving effect to Commitment reductions or terminations scheduled to be made during such period pursuant to Section 2.04(a) hereof, were required to be made pursuant to Section 3.01(a) or 3.01(d) hereof during such period plus (b) in the case of Term Loans and Incremental Facility Loans under this Agreement and all other Indebtedness (other than Revolving Credit Loans and Incremental Facility Revolving Credit Loans), all regularly scheduled payments or regularly scheduled prepayments of principal of such Indebtedness (including, without limitation, the principal component of any payments in respect of Capital Lease Obligations) made or payable during such period (other than the principal component of any payments in respect of Affiliate Subordinated Indebtedness) plus (c) all Interest Expense for such period.

“Debt Service Coverage Ratio” shall mean, for any date, the ratio of (a) the product of Operating Cash Flow for the fiscal quarter ended on or most recently prior to such date times four to (b) Debt Service for the period of four consecutive fiscal quarters ended on or most recently prior to such date.

Notwithstanding the foregoing, the Debt Service Coverage Ratio as at the last day of any fiscal quarter during which an Acquisition is consummated shall be deemed to be equal to the ratio of (a) the product of (x) Adjusted Operating Cash Flow for such fiscal quarter times (y) four to (b) Debt Service for the period of four consecutive fiscal quarters ended on or most recently ended prior to such date, provided that for purposes of determining the Debt Service Coverage Ratio (i) as at any date prior to August 10, 2001, Adjusted Operating Cash Flow shall be determined for the three-month period ended May 31, 2001, and (ii) as at any date during the period commencing on August 10, 2001 through but not including September 30, 2001, Adjusted Operating Cash Flow shall be determined for the fiscal quarter ended June 30, 2001 and, in the case of each of the foregoing clauses (i) and (ii), Interest Expense shall be determined under the assumption that the Original Closing Date occurred at the beginning of the twelve-month period ended on May 31, 2001 or June 30, 2001, as applicable.

“Default” shall mean an Event of Default or an event that with notice or lapse of time or both would become an Event of Default.

“Disposition” shall mean any sale, assignment, transfer or other disposition of any Property (whether now owned or hereafter acquired) by the Borrowers or any of their Subsidiaries to any other Person excluding any sale, assignment, transfer or other disposition of any Property sold or disposed of in the ordinary course of business and on ordinary business terms.

“Dollars” and “\$” shall mean lawful money of the United States of America.

“Environmental Claim” shall mean, with respect to any Person, any written or oral notice, claim, demand or other communication (collectively, a “claim”) by any other Person alleging or asserting such Person’s liability for investigatory costs, cleanup costs, governmental response costs, damages to natural resources or other Property, personal injuries, fines or penalties arising out of, based on or resulting from (i) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law. The term “Environmental Claim” shall include, without limitation, any claim by any governmental authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and any claim by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the presence of Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Laws” shall mean any and all present and future Federal, state, local and foreign laws, rules or regulations, and any orders or decrees, in each case as now or hereafter in effect, relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes into the indoor or outdoor environment, including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or toxic or hazardous substances or wastes.

“Equity Contribution Amount” shall mean, as at any date of determination, (a) the aggregate amount of cash contributions made to the equity capital of the Borrowers during the period from and including the respective dates of organization of the Borrowers through and including such date of determination minus (b) the aggregate amount of distributions made in respect of the equity capital of the Borrowers during such period.

“Equity Interest” in any Person means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests in (however designated) corporate stock or other equity participations, including partnership interests, whether general or limited, and membership interests in such Person.

“Equity Rights” shall mean, with respect to any Person, any subscriptions, options, warrants, commitments, preemptive rights or agreements of any kind (including, without limitation, any stockholders’ or voting trust agreements) for the issuance, sale, registration or voting of, or securities convertible into, any additional shares of capital stock of any class or other ownership interests of any type in, such Person.

“ERISA” shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time.

“ERISA Affiliate” shall mean any corporation or trade or business that is a member of any group of organizations (i) described in Section 414(b) or (c) of the Code of which a Borrower is a member and (ii) solely for purposes of potential liability under Section 302(c)(11) of ERISA and Section 412(c)(11) of the Code and the lien created under Section 302(f) of ERISA and Section 412(n) of the Code, described in Section 414(m) or (o) of the Code of which a Borrower is a member.

“Eurodollar Base Rate” shall mean, for the Interest Period for any Eurodollar Loan, the rate appearing on Page 3750 of the Telerate Service (or on any successor or substitute page of such Service, or any successor to or substitute for such Service, providing rate quotations comparable to those currently provided on such page of such Service, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to Dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for the offering of Dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the Eurodollar Base Rate for such Interest Period shall be the rate at which Dollar deposits of \$5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

“Eurodollar Loans” shall mean Loans that bear interest at rates based on rates referred to in the definition of “Eurodollar Base Rate” in this Section 1.01.

“Eurodollar Rate” shall mean, for any Eurodollar Loan for any Interest Period therefor, a rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) determined by the Administrative Agent to be equal to the Eurodollar Base Rate for such Loan for such Interest Period divided by 1 minus the Reserve Requirement (if any) for such Loan for such Interest Period.

“Event of Default” shall have the meaning assigned to such term in Section 9 hereof.

“Excess Cash Flow” shall mean, for any period, the excess of (a) Operating Cash Flow for such period over (b) the sum of (i) Capital Expenditures made during such period plus (ii) the aggregate amount of Debt Service for such period plus (iii) the Tax Payment Amount for such period plus (iv) any decreases (or minus any increases) in Working Capital from the first day to the last day of such period.

“Exchange Act” shall mean the United States Securities Exchange Act of 1934, as amended from time to time.

“Executive Compensation” shall mean, for any period, the aggregate amount of compensation (including, without limitation, salaries, withholding taxes, unemployment insurance contributions, pension, health and other benefits) of the Manager’s executive management personnel during such period. For purposes hereof, “executive management personnel” shall not include any individual (such as a system manager) who is employed solely in connection with the day-to-day operations of a CATV System.

“Existing Credit Agreement” shall have the meaning assigned to such term in the recitals hereof.

“FAA” shall mean the Federal Aviation Administration or any governmental authority substituted therefor.

“FCC” shall mean the Federal Communications Commission or any governmental authority substituted therefor.

“Federal Funds Rate” shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, provided that (a) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day and (b) if such rate is not so published for any Business Day, the Federal Funds Rate for such Business Day shall be the average rate charged to JPMCB on such Business Day on such transactions as determined by the Administrative Agent.

“Fiscal Period” shall mean any fiscal year and, for the fiscal year ending December 31, 2001, the period from the Original Closing Date to and including December 31, 2001.

“Franchise” shall have the meaning set forth in 47 U.S.C. Section 522(9). The term “Franchise” shall include each of the Franchises set forth on Schedule V hereto.



“GAAP” shall mean generally accepted accounting principles applied on a basis consistent with those that, in accordance with the last sentence of Section 1.02(a) hereof, are to be used in making the calculations for purposes of determining compliance with this Agreement.

“Georgia Acquisition” shall mean the acquisition of CATV Systems and related assets by MCC Georgia pursuant to the Georgia Acquisition Agreement.

“Georgia Acquisition Agreement” shall mean the Asset Purchase Agreement among MCC and each of the entities constituting the Seller (as defined therein) party thereto, dated as of February 26, 2001 (Georgia), as the same shall, subject to Section 8.19 hereof, be modified and supplemented and in effect from time to time.

“Gross Operating Revenue” shall have the meaning assigned to such term in Section 8.11 hereof.

“Guarantee” shall mean a guarantee, an endorsement, a contingent agreement to purchase or to furnish funds for the payment or maintenance of, or otherwise to be or become contingently liable under or with respect to, the Indebtedness, other obligations, net worth, working capital or earnings of any Person, or a guarantee of the payment of dividends or other distributions upon the stock or equity interests of any Person, or an agreement to purchase, sell or lease (as lessee or lessor) Property, products, materials, supplies or services primarily for the purpose of enabling a debtor to make payment of such debtor’s obligations or an agreement to assure a creditor against loss, and including, without limitation, causing a bank or other financial institution to issue a letter of credit or other similar instrument for the benefit of another Person, but excluding endorsements for collection or deposit in the ordinary course of business. The terms “Guarantee” and “Guaranteed” used as a verb shall have a correlative meaning.

“Guarantee and Pledge Agreement” shall mean a Guarantee and Pledge Agreement substantially in the form of Exhibit D hereto between Mediacom Broadband, MCC (to the extent of its obligations under Sections 5.04 and 5.05 thereof) and the Administrative Agent, as the same shall be modified and supplemented and in effect from time to time.

“Hazardous Material” shall mean, collectively, (a) any petroleum or petroleum products, flammable materials, explosives, radioactive materials, asbestos, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls (“PCB’s”), (b) any chemicals or other materials or substances that are now or hereafter become defined as or included in the definition of “hazardous substances”, “hazardous wastes”, “hazardous materials”, “extremely hazardous wastes”, “restricted hazardous wastes”, “toxic substances”, “toxic pollutants”, “contaminants”, “pollutants” or words of similar import under any Environmental Law and (c) any other chemical or other material or substance, exposure to which is now or hereafter prohibited, limited or regulated under any Environmental Law.

“Illinois Acquisition” shall mean the acquisition of CATV Systems and related assets by MCC Illinois pursuant to the Illinois Acquisition Agreement.

“Illinois Acquisition Agreement” shall mean the Asset Purchase Agreement among MCC and each of the entities constituting the Seller (as defined therein) party thereto, dated as of February 26, 2001 (Southern Illinois), as the same shall, subject to Section 8.19 hereof, be modified and supplemented and in effect from time to time.

“Incremental Facility Agreement” shall have the meaning assigned to such term in Section 2.01(e) hereof.

“Incremental Facility Commitments” shall mean the Incremental Facility Revolving Credit Commitments and the Incremental Facility Term Loan Commitments. The aggregate amount of the Incremental Facility Loan Commitments of all Series shall not exceed the amount specified in clause (iii) of Section 2.01(e) hereof (or, in the case of Reinstating Incremental Facility Revolving Credit Commitments and Reinstating Incremental Facility Term Loan Commitments, the respective amounts specified in clauses (vi) or (vii) of said Section 2.01(e)).

“Incremental Facility Lenders” shall mean the Incremental Facility Revolving Credit Lenders and the Incremental Facility Term Loan Lenders.

“Incremental Facility Letter of Credit” shall mean any letter of credit issued under the Incremental Facility Revolving Credit Commitments of any Series.

“Incremental Facility Loans” shall mean the Incremental Facility Revolving Credit Loans and the Incremental Facility Term Loans.

“Incremental Facility Revolving Credit Commitment” shall mean, for each Incremental Facility Revolving Credit Lender, and for any Series thereof, the obligation of such Incremental Facility Revolving Credit Lender to make Incremental Facility Revolving Credit Loans, and to issue or participate in Incremental Facility Letters of Credit, of such Series (as the same may be reduced from time to time pursuant to Section 2.04 or 2.10 hereof or increased or reduced from time to time pursuant to assignments permitted under Section 11.06(b) hereof). The amount of each Lender’s Incremental Facility Revolving Credit Commitment of any Series shall be determined in accordance with the provisions of Section 2.01(e) hereof.

“Incremental Facility Revolving Credit Lenders” shall mean, in respect of any Series of Incremental Facility Revolving Credit Loans, the Lenders from time to time holding Incremental Facility Revolving Credit Loans and Incremental Facility Revolving Credit Commitments of such Series after giving effect to any assignments thereof permitted by Section 11.06(b) hereof.

“Incremental Facility Revolving Credit Loans” shall mean revolving credit loans provided for pursuant to an Incremental Facility Agreement entered into pursuant to Section 2.01(e) hereof, which may be Base Rate Loans and/or Eurodollar Loans.

“Incremental Facility Term Loan Commitment” shall mean, for each Incremental Facility Term Loan Lender, and for any Series thereof, the obligation of such Incremental Facility Term Loan Lender to make Incremental Facility Term Loans of such Series (as the same may be reduced from time to time pursuant to Section 2.04 or 2.10 hereof or increased or reduced from time to time pursuant to assignments permitted under Section 11.06(b) hereof). The amount of each Lender’s Incremental Facility Term Loan Commitment of any Series shall be determined in accordance with the provisions of Section 2.01(e) hereof.

“Incremental Facility Term Loan Lenders” shall mean, in respect of any Series of Incremental Facility Term Loans, the Lenders from time to time holding Incremental Facility Term Loans and Incremental Facility Term Loan Commitments of such Series after giving effect to any assignments thereof permitted by Section 11.06(b) hereof.

“Incremental Facility Term Loans” shall mean term loans provided for pursuant to an Incremental Facility Agreement entered into pursuant to Section 2.01(e) hereof, which may be Base Rate Loans and/or Eurodollar Loans.

“Indebtedness” shall mean, for any Person: (a) obligations created, issued or incurred by such Person for borrowed money (whether by loan, the issuance and sale of debt securities or the sale of Property to another Person subject to an understanding or agreement, contingent or otherwise, to repurchase such Property from such Person), including, without limitation, Affiliate Subordinated Indebtedness; (b) obligations of such Person to pay the deferred purchase or acquisition price of Property or services, other than trade accounts payable (other than for borrowed money) arising, and accrued expenses incurred, in the ordinary course of business so long as such trade accounts payable are payable within 120 days of the date the respective goods are delivered or the respective services are rendered; (c) Indebtedness of others secured by a Lien on the Property of such Person, whether or not the respective indebtedness so secured has been assumed by such Person; (d) obligations of such Person in respect of letters of credit or similar instruments issued or accepted by banks and other financial institutions for the account of such Person; (e) Capital Lease Obligations of such Person; and (f) Indebtedness of others Guaranteed by such Person; provided that Indebtedness shall exclude (i) obligations in respect of surety and performance bonds backing pole rental or conduit attachments and the like, or backing obligations under Franchises, arising in the ordinary course of business of the CATV Systems and related telecommunications services of the Borrowers and their Subsidiaries and (ii) all obligations in respect of Interest Rate Protection Agreements.

“Information Memorandum” shall mean the Confidential Information Memorandum dated April 2001 prepared in connection with the syndication of the credit facilities provided for in this Agreement.

“Interest Coverage Ratio” shall mean, as at any date, the ratio of (a) Operating Cash Flow for the fiscal quarter ending on, or most recently ended prior to, such date to (b) Interest Expense for such fiscal quarter.

Notwithstanding the foregoing, (a) the Interest Coverage Ratio as at the last day of any fiscal quarter during which an Acquisition is consummated shall be deemed to be equal to the ratio of Adjusted Operating Cash Flow for such fiscal quarter to Interest Expense for such fiscal quarter and (b) the Interest Coverage Ratio (i) as at any date prior to August 10, 2001, shall be determined for the three-month period ended May 31, 2001, and (ii) as at any date during the period commencing on August 10, 2001 through but not including September 30, 2001, shall be determined for the fiscal quarter ended June 30, 2001 and, in the case of each of the foregoing clauses (i) and (ii), Interest Expense shall be determined under the assumption that the Original Closing Date occurred at the beginning of such three-month period or fiscal quarter.

“Interest Expense” shall mean, for any period, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following: (a) all interest in respect of Indebtedness (including, without limitation, the interest component of any payments in respect of Capital Lease Obligations) for such period (whether or not actually paid during such period) and all commitment fees payable hereunder, but excluding all interest in respect of Affiliate Subordinated Indebtedness (to the extent not paid in cash during such period), plus (b) the net amount payable (or minus the net amount receivable) under Interest Rate Protection Agreements during such period (whether or not actually paid or received during such period) plus (c) the aggregate amount of upfront or one-time fees or expenses payable in respect of Interest Rate Protection Agreements to the extent such fees or expenses are amortized during such period.

Notwithstanding the foregoing, if during any period for which Interest Expense is being determined the Borrowers or any of their Subsidiaries shall have consummated any acquisition of any CATV System or other business, or consummated any Disposition, then, for all purposes of this Agreement, Interest Expense shall be determined on a pro forma basis as if such acquisition or Disposition had been made or consummated (and any related Indebtedness incurred or repaid) on the first day of such period.

“Interest Period” shall mean, with respect to any Eurodollar Loan, each period commencing on the date such Eurodollar Loan is made or Converted from a Base Rate Loan or (in the event of a Continuation) the last day of the next preceding Interest Period for such Loan and ending on the numerically corresponding day in the first week thereafter or in the first, second, third or sixth calendar month thereafter (or such other period as may be agreed by all of the Lenders affected thereby), as the Borrowers may select as provided in Section 4.05 hereof, except that each Interest Period of one month’s (or a multiple of one month’s) duration that commences on the last Business Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Business Day of the appropriate subsequent calendar month. Notwithstanding the foregoing:

(i) if any Interest Period for any Revolving Credit Loan would otherwise end after the Revolving Credit Commitment Termination Date, such Interest Period shall end on the Revolving Credit Commitment Termination Date;

(ii) each Interest Period that would otherwise end on a day that is not a Business Day shall end on the next succeeding Business Day (or, if such next succeeding Business Day falls in the next succeeding calendar month, on the next preceding Business Day); and

(iii) the Administrative Agent may, in its discretion to facilitate the ease of administration of Eurodollar Loans hereunder, shorten or lengthen by up to three Business Days the duration of any Interest Period from that otherwise provided above in this definition, provided that in no event shall any Interest Period for a Eurodollar Loan end on any day other than a Business Day.

“Interest Rate Protection Agreement” shall mean, for any Person, an interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more financial institutions providing for the transfer or mitigation of interest risks either generally or under specific contingencies. For purposes hereof, the “credit exposure” at any time of any Person under an Interest Rate Protection Agreement to which such Person is a party shall be determined at such time in accordance with the standard methods of calculating credit exposure under similar arrangements as prescribed from time to time by the Administrative Agent, taking into account potential interest rate movements and the respective termination provisions and notional principal amount and term of such Interest Rate Protection Agreement.

“Investment” shall mean, for any Person: (a) the acquisition (whether for cash, Property, services or securities or otherwise) of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of any other Person or any agreement to make any such acquisition (including, without limitation, any “short sale” or any sale of any securities at a time when such securities are not owned by the Person entering into such sale); (b) the making of any deposit with, or advance, loan or other extension of credit to, any other Person (including the purchase of Property from another Person subject to an understanding or agreement, contingent or otherwise, to resell such Property to such Person), but excluding any such advance, loan or extension of credit having a term not exceeding 90 days arising in connection with the sale of programming or advertising time by such Person in the ordinary course of business; (c) the entering into of any Guarantee of, or other contingent obligation with respect to, Indebtedness or other liability of any other Person and (without duplication) any amount committed to be advanced, lent or extended to such Person; or (d) the entering into of any Interest Rate Protection Agreement.

“Iowa Acquisition” shall mean the acquisition of CATV Systems and related assets by MCC Iowa pursuant to the Iowa Acquisition Agreement.

“Iowa Acquisition Agreement” shall mean the Asset Purchase Agreement among MCC and each of the entities constituting the Seller (as defined therein) party thereto, dated as of February 26, 2001 (Iowa/Illinois), as the same shall, subject to Section 8.19 hereof, be modified and supplemented and in effect from time to time.

“Iowa Acquisition Consummation Date” shall mean a date not earlier than the Third Acquisition Consummation Date on which the Iowa Acquisition is consummated.

“Issuing Lender” shall mean each of JPMCB and/or such other Lender designated by the Borrowers as an “Issuing Lender” hereunder that has agreed to such designation (and is reasonably acceptable to the Administrative Agent), each in its capacity as an issuer of Letters of Credit hereunder and together with its successors and assigns in such capacity. Any Issuing Lender may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Lender, in which case the term “Issuing Lender” shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

“JPMCB” shall mean JPMorgan Chase Bank, N.A.

“Letter of Credit” shall mean, as applicable, a Revolving Credit Letter of Credit or an Incremental Facility Letter of Credit.

“Letter of Credit Commitment Percentage” shall mean, with respect to any Revolving Credit Lender or Incremental Facility Revolving Credit Lender, the ratio of (a) the amount of the Revolving Credit Commitment or Incremental Facility Revolving Credit Commitment of such Lender to (b) the aggregate amount of the Revolving Credit Commitments or Incremental Facility Revolving Credit Commitments, as applicable, of all Lenders of such Class.

“Letter of Credit Documents” shall mean, with respect to any Letter of Credit, collectively, any application therefor and any other agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (a) the rights and obligations of the parties concerned or at risk with respect to such Letter of Credit or (b) any collateral security for any of such obligations, each as the same may be modified and supplemented and in effect from time to time.

“Letter of Credit Interest” shall mean, for each Revolving Credit Lender or Incremental Facility Revolving Credit Lender, as applicable, such Lender’s participation interest (or, in the case of an Issuing Lender, such Issuing Lender’s retained interest) in an Issuing Lender’s liability under Letters of Credit of the applicable Class and such Lender’s rights and interests in Reimbursement Obligations of such Class and fees, interest and other amounts payable in connection with Letters of Credit and Reimbursement Obligations of such Class.

“Letter of Credit Liability” shall mean, without duplication, at any time and in respect of any Letter of Credit, the sum of (a) the undrawn face amount of such Letter of Credit plus (b) the aggregate unpaid principal amount of all Reimbursement Obligations of the Borrowers at such time due and payable in respect of all drawings made under such Letter of Credit. For purposes of this Agreement, a Revolving Credit Lender or Incremental Facility Revolving Credit Lender (other than an Issuing Lender) shall be deemed to hold a Letter of Credit Liability in an amount equal to its participation interest in the related Letter of Credit under Section 2.03 hereof, and such Issuing Lender shall be deemed to hold a Letter of Credit

Liability in an amount equal to its retained interest in the related Letter of Credit after giving effect to the acquisition by the Revolving Credit Lenders (or, as applicable, Incremental Facility Revolving Credit Lender) other than such Issuing Lender of their participation interests under said Section 2.03.

“Lien” shall mean, with respect to any Property, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such Property. For purposes of this Agreement and the other Loan Documents, a Person shall be deemed to own subject to a Lien any Property that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement (other than an operating lease) relating to such Property.

“Loan Documents” shall mean, collectively, this Agreement, the Letter of Credit Documents, the Security Documents, each Management Fee Subordination Agreement and each Affiliate Subordinated Indebtedness Subordination Agreement.

“Loans” shall mean, collectively, the Revolving Credit Loans, the Tranche A Term Loans, the Tranche B Term Loans and the Incremental Facility Loans.

“Majority Lenders” shall mean, subject to the last paragraph of Section 11.04 hereof, Lenders having more than 50% of the sum of (a) the aggregate outstanding principal amount of the Tranche A Term Loans or, if the Tranche A Term Loans shall not have been made, the aggregate outstanding principal amount of the Tranche A Term Loan Commitments plus (b) the aggregate outstanding principal amount of the Tranche B Term Loans or, if the Tranche B Term Loans shall not have been made, the aggregate principal amount of the Tranche B Term Loan Commitments, as the case may be, plus (c) the aggregate outstanding principal amount of the Incremental Facility Term Loans of each Series or, if the Incremental Facility Term Loans of such Series shall not have been made, the aggregate outstanding principal amount of the Incremental Facility Commitments of such Series plus (d) the sum of (i) the aggregate unused amount, if any, of the Incremental Facility Revolving Credit Commitments of each Series at such time plus (ii) the aggregate amount of Letter of Credit Liabilities in respect of Incremental Facility Letters of Credit of each Series at such time plus (iii) the aggregate outstanding principal amount of the Incremental Facility Revolving Credit Loans of each Series at such time plus (e) the sum of (i) the aggregate unused amount, if any, of the Revolving Credit Commitments at such time plus (ii) the aggregate amount of Letter of Credit Liabilities in respect of Revolving Credit Letters of Credit at such time plus (iii) the aggregate outstanding principal amount of the Revolving Credit Loans at such time.

The “Majority Lenders” of a particular Class of Loans shall mean Lenders having outstanding Loans, Letter of Credit Liabilities, Commitments or unused Commitments (as applicable, and determined in the manner provided above) of such Class representing more than 50% of the total outstanding Loans, Letter of Credit Liabilities, Commitments or unused Commitments of such Class at such time.

“Management Agreements” shall mean, collectively, the Management Agreements, each dated as of June 6, 2001, between MCC Georgia, MCC Illinois, MCC Iowa and MCC Missouri, respectively, and MCC, in each case as the same shall, subject to Section 8.19 hereof, be modified and supplemented and in effect from time to time.

“Management Fee Subordination Agreement” shall mean a Management Fee Subordination Agreement substantially in the form of Exhibit F hereto between the Manager (or, as contemplated by Section 8.11 hereof, any other Person to whom the Borrowers or any of their Subsidiaries may be obligated to pay Management Fees), the Borrowers and the Administrative Agent, as the same shall be modified and supplemented and in effect from time to time.

“Management Fees” shall mean, for any period, the sum of all fees, salaries and other compensation (including, without limitation, all Executive Compensation and any other amounts payable under the Management Agreements) paid or incurred by the Borrowers and their Subsidiaries to Affiliates (other than Affiliates that are employees of the Borrowers and their Subsidiaries) in respect of services rendered in connection with the management or supervision of the Borrowers and their Subsidiaries, provided that Management Fees shall exclude (a) the aggregate amount of intercompany shared expenses payable to Mediacom Broadband, MCC or any of their Subsidiaries that are allocated by Mediacom Broadband or MCC to the Borrowers and their Subsidiaries in accordance with Section 5.04 of the Guarantee and Pledge Agreement (other than the allocated amount of Executive Compensation, which Executive Compensation shall in any event constitute Management Fees hereunder) and (b) reimbursement by the Borrowers and their Subsidiaries of expenses incurred by an Affiliate directly on behalf of the Borrowers and their Subsidiaries.

“Manager” shall mean MCC, or any successor in such capacity as manager of the Borrowers.

“Margin Stock” shall mean “margin stock” within the meaning of Regulations T, U and X.

“Material Adverse Effect” shall mean a material adverse effect on (a) the Property, business, operations, financial condition, prospects, liabilities or capitalization of the Borrowers and their Subsidiaries taken as a whole, (b) the ability of any Obligor to perform its obligations under any of the Loan Documents to which it is a party, (c) the validity or enforceability of any of the Loan Documents, (d) the rights and remedies of the Lenders and the Administrative Agent under any of the Loan Documents or (e) the timely payment of the principal of or interest on the Loans or the Reimbursement Obligations or other amounts payable in connection therewith.

“MCC” shall mean Mediacom Communications Corporation, a Delaware corporation.

“Mediacom Broadband” shall mean Mediacom Broadband LLC, a Delaware limited liability company.



“Missouri Acquisition” shall mean the acquisition of CATV Systems and related assets by MCC Missouri pursuant to the Missouri Acquisition Agreement.

“Missouri Acquisition Agreement” shall mean the Asset Purchase Agreement among MCC and each of the entities constituting the Seller (as defined therein) party thereto, dated as of February 26, 2001 (Central Missouri), as the same shall, subject to Section 8.19 hereof, be modified and supplemented and in effect from time to time.

“Multiemployer Plan” shall mean a multiemployer plan defined as such in Section 3(37) of ERISA to which contributions have been made by a Borrower or any ERISA Affiliate and that is covered by Title IV of ERISA.

“Net Available Proceeds” shall mean:

(i) in the case of any Disposition, the amount of Net Cash Payments received in connection with such Disposition net of (A) the Tax Payment Amount, if any, attributable to such Disposition and (B) any transfer taxes (without duplication of taxes deducted in determining such Net Cash Payments) payable by the Borrowers or any of their Subsidiaries in respect of such Disposition;

(ii) in the case of any Casualty Event, the aggregate amount of proceeds of insurance, condemnation awards and other compensation received by the Borrowers and their Subsidiaries in respect of such Casualty Event net of (A) reasonable expenses incurred by the Borrowers and their Subsidiaries in connection therewith, (B) contractually required repayments of Indebtedness to the extent secured by a Lien on such Property, (C) the Tax Payment Amount, if any, attributable to such Casualty Event and (D) any transfer taxes payable by the Borrowers or any of their Subsidiaries in respect of such Casualty Event; and

(iii) in the case of any Debt Issuance, the aggregate amount of all cash received by the Borrowers or any of their Subsidiaries in respect of such Debt Issuance, net of reasonable expenses incurred by the Borrowers and their Subsidiaries in connection therewith.

“Net Cash Payments” shall mean, with respect to any Disposition, the aggregate amount of all cash payments, and the fair market value of any non-cash consideration, received by the Borrowers and their Subsidiaries directly or indirectly in connection with such Disposition; provided that (a) Net Cash Payments shall be net of the amount of any legal, accounting, broker, title and recording tax expenses, commissions, finders’ fees and other fees and expenses paid by the Borrowers and their Subsidiaries in connection with such Disposition and (b) Net Cash Payments shall be net of any repayments by the Borrowers and their Subsidiaries of Indebtedness to the extent that (i) such Indebtedness is secured by a Lien on the Property that is the subject of such Disposition and (ii) the transferee of (or holder of a Lien on)

such Property requires that such Indebtedness be repaid as a condition to the purchase of such Property.

“Obligors” shall mean, collectively, the Borrowers, Mediacom Broadband, MCC and, effective upon execution and delivery of any Subsidiary Guarantee Agreement, each Subsidiary of the Borrowers so executing and delivering such Subsidiary Guarantee Agreement.

“Operating Agreements” shall mean, collectively, the Operating Agreements, each dated as of June 6, 2001, for MCC Georgia, MCC Illinois, MCC Iowa and MCC Missouri, respectively, in each case as the same shall be modified and supplemented and in effect from time to time.

“Operating Cash Flow” shall mean, for any period, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following: (a) System Cash Flow minus (b) Management Fees paid during such period to the extent not exceeding 4.50% of the gross operating revenues of the Borrowers and their Subsidiaries for such period.

“Original Closing Date” shall mean July 18, 2001.

“PBGC” shall mean the Pension Benefit Guaranty Corporation or any entity succeeding to any or all of its functions under ERISA.

“Permitted Holder” shall mean: (i) Rocco B. Commisso or his spouse or siblings, any of their lineal descendants and their spouses; (ii) any controlled Affiliate of any individual described in clause (i) above; (iii) in the event of the death or incompetence of any individual described in clause (i) above, such Person’s estate, executor, administrator, committee or other personal representative, in each case who at any particular date will beneficially own or have the right to acquire, directly or indirectly, Equity Interests in Mediacom Broadband; (iv) any trust or trusts created for the benefit of each Person described in this definition, including any trust for the benefit of the parents or siblings of any individual described in clause (i) above; or (v) any trust for the benefit of any such trust.

“Permitted Investments” shall mean: (a) direct obligations of the United States of America, or of any agency thereof, or obligations guaranteed as to principal and interest by the United States of America, or of any agency thereof, in either case maturing not more than 90 days from the date of acquisition thereof; (b) certificates of deposit issued by any bank or trust company organized under the laws of the United States of America or any state thereof and having capital, surplus and undivided profits of at least \$5,000,000,000, maturing not more than 90 days from the date of acquisition thereof; and (c) commercial paper rated A-1 or better or P-1 by Standard & Poor’s Ratings Services, a division of McGraw-Hill Companies, Inc., or Moody’s Investors Services, Inc., respectively, maturing not more than 90 days from the date of acquisition thereof; in each case so long as the same (x) provide for the payment of principal and interest (and not principal alone or interest alone) and (y) are not subject to any contingency regarding the payment of principal or interest.

“Permitted Transactions” shall have the meaning assigned to such term in Section 8.09 hereof.

“Person” shall mean any individual, corporation, company, voluntary association, partnership, limited liability company, joint venture, trust, unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

“Plan” shall mean an employee benefit or other plan established or maintained by the Borrowers or any ERISA Affiliates and that is covered by Title IV of ERISA, other than a Multiemployer Plan.

“Pledge Agreement” shall mean a Pledge Agreement substantially in the form of Exhibit C hereto between the Borrowers, each of the additional parties, if any, that becomes a “Securing Party” thereunder, and the Administrative Agent, as the same shall be modified and supplemented and in effect from time to time.

“Post-Default Rate” shall mean a rate per annum equal to 2% plus the Base Rate as in effect from time to time plus the Applicable Margin for Base Rate Loans, provided that, with respect to principal of a Eurodollar Loan that shall become due (whether at stated maturity, by acceleration, by optional or mandatory prepayment or otherwise) on a day other than the last day of the Interest Period therefor, the “Post-Default Rate” shall be, for the period from and including such due date to but excluding the last day of such Interest Period, 2% plus the interest rate for such Loan as provided in Section 3.02(b) hereof and, thereafter, the rate provided for above in this definition.

“Prime Rate” shall mean the rate of interest from time to time announced by JPMCB at its principal office in New York City as its prime commercial lending rate.

“Principal Payment Dates” shall mean (a) in the case of the Term Loans, the last Business Day of March, June, September and December of each year, commencing with September 30, 2004, through and including September 30, 2010 and (b) in the case of Incremental Facility Loans of any Series, such dates as shall have been agreed upon between the Borrowers and the respective Incremental Facility Lenders of such Series pursuant to Section 2.01(e) hereof at the time such Lenders become obligated to make such Incremental Facility Loans hereunder.

“Property” shall mean any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible.

“Purchase Price” shall mean, without duplication, with respect to any Subsequent Acquisition, an amount equal to the sum of (i) the aggregate consideration, whether cash, Property or securities (including, without limitation, any Indebtedness incurred pursuant to paragraph (f) of Section 8.07 hereof), paid or delivered by the Borrowers and their Subsidiaries in connection with such acquisition plus (ii) the aggregate amount of liabilities of the acquired

business (net of current assets of the acquired business) that would be reflected on a balance sheet (if such were to be prepared) of the Borrowers and their Subsidiaries after giving effect to such acquisition.

“Quarterly Dates” shall mean the last Business Day of March, June, September and December in each year, the first of which shall be the first such day after the Original Closing Date.

“Quarterly Officer’s Report” shall mean a quarterly report of a Senior Officer with respect to Basic Subscribers, homes passed and revenues per Basic Subscriber, substantially in the form of Exhibit B hereto, consisting of Basic Subscribers, digital customers, data customers, telephony customers and average monthly revenues per Basic Subscriber for each three month period.

“Quarterly Payment Period” shall mean (i) initially, the period from and including the Original Closing Date through and including the Quarterly Date falling on the last Business Day of December, 2001 and (ii) thereafter, each successive three-month period from and including a Quarterly Date to but not including the next following Quarterly Date.

“Rate Ratio” shall mean, for any Quarterly Payment Period, the ratio of (x) the daily average of the aggregate amount of all Indebtedness of the Borrowers and their Subsidiaries (excluding Affiliate Subordinated Indebtedness and the first \$10,000,000 of Capital Lease Obligations and non-recourse liens described in clauses (c) and (e) of the definition of Indebtedness as defined in this Section 1.01) outstanding during the fiscal quarter ending immediately prior to the first Business Day of such Quarterly Payment Period to (y) the product of (i) System Cash Flow for such fiscal quarter times (ii) four. By way of illustration, the Rate Ratio for a Quarterly Payment Period commencing on the last Business Day of June of any year shall be the ratio of (A) the daily average of the Indebtedness referred to in clause (x) above during the fiscal quarter ending on the March 31 immediately preceding the last Business Day of such June to (B) the product of (i) System Cash Flow for such fiscal quarter times (ii) four. Notwithstanding the foregoing, during the first Quarterly Payment Period (i.e. the period from and including the Original Closing Date to but not including the last Business Day of December 2001), the Rate Ratio shall be the Total Leverage Ratio on the Original Closing Date (computed on a pro forma basis after giving effect to the borrowings to be made to enable the Borrowers to effect any Broadband Acquisition being consummated on the Original Closing Date).

“Rate Ratio Certificate” shall mean, for any Quarterly Payment Period commencing with the Quarterly Payment Period beginning with the last Business Day of December 2001, a certificate of a Senior Officer setting forth, in reasonable detail, the calculation (and the basis for such calculation) of the Rate Ratio for use in determining the Applicable Margin hereunder during such Quarterly Payment Period.

“Region” shall mean each geographic region into which the CATV Systems of the Borrowers and their Subsidiaries are divided for operating and management purposes.

“Register” shall have the meaning assigned to such term in Section 11.06(c) hereof.

“Regulations A, D, T, U and X” shall mean, respectively, Regulations A, D, T, U and X of the Board of Governors of the Federal Reserve System (or any successor), as the same may be modified and supplemented and in effect from time to time.

“Regulatory Change” shall mean, with respect to any Lender, any change after the date hereof in Federal, state or foreign law or regulations (including, without limitation, Regulation D) or the adoption or making after such date of any interpretation, directive or request applying to a class of banks including such Lender of or under any Federal, state or foreign law or regulations (whether or not having the force of law and whether or not failure to comply therewith would be unlawful) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

“Reimbursement Obligations” shall mean, at any time, the obligations of the Borrowers then outstanding, or that may thereafter arise in respect of all Letters of Credit then outstanding, to reimburse amounts paid by an Issuing Lender in respect of any drawings under a Letter of Credit.

“Reinstating”, when used with respect to any Incremental Facility Commitment, Incremental Facility Loan or Incremental Facility Letter of Credit of any Series, shall refer to (a) in the case of any Incremental Facility Revolving Credit Commitments of any Series, Incremental Facility Revolving Credit Commitments of such Series that replace or reinstate an amount equal to all or any portion of either the Revolving Credit Commitments as of the Original Closing Date or the Incremental Facility Revolving Credit Commitments of any other Series hereunder, whether concurrently with a voluntary or scheduled reduction of such Commitments or at any time thereafter, and (b) in the case of any Incremental Facility Term Loans of any Series, Incremental Facility Term Loans of such Series either (i) the proceeds of which are applied to the replacement, repayment or prepayment of Term Loans of any Class or Incremental Facility Term Loans of any Series or (ii) that reinstate an amount equal to the Term Loan Commitments or Incremental Facility Term Loan Commitments that have previously expired or been terminated and as to which the Term Loans or Incremental Facility Term Loans thereunder have been paid.

“Release” shall mean any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

“Reserve Requirement” shall mean, for any Interest Period for any Eurodollar Loan, the average maximum rate at which reserves (including, without limitation, any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by member banks of the Federal Reserve System in New York City with deposits exceeding one billion Dollars against “Eurocurrency liabilities” (as such term is used in

Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall include any other reserves required to be maintained by such member banks by reason of any Regulatory Change with respect to (i) any category of liabilities that includes deposits by reference to which the Eurodollar Base Rate is to be determined as provided in the definition of “Eurodollar Base Rate” in this Section 1.01 or (ii) any category of extensions of credit or other assets that includes Eurodollar Loans.

“Reserved Commitment Amount” shall have the meaning assigned to such term in Section 2.01(a) hereof.

“Restricted Payments” shall mean, collectively, (a) all distributions of the Borrowers (in cash, Property or obligations) on, or other payments or distributions on account of, or the setting apart of money for a sinking or other analogous fund for, or the purchase, redemption, retirement or other acquisition of, any portion of any ownership interest in the Borrowers or of any warrants, options or other rights to acquire any such ownership interest (or to make any payments to any Person, such as “phantom stock” payments, where the amount thereof is calculated with reference to fair market or equity value of the Borrowers or any of their Subsidiaries), (b) any payments made by a Borrower to any holders of any equity interests in the Borrowers that are designed to reimburse such holders for the payment of any taxes attributable to the operations of the Borrowers and their Subsidiaries, (c) any payments of principal or interest on Affiliate Subordinated Indebtedness, (d) any payments in respect of Management Fees and (e) any Affiliate Letters of Credit issued by an Issuing Lender for the account of the Borrowers.

“Revolving Credit Availability Date” shall mean the Third Acquisition Consummation Date, so long as (a) the entire amount of the Tranche B-1 Term Loans shall have been applied to the consummation of one or more of the Broadband Acquisitions (i.e. not including proceeds of Tranche B-1 Term Loans held in escrow pursuant to Section 2.01(g) hereof) and (b) no prepayments of any Tranche B Term Loans pursuant to Section 2.09 hereof shall have occurred subsequent to the date of such drawing of Term Loans.

“Revolving Credit Commitment” shall mean, as to each Revolving Credit Lender, the obligation of such Lender to make Revolving Credit Loans, and to issue or participate in Letters of Credit pursuant to Section 2.03 hereof, in an aggregate principal or face amount at any one time outstanding up to but not exceeding the amount set forth opposite the name of such Lender on Schedule I hereto under the caption “Revolving Credit Commitment” or, in the case of a Person that becomes a Revolving Credit Lender pursuant to an assignment permitted under Section 11.06(b), as specified in the respective instrument of assignment pursuant to which such assignment is effected (as the same may be reduced from time to time pursuant to Section 2.04 or 2.10 hereof or increased or reduced from time to time pursuant to assignments permitted under said Section 11.06(b)). The original aggregate principal amount of the Revolving Credit Commitments is \$600,000,000.

“Revolving Credit Commitment Reduction Dates” shall mean the last Business Day of March, June, September and December in each year, commencing with December 31, 2004, through and including March 31, 2010.

“Revolving Credit Commitment Termination Date” shall mean the Revolving Credit Commitment Reduction Date falling on or nearest to March 31, 2010.

“Revolving Credit Lenders” shall mean (a) on the Original Closing Date, the Lenders having Revolving Credit Commitments on Schedule I hereto and (b) thereafter, the Lenders from time to time holding Revolving Credit Loans and Revolving Credit Commitments after giving effect to any assignments thereof permitted by Section 11.06(b) hereof.

“Revolving Credit Letter of Credit” shall mean any letter of credit issued under Revolving Credit Commitments.

“Revolving Credit Loans” shall mean the loans provided for in Section 2.01(a) hereof, which may be Base Rate Loans and/or Eurodollar Loans.

“Security Documents” shall mean, collectively, the Pledge Agreement, the Guarantee and Pledge Agreement and the Subsidiary Guarantee Agreements, and all Uniform Commercial Code financing statements required by the Pledge Agreement, the Guarantee and Pledge Agreement and the Subsidiary Guarantee Agreements, to be filed with respect to the security interests created pursuant to the Pledge Agreement, the Guarantee and Pledge Agreement and the Subsidiary Guarantee Agreements.

“Senior Officer” shall mean an individual that is the chairman, chief executive officer, chief financial officer, treasurer, controller or vice president corporate finance of the Manager, acting for and on behalf of the Borrowers.

“Series” has the meaning set forth in Section 2.01(e).

“Special Reductions” shall mean, as at any date during any fiscal quarter, the aggregate amount of reductions during such fiscal quarter through such date in the undrawn face amount of Affiliate Letters of Credit issued during such fiscal quarter (i.e. excluding reductions in such face amount that occur upon a drawing under such Affiliate Letters of Credit), together with the aggregate amount of Affiliate Letters of Credit issued during such fiscal quarter that expire or are terminated during such fiscal quarter through such date without being drawn.

“Subsequent Acquisition Agreements” shall mean each agreement pursuant to which a Subsequent Acquisition shall be consummated, as the same shall, be modified and supplemented and in effect from time to time.

“Subsequent Acquisitions” shall mean any acquisition permitted under 8.05(d)(v) hereof.

“Subsidiary” shall mean, with respect to any Person, any corporation, partnership, limited liability company or other entity of which at least a majority of the securities or other ownership interests having by the terms thereof ordinary voting power to elect a majority of the board of directors or other persons performing similar functions of such corporation, partnership, limited liability company or other entity (irrespective of whether or not at the time securities or other ownership interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency) is at the time directly or indirectly owned or controlled by such Person or one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person.

“Subsidiary Guarantee Agreement” shall mean a Subsidiary Guarantee Agreement substantially in the form of Exhibit E hereto by a Subsidiary of a Borrower in favor of the Administrative Agent, as the same shall be modified and supplemented and in effect from time to time.

“Subsidiary Guarantor” shall mean any Subsidiary of the Borrowers that executes and delivers a Subsidiary Guarantee Agreement.

“Supplemental Capital” shall mean (a) advances made by an Affiliate to the Borrowers constituting Affiliate Subordinated Indebtedness (excluding any Cure Monies) and (b) equity contributions by an Affiliate subsequent to the Original Closing Date (excluding any Cure Monies).

“System Cash Flow” shall mean, for any period, the sum, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP), of the following: (a) gross operating revenues (not including extraordinary or unusual items but including business interruption insurance (to the extent it represents lost revenue for such period)) for such period minus (b) all operating expenses (not including extraordinary or unusual items) 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, Management Fees, depreciation, amortization, interest expense (including, without limitation, all items included in Interest Expense) and any extraordinary or unusual items plus (c) any compensation received for management services provided by the Borrowers during any such period in respect of any Franchises retained by the seller pursuant to any agreement for the purchase of such Franchises by the Borrowers during any such period. For the purposes of determining System Cash Flow, gross operating revenues will include revenues received in cash in respect of investments, so long as such investments are recurring (i.e. reasonably expected to continue for four or more fiscal quarters) and do not for any period exceed 20% of gross operating revenues for such period (not including (i) extraordinary or unusual items and (ii) such investment revenues).

Notwithstanding the foregoing, if during any period for which System Cash Flow is being determined the Borrowers or any of their Subsidiaries shall have consummated any acquisition of any CATV System or other business, or consummated any Disposition, then, for



all purposes of this Agreement (other than for purposes of the definition of Excess Cash Flow), System Cash Flow shall be determined on a pro forma basis as if such acquisition or Disposition had been made or consummated on the first day of such period.

“Tax Payment Amount” shall mean, for any period, an amount not exceeding in the aggregate the amount of Federal, state and local income taxes the Borrowers would otherwise have paid in the event they were corporations (other than “S corporations” within the meaning of Section 1361 of the Code) for such period and all prior periods.

“Term Loan Commitment Expiration Date” shall mean November 30, 2001.

“Term Loan Commitments” shall mean, collectively, the Tranche A Term Loan Commitments and the Tranche B Term Loan Commitments.

“Term Loan Lenders” shall mean (a) on the Original Closing Date, the Lenders having Term Loan Commitments on Schedule I hereto and (b) thereafter, the Lenders from time to time holding Term Loans and Term Commitments after giving effect to any assignments thereof permitted by Section 11.06(b) hereof.

“Term Loans” shall mean, collectively, the Tranche A Term Loans and the Tranche B Term Loans.

“Third Acquisition Consummation Date” shall mean the date on which all three of the Georgia Acquisition, the Illinois Acquisition and the Missouri Acquisition have been consummated, regardless of whether the consummation of such Acquisitions occurs on the same or different dates.

“Total Leverage Ratio” shall mean, as at any date, the ratio of (a) the aggregate amount of all Indebtedness of the Borrowers and their Subsidiaries (excluding Affiliate Subordinated Indebtedness and the first \$10,000,000 of Capital Lease Obligations and non-recourse liens described in clauses (c) and (e) of the definition of Indebtedness as defined in this Section 1.01) as at such date to (b) the product of (x) System Cash Flow for the fiscal quarter ending on, or most recently ended prior to, such date times (y) four.

Notwithstanding the foregoing, the Total Leverage Ratio as at any date during any fiscal quarter during which an Acquisition is consummated shall be deemed to be equal to the ratio of (a) the aggregate amount of all Indebtedness of the Borrowers and their Subsidiaries (excluding Affiliate Subordinated Indebtedness and the first \$10,000,000 of Capital Lease Obligations and non-recourse liens described in clauses (c) and (e) of the definition of Indebtedness as defined in this Section 1.01) as at such date to (b) the product of Adjusted System Cash Flow for the immediately preceding fiscal quarter (or, if such date is prior to August 10, 2001, for the three-month period ended May 31, 2001) times four.

“Tranche A Term Loan Commitment” shall mean, as to each Tranche A Term Loan Lender, the obligation of such Lender to make Tranche A Term Loans in an aggregate

principal amount up to, but not exceeding, the amount set forth opposite the name of such Lender on Schedule I under the caption “Tranche A Term Loan Commitment” or, in the case of a Person that becomes a Tranche A Term Loan Lender pursuant to an assignment permitted under Section 11.06(b), as specified in the respective instrument of assignment pursuant to which such assignment is effected (as the same may be reduced at any time or from time to time pursuant to Section 2.04 or 2.10 or increased or reduced from time to time pursuant to assignments permitted under said Section 11.06(b)). The original aggregate principal amount of the Tranche A Term Loan Commitments is \$300,000,000.

“Tranche A Term Loan Lenders” shall mean (a) on the Original Closing Date, the Lenders having Tranche A Term Loan Commitments on Schedule I and (b) thereafter, the Lenders from time to time holding Tranche A Term Loans and Tranche A Term Loan Commitments after giving effect to any assignments thereof permitted by Section 11.06(b).

“Tranche A Term Loans” shall mean the loans provided for in Section 2.01(b), which may be Base Rate Loans and/or Eurodollar Loans.

“Tranche B Coordination Date” shall mean the last day of the Interest Period for the Tranche B-1 Term Loans commencing on or after the date upon which the Tranche B-2 Term Loans shall be made (or, in the event that the Tranche B-1 Term Loans are all Base Rate Loans on the date the Tranche B-2 Term Loans shall be made, the “Tranche B Coordination Date” shall be the date the Tranche B-2 Term Loans are made); provided that if the Tranche B-2 Term Loan Commitments shall terminate without the Tranche B-2 Term Loans being made, the “Tranche B Coordination Date” shall be the last day of the Interest Period for the Tranche B-1 Term Loans in effect on the date of such termination (or, in the event that on such date the Tranche B-1 Term Loans are Base Rate Loans, the “Tranche B Coordination Date” shall be the date of such termination).

“Tranche B Term Loan Commitments” shall mean, collectively, the Tranche B-1 Term Loan Commitments and the Tranche B-2 Term Loan Commitments.

“Tranche B Term Loan Lenders” shall mean, collectively, the Lenders having Tranche B-1 Term Loan Commitments and Tranche B-2 Term Loan Commitments and, as applicable, the Lenders from time to time holding Tranche B Term Loans.

“Tranche B Term Loans” shall mean, collectively, the Tranche B-1 Term Loans and the Tranche B-2 Term Loans which, on and after the Tranche B Coordination Date as provided in Section 1.03 hereof, shall be deemed to be a single Class of Loans designated as “Tranche B Term Loans” hereunder.

“Tranche B-1 Term Loan Commitment” shall mean, as to each Tranche B-1 Term Loan Lender, the obligation of such Lender to make Tranche B-1 Term Loans in an aggregate principal amount up to, but not exceeding, the amount set forth opposite the name of such Lender on Schedule I under the caption “Tranche B-1 Term Loan Commitment” or, in the case of a Person that becomes a Tranche B-1 Term Loan Lender pursuant to an assignment permitted

under Section 11.06(b), as specified in the respective instrument of assignment pursuant to which such assignment is effected (as the same may be reduced at any time or from time to time pursuant to Section 2.04 or 2.10 or increased or reduced from time to time pursuant to assignments permitted under said Section 11.06(b)). The original aggregate principal amount of the Tranche B-1 Term Loan Commitments is \$350,000,000.

“Tranche B-1 Term Loan Lenders” shall mean (a) on the Original Closing Date, the Lenders having Tranche B-1 Term Loan Commitments on Schedule I and (b) thereafter, the Lenders from time to time holding Tranche B-1 Term Loans and Tranche B-1 Term Loan Commitments after giving effect to any assignments thereof permitted by Section 11.06(b).

“Tranche B-1 Term Loans” shall mean the loans provided for in Section 2.01(c), which may be Base Rate Loans and/or Eurodollar Loans.

“Tranche B-2 Term Loan Commitment” shall mean, as to each Tranche B-2 Term Loan Lender, the obligation of such Lender to make Tranche B-2 Term Loans in an aggregate principal amount up to, but not exceeding, the amount set forth opposite the name of such Lender on Schedule I under the caption “Tranche B-2 Term Loan Commitment” or, in the case of a Person that becomes a Tranche B-2 Term Loan Lender pursuant to an assignment permitted under Section 11.06(b), as specified in the respective instrument of assignment pursuant to which such assignment is effected (as the same may be reduced at any time or from time to time pursuant to Section 2.04 or 2.10 or increased or reduced from time to time pursuant to assignments permitted under said Section 11.06(b)). The original aggregate principal amount of the Tranche B-2 Term Loan Commitments is \$150,000,000.

“Tranche B-2 Term Loan Lenders” shall mean (a) on the Original Closing Date, the Lenders having Tranche B-2 Term Loan Commitments on Schedule I and (b) thereafter, the Lenders from time to time holding Tranche B-2 Term Loans and Tranche B-2 Term Loan Commitments after giving effect to any assignments thereof permitted by Section 11.06(b).

“Tranche B-2 Term Loans” shall mean the loans provided for in Section 2.01(d), which may be Base Rate Loans and/or Eurodollar Loans.

“Type” shall have the meaning assigned to such term in Section 1.03 hereof.

“U.S. Person” shall mean a citizen or resident of the United States of America, a corporation, partnership, limited liability company or other entity created or organized in or under any laws of the United States of America or any State thereof, or any estate or trust that is subject to Federal income taxation regardless of the source of its income.

“U.S. Taxes” shall mean any present or future tax, assessment or other charge or levy imposed by or on behalf of the United States of America or any taxing authority thereof.

“Wholly Owned Subsidiary” shall mean, with respect to any Person, any corporation, partnership, limited liability company or other entity of which all of the equity

securities or other ownership interests (other than, in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or controlled by such Person or one or more Wholly Owned Subsidiaries of such Person or by such Person and one or more Wholly Owned Subsidiaries of such Person.

"Working Capital" shall mean, as at such date, for the Borrowers and their Subsidiaries (determined on a combined basis without duplication in accordance with GAAP) (a) current assets (excluding cash and cash equivalents) minus (b) current liabilities (excluding the current portion of long term debt and of any installments of principal payable hereunder).

#### 1.02 Accounting Terms and Determinations.

(a) Accounting Terms and Determinations Generally. Except as otherwise expressly provided herein, all accounting terms used herein shall be interpreted, and all financial statements and certificates and reports as to financial matters required to be delivered to the Lenders or the Administrative Agent hereunder shall (unless otherwise disclosed to the Lenders in writing at the time of delivery thereof in the manner described in paragraph (b) below) be prepared, in accordance with generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest financial statements furnished to the Lenders hereunder (which, prior to the delivery of the first financial statements after the date hereof under Section 8.01 hereof, shall mean the audited financial statements, referred to in Section 7.02(i) and (ii) hereof). All calculations made for the purposes of determining compliance with this Agreement shall (except as otherwise expressly provided herein) be made by application of generally accepted accounting principles applied on a basis consistent with those used in the preparation of the latest annual or quarterly financial statements furnished to the Lenders pursuant to Section 8.01 hereof (or, prior to the delivery of the first financial statements under Section 8.01 hereof, used in the preparation of the audited financial statements as at December 31, 2003 referred to in Section 7.02(i) and (ii) hereof) unless

(i) the Borrowers shall have objected to determining such compliance on such basis at the time of delivery of such financial statements, or

(ii) the Majority Lenders shall so object in writing within 30 days after delivery of such financial statements,

in either of which events such calculations shall be made on a basis consistent with those used in the preparation of the latest financial statements as to which such objection shall not have been made (which, if objection is made in respect of the first financial statements delivered after the date hereof under Section 8.01 hereof, shall mean the audited financial statements referred to in Section 7.02(i) and (ii) hereof).

(b) Statement of Accounting Variations. The Borrowers shall deliver to the Lenders at the same time as the delivery of any annual or quarterly financial statement under Section 8.01 hereof (i) a description in reasonable detail of any material variation between the application of accounting principles employed in the preparation of such statement and the

application of accounting principles employed in the preparation of the next preceding annual or quarterly financial statements as to which no objection has been made in accordance with the last sentence of paragraph (a) above and (ii) reasonable estimates of the difference between such statements arising as a consequence thereof.

(c) Changes in Fiscal Periods. To enable the ready and consistent determination of compliance with the covenants set forth in Section 8 hereof, none of the Borrowers will change the last day of its fiscal year from December 31, or the last days of the first three fiscal quarters in each of its fiscal years from March 31, June 30 and September 30 of each year, respectively.

1.03 Classes and Types of Loans. Loans hereunder are distinguished by "Class" and by "Type". The "Class" of a Loan (or of a Commitment to make a Loan) refers to whether such Loan is a Revolving Credit Loan, a Tranche A Term Loan, a Tranche B Term Loan (including a Tranche B-1 Term Loan and a Tranche B-2 Term Loan), an Incremental Facility Revolving Credit Loan or an Incremental Facility Term Loan of any Series, each of which constitutes a Class. The "Type" of a Loan refers to whether such Loan is a Base Rate Loan or a Eurodollar Loan, each of which constitutes a Type. Loans may be identified by both Class and Type. Incremental Facility Loans and Incremental Facility Commitments shall also be classified by Series, each of which shall be considered a separate Class. On and after the Tranche B Coordination Date, the Tranche B-1 Term Loans and Tranche B-2 Term Loans shall be deemed to be a single Class of Loans designated as "Tranche B Term Loans" hereunder.

1.04 Subsidiaries. None of the Borrowers has any Subsidiaries on the date hereof; reference in this Agreement to Subsidiaries of the Borrowers shall be deemed inapplicable until such time as the creation of such Subsidiaries or such Subsidiaries shall in fact come into existence in accordance with the terms hereof.

1.05 Nature of Obligations of Borrowers. It is the intent of the parties hereto that the Borrowers shall be jointly and severally obligated hereunder and under the notes executed and delivered by the Borrowers pursuant to Section 2.08(d) hereof, as co-Borrowers under this Agreement and as co-makers on such notes, in respect of the principal of and interest on, and all other amounts owing in respect of, the Loans and such notes.

## Section 2. Commitments, Loans and Prepayments.

### 2.01 Loans.

(a) Revolving Credit Loans. Each Revolving Credit Lender severally agrees, on the terms and conditions of this Agreement, to make loans to the Borrowers in Dollars during the period from and including the Revolving Credit Availability Date to but not including the Revolving Credit Commitment Termination Date in an aggregate principal amount at any one time outstanding up to but not exceeding the amount of the Revolving Credit Commitment of such Lender as in effect from time to time, provided that in no event shall the aggregate principal amount of all Revolving Credit Loans, together with the aggregate amount of all Letter of Credit

Liabilities in respect of Revolving Credit Letters of Credit, exceed the aggregate amount of the Revolving Credit Commitments as in effect from time to time that are available at such time under the third paragraph of this Section 2.01(a). Subject to the terms and conditions of this Agreement, during such period the Borrowers may borrow, repay and reborrow the amount of the Revolving Credit Commitments by means of Base Rate Loans and Eurodollar Loans and may Convert Revolving Credit Loans of one Type into Revolving Credit Loans of another Type (as provided in Section 2.09 hereof) or Continue Revolving Credit Loans of one Type as Revolving Credit Loans of the same Type (as provided in Section 2.09 hereof).

Proceeds of Revolving Credit Loans shall be available for any use permitted under Section 8.17(a) hereof, provided that, in the event that as contemplated by clause (x) of the second paragraph of Section 2.10(d) hereof, the Borrowers shall prepay Revolving Credit Loans from the proceeds of a Disposition hereunder, then an amount of Revolving Credit Commitments equal to the amount of such prepayment (herein the "Reserved Commitment Amount") shall be reserved and shall not be available for borrowings hereunder except and to the extent that the proceeds of such borrowings are to be applied to make Subsequent Acquisitions permitted under Section 8.05 hereof or to make prepayments of Loans under clause (y) of the second paragraph of Section 2.10(d) hereof. The Borrowers agree, upon the occasion of any borrowing of Revolving Credit Loans hereunder that is to constitute a utilization of any Reserved Commitment Amount, to advise the Administrative Agent in writing of such fact at the time of such borrowing, identifying the amount of such borrowing that is to constitute such utilization, the Subsequent Acquisition, if any, in respect of which the proceeds of such borrowing are to be applied and the reduced Reserved Commitment Amount to be in effect after giving effect to such borrowing.

Anything herein to the contrary notwithstanding, only \$200,000,000 of the Revolving Credit Commitments will become available on the Revolving Credit Availability Date; the remaining \$400,000,000 of the Revolving Credit Commitments will become available on the Iowa Acquisition Consummation Date and then only so long as (i) the same shall occur on or before November 30, 2001, (ii) the full original aggregate committed amounts of the Tranche A and Tranche B Term Loan Commitments shall have been drawn on or before such date and applied to the consummation of one or more of the Broadband Acquisitions (i.e. not including proceeds of Tranche B Term Loans held in escrow pursuant to Section 2.01(g) hereof) and (iii) no prepayments of any Term Loans pursuant to Section 2.09 hereof shall have occurred subsequent to the date of such drawing of Term Loans (it being understood that, as provided in Section 2.04(c) hereof, the Revolving Credit Commitments shall be automatically reduced to \$200,000,000 on November 30, 2001 if such remaining \$400,000,000 does not become available hereunder on or before said date).

(b) Tranche A Term Loans. Each Tranche A Term Loan Lender severally agrees, on the terms and conditions of this Agreement, to make term loans to the Borrowers in Dollars during the period from and including the Iowa Acquisition Consummation Date to and including the Term Loan Commitment Expiration Date in an aggregate principal amount up to but not exceeding the amount of the Tranche A Term Loan Commitment of such Lender. Subject to the terms and conditions of this Agreement, during such period the Borrowers may

borrow the Tranche A Term Loan Commitments by means of Base Rate Loans and Eurodollar Loans, and thereafter the Borrowers may Convert Tranche A Term Loans of one Type into Tranche A Term Loans of another Type (as provided in Section 2.09 hereof) or Continue Tranche A Term Loans of one Type as Tranche A Term Loans of the same Type (as provided in Section 2.09 hereof). Amounts prepaid or repaid in respect of Tranche A Term Loans may not be reborrowed.

Proceeds of Tranche A Term Loans hereunder shall be available for any use permitted under the first sentence of Section 8.17(b) hereof.

Anything herein to the contrary notwithstanding, the Tranche A Term Loan Commitments will become available on the Iowa Acquisition Consummation Date only so long as (i) the same shall occur on or before November 30, 2001, (ii) the full original aggregate committed amounts of the Tranche B Term Loan Commitments shall have been drawn on or before such date and applied to the consummation of one or more of the Broadband Acquisitions (i.e. not including proceeds of Tranche B Term Loans held in escrow pursuant to Section 2.01(g) hereof) and (iii) no prepayments of any Tranche B Term Loans pursuant to Section 2.09 hereof shall have occurred subsequent to the date of such drawing of Tranche B Term Loans (it being understood that, as provided in Section 2.04(c) hereof, the Tranche A Term Loan Commitments shall be automatically terminated on November 30, 2001 if they do not become available hereunder on or before said date).

(c) Tranche B-1 Term Loans. Each Tranche B-1 Term Loan Lender severally agrees, on the terms and conditions of this Agreement, to make term loans to the Borrowers in Dollars from and including the Third Acquisition Consummation Date to and including the Term Loan Commitment Expiration Date in an aggregate principal amount up to but not exceeding the amount of the Tranche B-1 Term Loan Commitment of such Lender. Subject to the terms and conditions of this Agreement, during such period the Borrowers may borrow the Tranche B-1 Term Loan Commitments by means of Base Rate Loans and Eurodollar Loans, and thereafter the Borrowers may Convert Tranche B-1 Term Loans of one Type into Tranche B-1 Term Loans of another Type (as provided in Section 2.09 hereof) or Continue Tranche B-1 Term Loans of one Type as Tranche B-1 Term Loans of the same Type (as provided in Section 2.09 hereof). Amounts prepaid or repaid in respect of Tranche B-1 Term Loans may not be reborrowed.

Proceeds of Tranche B-1 Term Loans hereunder shall be available for any use permitted under the first sentence of Section 8.17(b) hereof.

Anything herein to the contrary notwithstanding, except as provided in Section 2.01(g) hereof, the Tranche B-1 Term Loan Commitments will become available on the Third Acquisition Consummation Date but only so long as the same shall occur on or before the date sixty days after the Original Closing Date (it being understood that, as provided in Section 2.04(c) hereof, the Tranche B-1 Term Loan Commitments shall be automatically terminated on said date if they are not fully drawn on or before said date).

(d) Tranche B-2 Term Loans. Each Tranche B-2 Term Loan Lender severally agrees, on the terms and conditions of this Agreement, to make term loans to the Borrowers in Dollars from and including the Iowa Acquisition Consummation Date to and including the Term Loan Commitment Expiration Date in an aggregate principal amount up to but not exceeding the amount of the Tranche B-2 Term Loan Commitment of such Lender. Subject to the terms and conditions of this Agreement, during such period the Borrowers may borrow the Tranche B-2 Term Loan Commitments by means of Base Rate Loans and Eurodollar Loans, and thereafter the Borrowers may Convert Tranche B-2 Term Loans of one Type into Tranche B-2 Term Loans of another Type (as provided in Section 2.09 hereof) or Continue Tranche B-2 Term Loans of one Type as Tranche B-2 Term Loans of the same Type (as provided in Section 2.09 hereof). Amounts prepaid or repaid in respect of Tranche B-2 Term Loans may not be reborrowed.

Proceeds of Tranche B-2 Term Loans hereunder shall be available for any use permitted under the first sentence of Section 8.17(b) hereof.

Anything herein to the contrary notwithstanding, except as provided in Section 2.01(g) hereof, the Tranche B-2 Term Loan Commitments will become available on the Iowa Acquisition Consummation Date but only so long as the same shall occur on or before the date sixty days after the Original Closing Date (it being understood that, as provided in Section 2.04(c) hereof, the Tranche B-2 Term Loan Commitments shall be automatically terminated on said date if they are not fully drawn on or before said date).

(e) Incremental Facility Loans. In addition to borrowings of Term Loans and Revolving Credit Loans provided above, the Borrowers may at any time and from time to time request that the Lenders (or additional financial institutions that will become Lenders hereunder) enter into commitments to make Incremental Facility Revolving Credit Loans (and participate in Incremental Facility Letters of Credit, under Incremental Facility Revolving Credit Commitments) or Incremental Facility Term Loans of one or more Series hereunder. In the event that one or more Lenders (which term, as used in this paragraph (e) shall include such additional financial institutions) offer, in their sole discretion, to enter into such commitments, and such Lenders, the Borrowers and the Administrative Agent (and, if applicable, the Issuing Lenders) agree pursuant to an instrument in writing (the form and substance of which shall be satisfactory, and a copy of which shall be delivered, to the Administrative Agent and the Lenders making such Loans and, if applicable, the Issuing Lenders; any such instrument for any Series of Incremental Loans being herein called an "Incremental Facility Agreement" for such Series) as to the amount of such commitments that shall be allocated to the respective Lenders making such offers, the fees (if any) to be payable by the Borrowers in connection therewith and the amortization and interest rate to be applicable thereto, such Lenders shall become obligated to make Incremental Facility Loans, and (if applicable) to participate in Incremental Facility Letters of Credit, under this Agreement in an amount equal to the amount of their respective Incremental Facility Commitments. The Incremental Facility Loans to be made, and (if applicable) Incremental Facility Letters of Credit to be issued, pursuant to any Incremental Facility Agreement in response to any such request by the Borrowers shall be deemed to be a separate "Series" of Incremental Facility Loans, or (if applicable) Incremental Facility Letters of Credit, for all purposes of this Agreement.



Anything herein to the contrary notwithstanding, the following additional provisions shall be applicable to Incremental Facility Commitments and Incremental Facility Loans:

(i) the minimum aggregate principal amount of Incremental Facility Commitments entered into pursuant to any such request (and, accordingly, the minimum aggregate principal amount of any Series of Incremental Facility Loans and Incremental Facility Letters of Credit) shall be \$10,000,000,

(ii) any additional financial institution that is not already a Lender hereunder that will provide all or any portion of the Incremental Facility Commitment of any Series shall be approved by the Borrowers and the Administrative Agent (which approval shall not be unreasonably withheld) and, in the case of any Incremental Facility Revolving Credit Commitments that provide for Letters of Credit, by each applicable Issuing Lender,

(iii) the aggregate amount of all unused Incremental Facility Commitments and Incremental Facility Loans and Incremental Facility Letters of Credit of all Series shall not exceed \$500,000,000 at any time, except that the limitations of this clause (iii) shall not apply to Reinstating Incremental Facility Commitments, Reinstating Incremental Facility Loans and Reinstating Incremental Facility Letters of Credit,

(iv) in no event shall the final maturity date for the Incremental Facility Term Loans of any Series, or the final commitment termination date of any Incremental Facility Revolving Credit Commitments of any Series, be earlier than the final Principal Payment Date for the Tranche B Term Loans, except that the limitations of this clause (iv) shall not apply to Reinstating Incremental Facility Commitments, Reinstating Incremental Facility Loans and Reinstating Incremental Facility Letters of Credit,

(v) the Incremental Facility Term Loans, and Incremental Facility Revolving Credit Commitments, shall have an average life at least as long as any other Class of Loans with the longest average life, except that the limitations of this clause (v) shall not apply to Reinstating Incremental Facility Commitments, Reinstating Incremental Facility Loans and Reinstating Incremental Facility Letters of Credit,

(vi) in no event shall the aggregate principal amount of all Revolving Credit Commitments and Reinstating Incremental Facility Revolving Credit Commitments as in effect at any time exceed the Revolving Credit Commitments on the Original Closing Date, and the Reinstating Incremental Facility Revolving Credit Commitments shall not have a commitment termination date earlier than the scheduled commitment termination date for the Commitments being replaced or reinstated or a commitment reduction schedule with an average life to maturity earlier than the average life to maturity of the commitment reduction schedule of the Commitments being replaced or reinstated,

(vii) in no event shall the aggregate principal amount of all Term Loans and Reinstating Incremental Facility Term Loans of any Class outstanding at any time exceed the aggregate principal amount of the Term Loans outstanding on the Original Closing Date, and the Reinstating Incremental Facility Term Loans shall not have a final maturity date earlier than the final maturity date of the Loans being refinanced or reinstated or an average life to maturity earlier than the average life to maturity of the Loans being refinanced or reinstated and

(viii) except for the amortization and interest rate and financial covenants (which may be less restrictive than those set forth in Section 8.10 hereof) to be applicable thereto, any fees to be paid in connection therewith and, if applicable, the terms upon which Incremental Facility Letters of Credit are to be issued, the Incremental Facility Loans and Incremental Facility Letters of Credit of any Series shall have the same terms applicable to the Revolving Credit Loans, Term Loans and Letters of Credit hereunder, provided that any Incremental Facility Loans may provide for any terms, whether or not the same as those applicable to the Revolving Credit Loans, Term Loans and Letters of Credit hereunder, if such terms become effective upon the payment in full of the Revolving Credit Loans, Term Loans and Letters of Credit hereunder.

Following execution and delivery by the Borrowers, one or more Incremental Facility Lenders and the Administrative Agent as provided above of an Incremental Facility Agreement with respect to any Series then, subject to the terms and conditions set forth herein:

(x) if such Incremental Facility Loans are to be Incremental Facility Revolving Credit Loans, each Incremental Facility Lender of such Series agrees to make Incremental Facility Revolving Credit Loans of such Series to the Borrowers, and (if applicable) issue Incremental Facility Letters of Credit of such Series for the account of the Borrowers, from time to time during the availability period for such Loans as set forth in such Incremental Facility Agreement, in each case in an aggregate amount that will not result in such Lender's Incremental Facility Revolving Credit Loans and Incremental Facility Letters of Credit of such Series exceeding such Lender's Incremental Facility Revolving Credit Commitment of such Series; within the foregoing limits and subject to the terms and conditions set forth herein, the Borrowers may borrow, prepay and reborrow Incremental Facility Revolving Credit Loans of such Series; and

(y) if such Incremental Facility Loans are to be Incremental Facility Term Loans, each Incremental Facility Term Loan Lender of such Series agrees to make Incremental Facility Term Loans of such Series to the Borrowers from time to time during the availability period for such Loans set forth in such Incremental Facility Agreement, in a principal amount up to but not exceeding such Lender's Incremental Facility Term Loan Commitment of such Series.

Proceeds of Incremental Facility Loans and Incremental Facility Letters of Credit hereunder shall be available for any use permitted under the last sentence of Section 8.17(b) hereof.

(f) Certain Limitations on Eurodollar Loans. No more than eight separate Interest Periods in respect of Eurodollar Loans of a Class from each Lender may be outstanding at any one time. In addition, prior to the Tranche B Coordination Date, no Tranche B-1 Term Loan shall have an Interest Period with a duration longer than one month and, upon the making of the Tranche B-2 Term Loans (to the extent that the Borrowers request that such Loans be Eurodollar Loans), the initial Interest Period therefor shall have a duration commencing on the date of such Loans and ending on the Tranche B Coordination Date.

(g) Escrow Availability. Notwithstanding Section 2.01(c) and 2.01(d) hereof, the Tranche B Term Loans may be borrowed prior to the Third Acquisition Consummation Date (in the case of the Tranche B-1 Term Loans) or the Iowa Acquisition Consummation Date (in the case of the Tranche B-2 Term Loans), but not later than the date 60 days after the Original Closing Date, to the extent that the proceeds of such Loans are deposited in escrow with the Administrative Agent. Any funds so deposited shall constitute collateral security for the Tranche B Term Loans only and, upon request of the Borrowers, shall be available for release from escrow in the respective amounts and subject to the same respective conditions that would be applicable to the making of the Tranche B Term Loans as provided herein, provided that to the extent such conditions have not been satisfied, and such funds have not been released from escrow, on or before November 30, 2001, then on such date, such funds shall be applied to the prepayment of the Tranche B Term Loans.

2.02 Borrowings. The Borrowers shall give the Administrative Agent notice of each borrowing hereunder as provided in Section 4.05 hereof. Not later than (a) with respect to same-day borrowings of Base Rate Loans, 11:00 a.m. New York time on the date specified for each borrowing hereunder in the relevant borrowing notice delivered pursuant to Section 4.05 hereof and (b) with respect to borrowings other than same-day Base Rate Loans, 1:00 p.m. New York time on the date for each borrowing hereunder specified in the relevant borrowing notice delivered pursuant to Section 4.05 hereof, each Lender shall make available the amount of the Loan or Loans to be made by it on such date to the Administrative Agent, at an account designated by the Administrative Agent to the Lenders, in immediately available funds, for the account of the Borrowers. The amount so received by the Administrative Agent shall, subject to the terms and conditions of this Agreement, be made available to the Borrowers by depositing the same, in immediately available funds, in an account of the Borrowers designated by the Borrowers and maintained with JPMCB at its principal office.

2.03 Letters of Credit. Subject to the terms and conditions of this Agreement, the Revolving Credit Commitments (and, if specified at the time they shall be established, the Incremental Facility Revolving Credit Commitments of any Series) may be utilized, upon the request of the Borrowers, in addition to the Revolving Credit Loans provided for by Section 2.01(a) hereof (and, if applicable, in addition to the Incremental Facility Revolving Credit Loans provided for by Section 2.01(e) hereof), by the issuance by any Issuing Lender of Letters of Credit of the applicable Class for the account of the Borrowers or any of their Subsidiaries (as specified by the relevant Borrower), provided that in no event shall

(i) the aggregate amount of all Letter of Credit Liabilities of any Class, together with the aggregate principal amount of the Loans of such Class, exceed (x) in the case of Letters of Credit issued under the Revolving Credit Commitments, the aggregate amount of the Revolving Credit Commitments as in effect from time to time that are available at such time under the third paragraph of Section 2.01(a) hereof or (y) in the case of Letters of Credit issued under the Incremental Facility Revolving Credit Commitments of any Series, the aggregate amount of the Incremental Facility Revolving Credit Commitments of such Series,

(ii) the outstanding aggregate amount of all Letter of Credit Liabilities under the Revolving Credit Commitments exceed \$200,000,000, or the outstanding aggregate amount of all Letters of Credit under the Incremental Facility Revolving Credit Commitments of any Series exceed the respective limits therefor specified at the time such Incremental Facility Revolving Credit Commitments are established,

(iii) the expiration date of any Letter of Credit of any Class extend beyond the earlier of the date five Business Days prior to the Revolving Credit Commitment Termination Date (or, in the case of an Incremental Facility Letter of Credit, the commitment termination date of the applicable Series of Incremental Facility Revolving Credit Commitments) and the date twelve months following the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, twelve months after the then-current expiration date of such Letter of Credit, so long as such renewal or extension occurs within three months of such then-current expiration date).

The Borrowers may request any Issuing Lender to issue Letters of Credit for the account of the Borrowers to support an obligation of an Affiliate of the Borrowers so long as the face amount of such Letter of Credit does not exceed the amount of Restricted Payments the Borrowers may then make pursuant to Section 8.09(d). The following additional provisions shall apply to Letters of Credit:

(a) Notice of Issuance. The Borrowers shall give the Administrative Agent at least three Business Days' irrevocable prior notice (effective upon receipt) specifying the Business Day (which shall be no later than 30 days preceding the Revolving Credit Commitment Termination Date or, if applicable, the commitment termination date for the respective Series of Incremental Facility Revolving Credit Commitments) each Letter of Credit is to be issued and the account party or parties therefor and describing in reasonable detail the proposed terms of such Letter of Credit (including the beneficiary thereof) and the nature of the transactions or obligations proposed to be supported thereby (including whether such Letter of Credit is to be a commercial letter of credit or a standby letter of credit). Upon receipt of any such notice, the Administrative Agent shall advise the relevant Issuing Lender of the contents thereof.

(b) Participations in Letters of Credit. On each day during the period commencing with the issuance by any Issuing Lender of any Letter of Credit of any Class and until such Letter of Credit shall have expired or been terminated, the Revolving

Credit Commitment of each Revolving Credit Lender (or, as applicable, the Incremental Facility Revolving Credit Commitment of each Incremental Facility Revolving Credit Lender) shall be deemed to be utilized for all purposes of this Agreement in an amount equal to such Lender's Letter of Credit Commitment Percentage of the then undrawn face amount of such Letter of Credit. Each Revolving Credit Lender and each Incremental Facility Revolving Credit Lender (other than the relevant Issuing Lender) agrees that, upon the issuance of any Revolving Credit Letter of Credit or Incremental Facility Letter of Credit hereunder, as applicable, it shall automatically acquire a participation in such Issuing Lender's liability under such Letter of Credit in an amount equal to such Lender's Letter of Credit Commitment Percentage of such liability, and each such Lender (other than the relevant Issuing Lender) thereby shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and shall be unconditionally obligated to such Issuing Lender to pay and discharge when due, its Letter of Credit Commitment Percentage of such Issuing Lender's liability under such Letter of Credit.

(c) Notice by Issuing Lender of Drawings. Upon receipt from the beneficiary of any Letter of Credit of any demand for payment under such Letter of Credit, the relevant Issuing Lender shall promptly notify the Borrowers (through the Administrative Agent) of the amount to be paid by such Issuing Lender as a result of such demand and the date on which payment is to be made by such Issuing Lender to such beneficiary in respect of such demand. Notwithstanding the identity of the account party of any Letter of Credit, the Borrowers hereby jointly and severally unconditionally agree to pay and reimburse the Administrative Agent for the account of the relevant Issuing Lender for the amount of each demand for payment under such Letter of Credit that is in substantial compliance with the provisions of such Letter of Credit at or prior to the date on which payment is to be made by such Issuing Lender to the beneficiary thereunder, without presentment, demand, protest or other formalities of any kind.

(d) Notice by the Borrowers of Borrowing for Reimbursement. Forthwith upon its receipt of a notice referred to in paragraph (c) of this Section 2.03, the Borrowers shall advise the Administrative Agent whether or not the Borrowers intend to borrow hereunder to finance their obligation to reimburse such Issuing Lender for the amount of the related demand for payment and, if they do, submit a notice of such borrowing as provided in Section 4.05 hereof.

(e) Payments by Lenders to Issuing Lender. Each Revolving Credit Lender and each Incremental Facility Revolving Credit Lender (other than the relevant Issuing Lender), as applicable, shall pay to the Administrative Agent for the account of such Issuing Lender at its principal office in Dollars and in immediately available funds, the amount of such Lender's Letter of Credit Commitment Percentage of any payment under a Revolving Letter of Credit or Incremental Facility Letter of Credit, as applicable, upon notice by such Issuing Lender (through the Administrative Agent) to such Lender requesting such payment and specifying such amount. Each such Lender's obligation to make such payment to the Administrative Agent for the account of such Issuing Lender under this paragraph (e), and such Issuing Lender's right to receive the same, shall be

absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, the failure of any other Lender to make its payment under this paragraph (e), the financial condition of the Borrowers (or any other account party), the existence of any Default or the termination of the Commitments. Each such payment to any Issuing Lender shall be made without any offset, abatement, withholding or reduction whatsoever. If any Revolving Credit Lender or Incremental Facility Revolving Credit Lender shall default in its obligation to make any such payment to the Administrative Agent for the account of an Issuing Lender, for so long as such default shall continue the Administrative Agent may at the request of such Issuing Lender withhold from any payments received by the Administrative Agent under this Agreement for the account of such Lender the amount so in default and, to the extent so withheld, pay the same to such Issuing Lender in satisfaction of such defaulted obligation.

(f) Participations in Reimbursement Obligations. Upon the making of each payment by a Lender to an Issuing Lender pursuant to paragraph (e) above in respect of any Letter of Credit, such Lender shall, automatically and without any further action on the part of the Administrative Agent, such Issuing Lender or such Lender, acquire (i) a participation in an amount equal to such payment in the Reimbursement Obligation owing to such Issuing Lender by the Borrowers hereunder and under the Letter of Credit Documents relating to such Letter of Credit and (ii) a participation in a percentage equal to such Lender's Letter of Credit Commitment Percentage in any interest or other amounts payable by the Borrowers hereunder and under such Letter of Credit Documents in respect of such Reimbursement Obligation (other than the commissions, charges, costs and expenses payable to such Issuing Lender pursuant to paragraph (g) of this Section 2.03). Upon receipt by an Issuing Lender from or for the account of the Borrowers of any payment in respect of any Reimbursement Obligation or any such interest or other amount (including by way of setoff or application of proceeds of any collateral security) such Issuing Lender shall promptly pay to the Administrative Agent for the account of each Lender entitled thereto, such Lender's Letter of Credit Commitment Percentage of such payment, each such payment by such Issuing Lender to be made in the same money and funds in which received by such Issuing Lender. In the event any payment received by an Issuing Lender and so paid to a Lender hereunder is rescinded or must otherwise be returned by such Issuing Lender, such Lender shall, upon the request of such Issuing Lender (through the Administrative Agent), repay to such Issuing Lender (through the Administrative Agent) the amount of such payment paid to such Lender, with interest at the rate specified in paragraph (j) of this Section 2.03.

(g) Letter of Credit Fees. The Borrowers shall pay to the Administrative Agent for the account of each Revolving Credit Lender or Incremental Facility Revolving Credit Lender (ratably in accordance with their respective Letter of Credit Commitment Percentages) a letter of credit fee in respect of each Revolving Credit Letter of Credit or Incremental Facility Letter of Credit, as applicable, in an amount equal to the Applicable Margin, in effect from time to time, for Revolving Credit Loans or Incremental Facility Revolving Credit Loans of the respective Series, as applicable, that are Eurodollar Loans on the daily average undrawn face amount of such Letter of Credit for the period from

and including the date of issuance of such Letter of Credit (i) in the case of a Letter of Credit that expires in accordance with its terms, to and including such expiration date and (ii) in the case of a Letter of Credit that is drawn in full or is otherwise terminated other than on the stated expiration date of such Letter of Credit, to but excluding the date such Letter of Credit is drawn in full or is terminated (such fee to be non-refundable, to be paid in arrears on each Quarterly Date and on the Revolving Credit Commitment Termination Date (or, as applicable, the commitment termination date for the Incremental Facility Revolving Credit Commitments of the relevant Series) and to be calculated for any day after giving effect to any payments made under such Letter of Credit on such day).

In addition, the Borrowers shall pay to the Administrative Agent for the account of the relevant Issuing Lender a fronting fee in respect of each Letter of Credit issued by such Issuing Lender in an amount equal to 1/4 of 1% per annum of the daily average undrawn face amount of such Letter of Credit for the period from and including the date of issuance of such Letter of Credit (i) in the case of a Letter of Credit that expires in accordance with its terms, to and including such expiration date and (ii) in the case of a Letter of Credit that is drawn in full or is otherwise terminated other than on the stated expiration date of such Letter of Credit, to but excluding the date such Letter of Credit is drawn in full or is terminated (such fee to be non-refundable, to be paid in arrears on each Quarterly Date and on the Revolving Credit Commitment Termination Date or, as applicable, the commitment termination date for the Incremental Facility Revolving Credit Commitments of the relevant Series, and to be calculated for any day after giving effect to any payments made under such Letter of Credit on such day) plus all commissions, charges, costs and expenses in the amounts customarily charged by such Issuing Lender from time to time in like circumstances with respect to the issuance of each Letter of Credit and drawings and other transactions relating thereto.

(h) Information Provided by Issuing Lender. Promptly following the end of each calendar month, the Issuing Lenders shall deliver (through the Administrative Agent) to each Revolving Credit Lender or Incremental Facility Revolving Credit Lender, as applicable, and the Borrowers a notice describing the aggregate amount of all Letters of Credit outstanding at the end of such month. Upon the request of any Lender from time to time, the Issuing Lenders shall deliver any other information reasonably requested by such Lender with respect to each Letter of Credit then outstanding in which such Lender holds a Letter of Credit Interest.

(i) Conditions Precedent to Issuance. The issuance by any Issuing Lender of each Letter of Credit shall, in addition to the conditions precedent set forth in Section 6 hereof, be subject to the conditions precedent that (i) such Letter of Credit shall be in such form, contain such terms and support such transactions as shall be satisfactory to such Issuing Lender consistent with its then current practices and procedures with respect to letters of credit of the same type and (ii) the Borrowers shall have executed and delivered such applications, agreements and other instruments relating to such Letter of Credit as such Issuing Lender shall have reasonably requested consistent with its then current practices and procedures with respect to letters of credit of the same type,

provided that in the event of any conflict between any such application, agreement or other instrument and the provisions of this Agreement or any Security Document, the provisions of this Agreement and the Security Documents shall control.

(j) Interest Payable to Issuing Lender by Lenders. To the extent that any Lender shall fail to pay any amount required to be paid pursuant to paragraph (e) or (f) of this Section 2.03 on the due date therefor, such Lender shall pay interest to the relevant Issuing Lender (through the Administrative Agent) on such amount from and including such due date to but excluding the date such payment is made at a rate per annum equal to the Federal Funds Rate, provided that if such Lender shall fail to make such payment to such Issuing Lender within three Business Days of such due date, then, retroactively to the due date, such Lender shall be obligated to pay interest on such amount at the Post-Default Rate.

(k) Modifications and Supplements. The issuance by an Issuing Lender of any modification or supplement to any Letter of Credit hereunder shall be subject to the same conditions applicable under this Section 2.03 to the issuance of new Letters of Credit, and no such modification or supplement shall be issued hereunder unless either (i) the respective Letter of Credit affected thereby would have complied with such conditions had it originally been issued hereunder in such modified or supplemented form or (ii) the Majority Lenders of the applicable Class shall have consented thereto.

The Borrowers hereby indemnify and hold harmless each Lender and the Administrative Agent from and against any and all claims and damages, losses, liabilities, costs or expenses that such Lender or the Administrative Agent may incur (or that may be claimed against such Lender or the Administrative Agent by any Person whatsoever) by reason of or in connection with the execution and delivery or transfer of or payment or refusal to pay by any Issuing Lender under any Letter of Credit; provided that the Borrowers shall not be required to indemnify any Lender or the Administrative Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, caused by (x) the willful misconduct or gross negligence of any Issuing Lender in determining whether a request presented under any Letter of Credit complied with the terms of such Letter of Credit or (y) in the case of any Issuing Lender, such Lender's failure to pay under any Letter of Credit after the presentation to it of a request strictly complying with the terms and conditions of such Letter of Credit. Nothing in this Section 2.03 is intended to limit the other obligations of the Borrowers, any Lender or the Administrative Agent under this Agreement.

#### 2.04 Changes of Commitments.

(a) Scheduled Reductions of Revolving Credit Commitments. The aggregate amount of the Revolving Credit Commitments shall be automatically reduced to zero on the Revolving Credit Commitment Termination Date. In addition, the aggregate amount of the Revolving Credit Commitments shall be automatically reduced on each Revolving Credit Commitment Reduction Date set forth in column (A) below by an amount (subject to reduction pursuant to paragraph (d) below) equal to the percentage of the Final Commitment Amount (as



defined below) set forth in column (B) below opposite such Revolving Credit Commitment Reduction Date:

(A) Revolving Credit Commitment Reduction Date Falling on or Nearest to:	(B) Revolving Credit Commitments Reduced by the Following Percentages:
December 31, 2004	2.000%
March 31, 2005	2.500%
June 30, 2005	2.500%
September 30, 2005	2.500%
December 31, 2005	2.500%
March 31, 2006	3.125%
June 30, 2006	3.125%
September 30, 2006	3.125%
December 31, 2006	3.125%
March 31, 2007	5.000%
June 30, 2007	5.000%
September 30, 2007	5.000%
December 31, 2007	5.000%
March 31, 2008	5.000%
June 30, 2008	5.000%
September 30, 2008	5.000%
December 31, 2008	5.000%
March 31, 2009	6.875%
June 30, 2009	6.875%
September 30, 2009	6.875%
December 31, 2009	6.875%
March 31, 2010	8.000%

For purposes hereof, the “Final Commitment Amount” shall mean the aggregate amount of the Revolving Credit Commitments as at the close of business on November 30, 2001 giving effect to any reduction that shall occur on such date pursuant to Section 2.04(c) hereof.

(b) Optional Reductions of Commitments. The Borrowers shall have the right at any time or from time to time (i) so long as no Revolving Credit Loans or Letter of Credit Liabilities in respect of Revolving Credit Letters of Credit are outstanding, to terminate the

Revolving Credit Commitments, (ii) so long as no Term Loans of either Class are outstanding, to terminate the Term Loan Commitments, (iii) so long as no Incremental Facility Revolving Credit Loans or Incremental Facility Letters of Credit of a Series are outstanding, to terminate the Incremental Facility Commitments of such Series and (iv) to reduce the aggregate unused amount of the Revolving Credit Commitments or Incremental Facility Revolving Credit Commitments of any Series (for which purpose use of such Commitments shall be deemed to include the aggregate amount of Letter of Credit Liabilities in respect of Letters of Credit issued under such Commitments); provided that (x) the Borrowers shall give notice of each such termination or reduction as provided in Section 4.05 hereof, (y) each partial reduction shall be in an aggregate amount at least equal to \$1,000,000 (or a larger multiple of \$500,000) and (z) prior to the making of the initial Loans hereunder, each such reduction of Commitments shall be applied ratably to the Commitments of each Class.

(c) Mandatory Reductions or Terminations of Commitments. In the event that the portion of the Revolving Credit Commitments in excess of \$200,000,000 does not become available on or before November 30, 2001, as provided in the last paragraph of Section 2.01(a) hereof then, on such date, the aggregate amount of the Revolving Credit Commitments shall be automatically reduced to \$200,000,000. In the event that the Tranche A Term Loan Commitments do not become available on or before November 30, 2001, as provided in the last paragraph of Section 2.01(b) hereof then, on such date, the full aggregate amount of the Tranche A Term Loan Commitments shall be terminated. In the event that the Tranche B Term Loan Commitments are not fully drawn on or before the date sixty days after the Original Closing Date, as provided in the last paragraph of Section 2.01(c) hereof (in the case of the Tranche B-1 Term Loans) and Section 2.01(d) hereof (in the case of the Tranche B-2 Term Loans) then, on such date, the full aggregate amount of the Tranche B Term Loan Commitments shall be terminated. The aggregate amount of the Incremental Facility Commitments of any Series shall be automatically reduced to zero on the close of business on the last day of the Incremental Facility Availability Period.

(d) Application of Reductions. Each reduction in the aggregate amount of the Revolving Credit Commitments pursuant to paragraph (b) or (c) above, or pursuant to paragraphs (b) or (c) of Section 2.10 hereof, on any date, shall be applied to the reductions set forth in the schedule in paragraph (a) above ratably to the remaining installments thereof. Each reduction in the aggregate amount of the Revolving Credit Commitments pursuant to paragraphs (a) or (d) of Section 2.10 hereof, on any date, shall be applied to the reductions set forth in the schedule in paragraph (a) above in the direct order of maturity.

(e) No Reinstatement. Except for Reinstating Incremental Facility Revolving Credit Commitments or Reinstating Incremental Facility Term Loan Commitments, the Commitments once terminated or reduced may not be reinstated.

2.05 Commitment Fee. The Borrowers shall pay to the Administrative Agent for account of each Revolving Credit Lender a commitment fee on the daily average unused amount of such Lender's Revolving Credit Commitment (for which purpose (i) the aggregate amount of any Letter of Credit Liabilities in respect of Revolving Credit Letters of Credit shall be deemed

to be a pro rata (based on the Revolving Credit Commitments) use of each Lender's Revolving Credit Commitment and (ii) any Reserved Commitment Amount shall be deemed to be unused), for the period from and including the date hereof to but not including the earlier of the date such Revolving Credit Commitment is terminated and the Revolving Credit Commitment Termination Date, at a rate per annum equal to (x) 1/2 of 1% at any time the then-current Rate Ratio (determined pursuant to Section 3.03 hereof) is greater than 5.00 to 1 and (y) 3/8 of 1% at any time the then-current Rate Ratio (so determined) is equal to or less than 5.00 to 1, provided that the commitment fee described in the foregoing clauses (x) or (y) will be increased by 1/8 of 1% for any period during which the aggregate outstanding principal amount of the Revolving Credit Loans and Letter of Credit Liabilities shall be less than 50% of the aggregate principal amount of the Revolving Credit Commitments. The Borrowers shall pay to the Administrative Agent for account of each Incremental Facility Lender of any Series a commitment fee in such amounts, and on such dates, as shall have been agreed to by the Borrowers and such Incremental Facility Lender upon the establishment of the Incremental Facility Commitment of such Series to such Lender pursuant to Section 2.01(e) hereof. Accrued commitment fee shall be payable on each Quarterly Date and on the earlier of the date the relevant Commitments are terminated and the Revolving Credit Commitment Termination Date or the Incremental Facility Commitments of such Series terminate, as the case may be.

2.06 Lending Offices. The Loans of each Type made by each Lender shall be made and maintained at such Lender's Applicable Lending Office for Loans of such Type.

2.07 Several Obligations; Remedies Independent.

The failure of any Lender to make any Loan to be made by it on the date specified therefor shall not relieve any other Lender of its obligation to make its Loan on such date, but neither any Lender nor the Administrative Agent shall be responsible for the failure of any other Lender to make a Loan to be made by such other Lender, and (except as otherwise provided in Section 4.06 hereof) no Lender shall have any obligation to the Administrative Agent or any other Lender for the failure by such Lender to make any Loan required to be made by such Lender. Anything in this Agreement to the contrary notwithstanding, each Lender hereby agrees with each other Lender that no Lender shall take any action to protect or enforce its rights arising out of this Agreement (including, without limitation, exercising any rights of off-set) without first obtaining the prior written consent of the Administrative Agent or the Majority Lenders, it being the intent of the Lenders that any such action to protect or enforce rights under this Agreement shall be taken in concert and at the direction or with the consent of the Administrative Agent or the Majority Lenders and not individually by a single Lender.

2.08 Loan Accounts; Promissory Notes.

(a) Maintenance of Records by Lenders. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrowers to such Lender resulting from each Loan made by such Lender to the Borrowers, including the amounts of principal and interest payable and paid to such Lender by the Borrowers from time to time hereunder.

(b) Maintenance of Records by the Administrative Agent. The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder to the Borrowers, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrowers for the account of the Lenders and each Lender's share thereof.

(c) Effect of Entries. The entries made in the accounts maintained pursuant to paragraph (a) or (b) of this Section 2.08 shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Loans in accordance with the terms of this Agreement.

(d) Promissory Notes. Any Lender may request that Loans of any Class made by it to the Borrowers be evidenced by a promissory note. In such event, the Borrowers shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans of the Borrowers evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 11.06 hereof) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

2.09 Optional Prepayments and Conversions or Continuations of Loans. Subject to Section 4.04 hereof, the Borrowers shall have the right to prepay Loans, or to Convert Loans of one Type into Loans of another Type or Continue Loans of one Type as Loans of the same Type, at any time or from time to time, provided that:

(a) the Borrowers shall give the Administrative Agent notice of each such prepayment, Conversion or Continuation as provided in Section 4.05 hereof (and, upon the date specified in any such notice of prepayment, the amount to be prepaid shall become due and payable hereunder);

(b) Eurodollar Loans may be prepaid or Converted at any time from time to time, provided that the Borrowers shall pay any amounts owing under Section 5.05 hereof in the event of any such prepayment or Conversion on any date other than the last day of an Interest Period for such Loans;

(c) prepayments of any Class of Term Loans or Incremental Facility Term Loans shall be applied to the remaining installments of such Loans ratably in accordance with the respective principal amounts thereof; and

(d) any Conversion or Continuation of Eurodollar Loans shall be subject to the provisions of Section 2.01(f) hereof.

It shall not be necessary in connection with the prepayment of any Class of Term Loans or Incremental Facility Term Loans that concurrent prepayments be made of any other Class of Loans. Notwithstanding the foregoing, and without limiting the rights and remedies of the Lenders under Section 9 hereof, in the event that any Event of Default shall have occurred and be continuing, the Administrative Agent may (and at the request of the Majority Lenders shall) suspend the right of the Borrowers to Convert any Loan into a Eurodollar Loan, or to Continue any Loan as a Eurodollar Loan, in which event all Loans shall be Converted (on the last day(s) of the respective Interest Periods therefor) or Continued, as the case may be, as Base Rate Loans.

#### 2.10 Mandatory Prepayments and Reductions of Commitments.

(a) Casualty Events. Upon the date one year following the receipt by any Borrower or any of its Subsidiaries of the proceeds of insurance, condemnation award or other compensation in respect of any Casualty Event affecting any Property of any of the Borrowers or any of their Subsidiaries (or upon such earlier date as the Borrowers or any such Subsidiary, as the case may be, shall have determined not to repair or replace the Property affected by such Casualty Event), the Borrowers shall prepay the Loans (and/or provide cover for Letter of Credit Liabilities as specified in paragraph (f) below) in an aggregate amount, if any, equal to 100% of the Net Available Proceeds of such Casualty Event not theretofore applied (or committed to be applied pursuant to executed construction contracts or equipment orders) to the repair or replacement of such Property, such prepayment to be effected in each case in the manner and to the extent specified in paragraph (e) of this Section 2.10. Notwithstanding the foregoing, the Borrowers shall not be required to make any prepayment (and/or provide cover for Letter of Credit Liabilities) under this paragraph (a) until the aggregate amount of the Net Available Proceeds that must be prepaid under this paragraph (a) exceeds \$20,000,000.

(b) Excess Cash Flow. Not later than the date 150 days after the end of each fiscal year of the Borrowers (or, if earlier, 30 days after the delivery of the audited financial statements for such fiscal year pursuant to Section 8.01(b) hereof), commencing with the fiscal year ending on December 31, 2007, the Borrowers shall prepay the Loans (and/or provide cover for Letter of Credit Liabilities as specified in paragraph (f) below) in an aggregate amount equal to the excess of (A) 50% of Excess Cash Flow for such fiscal year over (B) the aggregate amount of voluntary prepayments of Term Loans and Incremental Facility Term Loans made during such fiscal year pursuant to Section 2.09 hereof (other than that portion, if any, of such prepayments applied to installments of the Term Loans and Incremental Facility Term Loans falling due in such fiscal year), such prepayment to be effected in each case in the manner and to the extent specified in paragraph (e) of this Section 2.10, provided that the provisions of this paragraph (b) shall not be applicable if as at the last day of such fiscal year the Total Leverage Ratio shall be less than or equal to 4.50 to 1.

(c) Debt Issuances. Upon any Debt Issuance, the Borrowers shall prepay the Loans (and/or provide cover for Letter of Credit Liabilities as specified in paragraph (f) below)

in an aggregate amount equal to 100% of the Net Available Proceeds thereof, such prepayment to be effected in each case in the manner and to the extent specified in paragraph (e) of this Section 2.10.

(d) Sale of Assets. Without limiting the obligation of the Borrowers to obtain the consent of the Majority Lenders pursuant to Section 8.05 hereof to any Disposition not otherwise permitted hereunder, in the event that the Net Available Proceeds of any Disposition (herein, the "Current Disposition"), and of all prior Dispositions after the Original Closing Date (including amounts which were set aside for reinvestment pursuant to the second paragraph of this Section 2.10(d) but were not in fact so reinvested within one year) as to which a prepayment has not yet been made under this Section 2.10(d), shall exceed \$30,000,000 then, no later than five Business Days after the occurrence of the Current Disposition, the Borrowers will deliver to the Administrative Agent (which shall promptly provide a copy thereof to the Lenders) a statement, certified by a Senior Officer, in form and detail satisfactory to the Administrative Agent, of the amount of the Net Available Proceeds of the Current Disposition and of all such prior Dispositions and will prepay the Loans (and/or provide cover for Letter of Credit Liabilities as specified in paragraph (f) below) in an aggregate amount equal to 100% of the Net Available Proceeds of the Current Disposition and such prior Dispositions, such prepayment to be effected in each case in the manner and to the extent specified in paragraph (e) of this Section 2.10.

Notwithstanding the foregoing, the Borrowers shall not be required to make a prepayment pursuant to this paragraph (d) with respect to Net Available Proceeds from any Disposition in the event that the Borrowers advise the Administrative Agent at the time the Net Available Proceeds from such Disposition are received that they intend to reinvest such Net Available Proceeds in replacement assets pursuant to an Acquisition permitted under Section 8.05(d)(v) hereof or otherwise as Capital Expenditures permitted under Section 8.12 hereof, so long as

(x) such Net Available Proceeds are either (i) held by (A) the Administrative Agent or (B) as permitted under Section 4.01 of the Pledge Agreement, a Qualified Intermediary (as defined thereunder), in the Collateral Account pending such reinvestment, in which event the Administrative Agent (or the Qualified Intermediary, as the case may be) need not release such Net Available Proceeds except upon presentation of evidence satisfactory to it that such Net Available Proceeds are to be so reinvested in compliance with the provisions of this Agreement or (ii) applied by the Borrowers to the prepayment of Revolving Credit Loans hereunder (in which event the Borrowers agree to advise the Administrative Agent in writing at the time of such prepayment of Revolving Credit Loans that such prepayment is being made from the proceeds of a Disposition and that, as contemplated by Section 2.01(a) hereof, a portion of the Revolving Credit Commitments hereunder equal to the amount of such prepayment gives rise to a Reserved Commitment Amount that shall be available hereunder only for purposes of making an acquisition under Section 8.05(d)(v) hereof or making of Capital Expenditures permitted under Section 8.12 hereof),

(y) the Net Available Proceeds from any Disposition are in fact so reinvested within one year of such Disposition (it being understood that, in the event Net Available Proceeds from more than one Disposition are paid into the Collateral Account or applied to the prepayment of Revolving Credit Loans as provided in clause (x) above, such Net Available Proceeds shall be deemed to be released (or, as the case may be, Revolving Credit Loans utilizing the Reserved Commitment Amount shall be deemed to be made) in the same order in which such Dispositions occurred and, accordingly, (A) any such Net Available Proceeds so held for more than one year shall be forthwith applied to the prepayment of Loans as provided above and (B) any Reserved Commitment Amount that remains so unutilized for more than one year shall, subject to the satisfaction of the conditions precedent to such borrowing in Section 6.04 hereof, be utilized through the borrowing by the Borrowers of Revolving Credit Loans the proceeds of which shall be applied to the prepayment of Loans as provided in paragraph (e) of this Section 2.10) and

(z) the aggregate amount of Net Available Proceeds (together with investment earnings thereon) so held at any time by the Administrative Agent (or the Qualified Intermediary) pending reinvestment as contemplated by this sentence, together with the aggregate amount of the Reserved Commitment Amount, shall not at any time exceed \$100,000,000 or such greater amount as the Majority Lenders may otherwise agree.

As contemplated by Section 4.01 of the Pledge Agreement, nothing in this paragraph (d) shall be deemed to obligate the Administrative Agent to release any of such proceeds from the Collateral Account to the Borrowers for purposes of reinvestment as aforesaid upon the occurrence and during the continuance of any Event of Default.

(e) Application. Prepayments and reductions of Commitments described above in this Section 2.10 shall be applied, first, to the Term Loans and Incremental Facility Term Loans of each Class then outstanding ratably in accordance with the respective principal amounts of such Loans outstanding at the time, second, following the prepayment in full of such Loans, to the Revolving Credit Loans and the Incremental Facility Revolving Credit Loans, without reduction of the Revolving Credit Commitments or the Incremental Facility Revolving Credit Commitments and, third, to cover for outstanding Letter of Credit Liabilities as provided in paragraph (f) below, ratably to Letter of Credit Liabilities under the Revolving Credit Commitments and Incremental Facility Revolving Credit Commitments of each Series.

(f) Cover for Letter of Credit Liabilities. In the event that the Borrowers shall be required pursuant to this Section 2.10, to provide cover for Letter of Credit Liabilities, the Borrowers shall effect the same by paying to the Administrative Agent immediately available funds in an amount equal to the required amount, which funds shall be retained by the Administrative Agent in the Collateral Account (as collateral security in the first instance for the Letter of Credit Liabilities) until such time as the Letters of Credit shall have been terminated and all of the Letter of Credit Liabilities paid in full.

(g) Change in Commitments. If at any time either (i) the aggregate outstanding amount of Revolving Credit Loans and Letter of Credit Liabilities in respect of

Revolving Credit Letters of Credit exceeds the aggregate amount of the Revolving Credit Commitments then in effect, or (ii) the aggregate outstanding amount of Incremental Facility Revolving Credit Loans of any Series and the Letter of Credit Liabilities in respect of Incremental Facility Letters of Credit of such Series exceeds the aggregate amount of the Incremental Facility Revolving Credit Commitments of such Series, then and in either such event the Borrowers shall prepay such Loans (and/or provide cover for such Letter of Credit Liabilities as specified in paragraph (f) above) in such amounts as shall be necessary so that after giving effect to such prepayment (and cover), the aggregate outstanding amount of such Loans and such Letter of Credit Liabilities does not exceed the aggregate amount of such Commitments, provided that any such prepayment shall be accompanied by any amounts payable under Section 5.05 hereof.

Section 3. Payments of Principal and Interest.

3.01 Repayment of Loans.

(a) Revolving Credit Loans. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of each Lender the entire outstanding principal amount of such Lender's Revolving Credit Loans, and each Revolving Credit Loan shall mature, on the Revolving Credit Commitment Termination Date. In addition, if following any Revolving Credit Commitment Reduction Date the aggregate principal amount of the Revolving Credit Loans shall exceed the Revolving Credit Commitments, the Borrowers shall pay Revolving Credit Loans, and provide cover for Letter of Credit Liabilities as specified in Section 2.10(f), in an aggregate amount equal to such excess.

(b) Tranche A Term Loans. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of the Tranche A Term Loan Lenders the principal of the Tranche A Term Loans on each Principal Payment Date set forth in column (A) below, by an amount equal to the percentage of the Tranche A Closing Balance (as defined below) set forth in column (B) below of the aggregate principal amount of the Tranche A Term Loans:

(A) Principal Payment Date	(B) Percentage Reduction
September 30, 2004	1.000%
December 31, 2004	1.000%
March 31, 2005	2.500%
June 30, 2005	2.500%
September 30, 2005	2.500%
December 31, 2005	2.500%



(A) Principal Payment Date	(B) Percentage Reduction
March 31, 2006	3.125%
June 30, 2006	3.125%
September 30, 2006	3.125%
December 31, 2006	3.125%
March 31, 2007	5.000%
June 30, 2007	5.000%
September 30, 2007	5.000%
December 31, 2007	5.000%
March 31, 2008	5.000%
June 30, 2008	5.000%
September 30, 2008	5.000%
December 31, 2008	5.000%
March 31, 2009	6.875%
June 30, 2009	6.875%
September 30, 2009	6.875%
December 31, 2009	6.875%
March 31, 2010	8.000%

For purposes hereof, the "Tranche A Closing Balance" shall mean the aggregate principal amount of the Tranche A Term Loans outstanding hereunder on the close of business on November 30, 2001.

(c) Tranche B Term Loans. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of the Tranche B Term Loan Lenders the principal of the Tranche B Term Loans on each Principal Payment Date set forth in column (A) below, by an amount equal to the percentage of the Tranche B Closing Balance (as defined below) set forth in column (B) below of the aggregate principal amount of the Tranche B Term Loans:

(A) Principal Payment Date	(B) Percentage Reduction
September 30, 2004	0.250%
December 31, 2004	0.250%
March 31, 2005	0.250%
June 30, 2005	0.250%
September 30, 2005	0.250%
December 31, 2005	0.250%

(A) Principal Payment Date	(B) Percentage Reduction
March 31, 2006	0.250%
June 30, 2006	0.250%
September 30, 2006	0.250%
December 31, 2006	0.250%
March 31, 2007	0.250%
June 30, 2007	0.250%
September 30, 2007	0.250%
December 31, 2007	0.250%
March 31, 2008	0.250%
June 30, 2008	0.250%
September 30, 2008	0.250%
December 31, 2008	0.250%
March 31, 2009	0.250%
June 30, 2009	0.250%
September 30, 2009	0.250%
December 31, 2009	0.250%
March 31, 2010	0.250%
June 30, 2010	0.250%
September 30, 2010	94.000%

For purposes hereof, the “Tranche B Closing Balance” shall mean the aggregate principal amount of the Tranche B Term Loans outstanding hereunder on the close of business on November 30, 2001.

(d) Incremental Facility Revolving Credit Loans. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of each Lender the entire outstanding principal amount of such Lender’s Incremental Facility Revolving Credit Loans of any Series, and each Incremental Facility Revolving Credit Loan of such Series shall mature, on the commitment termination date for such Series specified pursuant to Section 2.01(e) hereof at the time the respective Incremental Facility Revolving Credit Commitments of such Series are established.

(e) Incremental Facility Term Loans. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of the Incremental Facility Term Lenders of any Series the principal of the Incremental Facility Term Loans of such Series on the respective Principal Payment Dates agreed upon between the Borrowers and such Incremental Facility Term Lenders pursuant to Section 2.01(e) hereof at the time such Lenders become obligated to make such Incremental Facility Term Loans hereunder.

3.02 Interest. The Borrowers hereby jointly and severally promise to pay to the Administrative Agent for the account of each Lender interest on the unpaid principal amount of

each Loan made by such Lender for the period from and including the date of such Loan to but excluding the date such Loan shall be paid in full, at the following rates per annum:

(a) during such periods as such Loan is a Base Rate Loan, the Base Rate (as in effect from time to time) plus the Applicable Margin and

(b) during such periods as such Loan is a Eurodollar Loan, for each Interest Period relating thereto, the Eurodollar Rate for such Loan for such Interest Period plus the Applicable Margin.

Notwithstanding the foregoing, the Borrowers jointly and severally promise to pay to the Administrative Agent for the account of each Lender interest at the applicable Post-Default Rate on any principal of any Loan made by such Lender, on any Reimbursement Obligation held by such Lender and on any other amount payable by the Borrowers hereunder to or for the account of such Lender, that shall not be paid in full when due (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise), for the period from and including the due date thereof to but excluding the date the same is paid in full. Accrued interest on each Loan shall be payable (i) in the case of a Base Rate Loan, quarterly on the Quarterly Dates, (ii) in the case of a Eurodollar Loan, on the last day of each Interest Period therefor and, if such Interest Period is longer than three months, at three-month intervals following the first day of such Interest Period, (iii) in the case of any Eurodollar Loan, upon the payment, prepayment or Conversion thereof (but only on the principal amount so paid, prepaid or Converted) and (iv) in the case of all Loans, upon the payment or prepayment in full of the principal of the Loans, and the termination of the Commitments, hereunder, except that interest payable at the Post-Default Rate shall be payable from time to time on demand. Promptly after the determination of any interest rate provided for herein or any change therein, the Administrative Agent shall give notice thereof to the Lenders to which such interest is payable and to the Borrowers.

### 3.03 Determination of Applicable Margin.

(a) Determinations Generally. The Applicable Margin for the period from the Original Closing Date to the day prior to the first Quarterly Date occurring after the initial Loans hereunder shall be determined based upon the certificate delivered pursuant to Section 6.02 hereof. Thereafter, the Applicable Margin for each Quarterly Payment Period shall be determined based upon a Rate Ratio Certificate for such Quarterly Payment Period delivered by the Borrowers to the Administrative Agent under this Section 3.03. If the Rate Ratio Certificate for any Quarterly Payment Period is delivered to the Administrative Agent (which shall promptly provide a copy thereof to the Lenders) three or more days prior to the first day of such Quarterly Payment Period, any adjustment in the Applicable Margin required to be made, as shown in such Rate Ratio Certificate, shall be effective on the first day of such Quarterly Payment Period.

(b) Effectiveness of Adjustments. If the Rate Ratio Certificate for any Quarterly Payment Period is delivered by the Borrowers to the Administrative Agent later than three days prior to the commencement of such Quarterly Payment Period, then (i) any decrease in the Applicable Margin for such Quarterly Payment Period shall not become effective on the

first day of such Quarterly Payment Period but shall instead become effective on the third day following receipt by the Administrative Agent of such Rate Ratio Certificate and (ii) any increase in the Applicable Margin for such Quarterly Payment Period shall become effective retroactively from the first day of such Quarterly Payment Period.

(c) Retroactive Adjustments. If it shall be determined at any time, on the basis of a certificate of a Senior Officer delivered pursuant to the last sentence of Section 8.01 hereof, that the Applicable Margin then in effect for the current Quarterly Payment Period, or any previous Quarterly Payment Period, is or was incorrect, and that a correction would have the effect of increasing the Applicable Margin, then the Applicable Margin shall be so increased (solely with respect to such Quarterly Payment Period or Periods), effective retroactively from the first day of such Quarterly Payment Period, provided that in the event such certificate for any fiscal quarter is not delivered pursuant to said Section 8.01 within 60 days of the end of such fiscal quarter, then, unless the Borrowers shall deliver such certificate within 10 days after notice of such non-delivery shall be given by any Lender or the Administrative Agent to the Borrowers, the Applicable Margin for such Quarterly Payment Period shall be deemed to be the highest Applicable Margin provided for in the definition of such term in Section 1.01 hereof.

(d) Recalculation of Interest. In the event of any retroactive increase in the Applicable Margin for any Quarterly Payment Period pursuant to paragraph (a), (b) or (c) above, the amount of interest in respect of any Loan outstanding during all or any portion of such Quarterly Payment Period shall be recalculated using the Applicable Margin as so increased. On the Business Day immediately following receipt by the Borrowers of notice from the Administrative Agent of such increase, the Borrowers shall pay to the Administrative Agent, for the account of the Lenders, an amount equal to the difference between (i) the amount of interest previously paid or payable by the Borrowers in respect of such Loan for such Quarterly Payment Period and (ii) the amount of interest in respect of such Loan as so recalculated for such Quarterly Payment Period.

#### Section 4. Payments; Pro Rata Treatment; Computations; Etc.

##### 4.01 Payments.

(a) Payments by the Borrowers. Except to the extent otherwise provided herein, all payments of principal, interest, Reimbursement Obligations and other amounts to be made by the Borrowers under this Agreement, and except to the extent otherwise provided therein, all payments to be made by the Borrowers under any other Loan Document shall be made in Dollars, in immediately available funds, without deduction, set-off or counterclaim, to the Administrative Agent at an account designated by the Administrative Agent to the Borrowers, not later than 1:00 p.m. New York time on the date on which such payment shall become due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Business Day).

(b) Debit for Payment. Any Lender for whose account any such payment is to be made may (but shall not be obligated to) debit the amount of any such payment that is not

made by such time to any ordinary deposit account of the Borrowers with such Lender (with notice to the Borrowers and the Administrative Agent), provided that such Lender's failure to give such notice shall not affect the validity thereof.

(c) Application of Payments. The Borrowers shall, at the time of making each payment under this Agreement for the account of any Lender, specify to the Administrative Agent (which shall so notify the intended recipient(s) thereof) the Loans, Reimbursement Obligations or other amounts payable by the Borrowers hereunder to which such payment is to be applied (and in the event that the Borrowers fail to so specify, or if an Event of Default has occurred and is continuing, the Administrative Agent may distribute such payment to the Lenders for application in such manner as it or the Majority Lenders, subject to Section 4.02 hereof, may determine to be appropriate).

(d) Forwarding of Payments by Administrative Agent. Except to the extent otherwise provided in the last sentence of Section 2.03(e) hereof, each payment received by the Administrative Agent under this Agreement for the account of any Lender shall be paid by the Administrative Agent promptly to such Lender, in immediately available funds, for the account of such Lender's Applicable Lending Office for the Loan or other obligation in respect of which such payment is made.

(e) Extensions to Next Business Day. If the due date of any payment under this Agreement would otherwise fall on a day that is not a Business Day, such date shall be extended to the next succeeding Business Day, and interest shall be payable for any principal so extended for the period of such extension.

4.02 Pro Rata Treatment. Except to the extent otherwise provided herein:

(a) each borrowing of Loans of a particular Class (including of a particular Series of Incremental Facility Loans) from the Lenders under Section 2.01 hereof shall be made from the relevant Lenders, each payment of commitment fee under Section 2.05 hereof in respect of Commitments of a particular Class shall be made for the account of the relevant Lenders, and each termination or reduction of the amount of the Commitments of a particular Class under Section 2.04 hereof shall be applied to the respective Commitments of such Class of the relevant Lenders, pro rata according to the amounts of their respective Commitments of such Class;

(b) except as otherwise provided in Section 5.04 hereof, Eurodollar Loans of any Class (including of a particular Series of Incremental Facility Loans) having the same Interest Period shall be allocated pro rata among the relevant Lenders according to the amounts of their respective Revolving Credit, Tranche A Term Loan, Tranche B-1 Term Loan, Tranche B-2 Term Loan and Incremental Facility Loan Commitments of the relevant Series (in the case of the making of Loans) or their respective Revolving Credit, Term and Incremental Facility Loans of the relevant Series (in the case of Conversions and Continuations of Loans);

(c) each payment or prepayment of principal of Revolving Credit Loans, Tranche A Term Loans, Tranche B Term Loans and Incremental Facility Loans by the Borrowers shall be made for the account of the relevant Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans of such Class held by them; and

(d) each payment of interest on Revolving Credit Loans, Tranche A Term Loans, Tranche B Term Loans and Incremental Facility Loans by the Borrowers shall be made for the account of the relevant Lenders pro rata in accordance with the amounts of interest on such Loans then due and payable to the respective Lenders.

4.03 Computations. Interest on Eurodollar Loans shall be computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable and interest on Base Rate Loans and Reimbursement Obligations, commitment fee and letter of credit fees shall be computed on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed (including the first day but, except as otherwise provided in Section 2.03(g) hereof, excluding the last day) occurring in the period for which payable. Notwithstanding the foregoing, for each day that the Base Rate is calculated by reference to the Federal Funds Rate, interest on Base Rate Loans shall be computed on the basis of a year of 360 days and actual days elapsed.

4.04 Minimum Amounts. Except for mandatory prepayments made pursuant to Section 2.10 hereof and Conversions or prepayments made pursuant to Section 5.04 hereof, each borrowing, Conversion and partial prepayment of principal of Base Rate Loans (other than mandatory prepayments of Term Loans or Incremental Facility Term Loans, as to which the provisions of Section 2.10 hereof shall apply) shall be in an aggregate amount at least equal to \$1,000,000 or a larger multiple of \$500,000 and each borrowing, Conversion and partial prepayment of Eurodollar Loans (other than prepayments of Term Loans, as to which the provisions of Section 2.09(c) hereof shall apply) shall be in an aggregate amount at least equal to \$3,000,000 or a larger multiple of \$1,000,000 (borrowings, Conversions or prepayments of or into Loans of different Types or, in the case of Eurodollar Loans, having different Interest Periods at the same time hereunder to be deemed separate borrowings, Conversions and prepayments for purposes of the foregoing, one for each Type or Interest Period). If any Eurodollar Loans would otherwise be in a lesser principal amount for any period, such Loans shall be Base Rate Loans during such period.

4.05 Certain Notices. Notices by the Borrowers to the Administrative Agent of terminations or reductions of the Commitments, of borrowings, Conversions, Continuations and optional prepayments of Loans and of Classes of Loans, of Types of Loans and of the duration of Interest Periods shall be irrevocable and shall be effective only if received by the Administrative Agent not later than (a) with respect to same-day borrowings or prepayments of Base Rate Loans, 11:00 a.m. New York time on the date of the relevant borrowing or prepayment and (b) with respect to borrowings other than same-day Base Rate Loans or prepayments of Loans other than Base Rate Loans, 1:00 p.m. New York time on the number of Business Days prior to

the date of the relevant termination, reduction, borrowing, Conversion, Continuation or prepayment or the first day of such Interest Period specified below:

Notice	Number of Business Days Prior
Termination or reduction of Commitments	3
Borrowing of same-day Base Rate Loans and prepayment of Base Rate Loans	same day
Borrowing of non-same day Base Rate Loans	1
Conversions into Base Rate Loans	1
Borrowing or prepayment of, Conversions into, Continuations as, or duration of Interest Period for, Eurodollar Loans	3

Each such notice of termination or reduction shall specify the amount and the Class of the Commitments to be terminated or reduced. Each such notice of borrowing, Conversion, Continuation or optional prepayment shall specify the Class of Loans (including, if applicable, the particular Series of Incremental Facility Loans) to be borrowed, Converted, Continued or prepaid and the amount (subject to Section 4.04 hereof) and Type of each Loan to be borrowed, Converted, Continued or prepaid and the date of borrowing, Conversion, Continuation or optional prepayment (which shall be a Business Day). Each such notice of the duration of an Interest Period shall specify the Loans to which such Interest Period is to relate.

The Administrative Agent shall promptly notify the Lenders of the contents of each such notice. In the event that the Borrowers fail to select the Type of Loan, or the duration of any Interest Period for any Eurodollar Loan, within the time period and otherwise as provided in this Section 4.05, such Loan (if outstanding as a Eurodollar Loan) will be automatically Converted into a Base Rate Loan on the last day of the then current Interest Period for such Loan or (if outstanding as a Base Rate Loan) will remain as, or (if not then outstanding) will be made as, a Base Rate Loan.

4.06 Non-Receipt of Funds by the Administrative Agent. Unless the Administrative Agent shall have been notified by a Lender or the Borrowers (the “Payor”) prior to the date on which the Payor is to make payment to the Administrative Agent of (in the case of a Lender) the proceeds of a Loan to be made by such Lender hereunder or (in the case of the

Borrowers) a payment to the Administrative Agent for the account of one or more of the Lenders hereunder (such payment being herein called the “Required Payment”), which notice shall be effective upon receipt, that the Payor does not intend to make the Required Payment to the Administrative Agent, the Administrative Agent may assume that the Required Payment has been made and may, in reliance upon such assumption (but shall not be required to), make the amount thereof available to the intended recipient(s) on such date; and, if the Payor has not in fact made the Required Payment to the Administrative Agent, the recipient(s) of such payment shall, on demand, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date (the “Advance Date”) such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to the Federal Funds Rate for such day and, if such recipient(s) shall fail promptly to make such payment, the Administrative Agent shall be entitled to recover such amount, on demand, from the Payor, together with interest as aforesaid, provided that if neither the recipient(s) nor the Payor shall return the Required Payment to the Administrative Agent within three Business Days of the Advance Date, then, retroactively to the Advance Date, the Payor and the recipient(s) shall each be obligated to pay interest on the Required Payment as follows:

(i) if the Required Payment shall represent a payment to be made by the Borrowers to the Lenders, the Borrowers and the recipient(s) shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment at the Post-Default Rate (without duplication of the obligation of the Borrowers under Section 3.02 hereof to pay interest on the Required Payment at the Post-Default Rate), it being understood that the return by the recipient(s) of the Required Payment to the Administrative Agent shall not limit such obligation of the Borrowers under said Section 3.02 to pay interest at the Post-Default Rate in respect of the Required Payment and

(ii) if the Required Payment shall represent proceeds of a Loan to be made by the Lenders to the Borrowers, the Payor and the Borrowers shall each be obligated retroactively to the Advance Date to pay interest in respect of the Required Payment pursuant to whichever of the rates specified in Section 3.02 hereof is applicable to the Type of such Loan, it being understood that the return by the Borrowers of the Required Payment to the Administrative Agent shall not limit any claim the Borrowers may have against the Payor in respect of such Required Payment.

#### 4.07 Sharing of Payments, Etc.

(a) Right of Set-off. Each Borrower agrees that, in addition to (and without limitation of) any right of set-off, banker’s lien or counterclaim a Lender may otherwise have, each Lender shall be entitled, at its option (to the fullest extent permitted by law), to set off and apply any deposit (general or special, time or demand, provisional or final), or other indebtedness, held by it for the credit or account of such Borrower at any of its offices, in Dollars or in any other currency, against any principal of or interest on any of such Lender’s Loans, Reimbursement Obligations or any other amount payable to such Lender hereunder, that is not



paid when due (regardless of whether such deposit or other indebtedness are then due to such Borrower), in which case it shall promptly notify such Borrower and the Administrative Agent thereof, provided that such Lender's failure to give such notice shall not affect the validity thereof.

(b) Sharing. If any Lender shall obtain from any Borrower payment of any principal of or interest on any Loan or Letter of Credit Liability of any Class owing to it or payment of any other amount under this Agreement or any other Loan Document through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise (other than from the Administrative Agent as provided herein), and, as a result of such payment, such Lender shall have received a greater percentage of the principal of or interest on the Loans or Letter of Credit Liabilities of any Class or such other amounts then due hereunder or thereunder by such Borrower to such Lender than the percentage received by any other Lender, it shall promptly purchase from such other Lenders participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans or Letter of Credit Liabilities of any Class or such other amounts, respectively, owing to such other Lenders (or in interest due thereon, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that all the Lenders shall share the benefit of such excess payment (net of any expenses that may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid principal of and/or interest on the Loans or Letter of Credit Liabilities of any Class or such other amounts, respectively, owing to each of the Lenders. To such end all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored.

(c) Consent by the Borrowers. Each Borrower agrees that any Lender so purchasing such a participation (or direct interest) may exercise all rights of set-off, banker's lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans or other amounts (as the case may be) owing to such Lender in the amount of such participation.

(d) Rights of Lenders; Bankruptcy. Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of the Borrowers. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a set-off to which this Section 4.07 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 4.07 to share in the benefits of any recovery on such secured claim.

Section 5. Yield Protection, Etc.

5.01 Additional Costs.

(a) Costs of Making or Maintaining Eurodollar Loans. The Borrowers shall pay directly to each Lender from time to time such amounts as such Lender may determine to be necessary to compensate such Lender for any costs that such Lender determines are attributable to its making or maintaining of any Eurodollar Loans or its obligation to make any Eurodollar Loans hereunder, or any reduction in any amount receivable by such Lender hereunder in respect of any of such Loans or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), resulting from any Regulatory Change that:

(i) shall subject any Lender (or its Applicable Lending Office for any of such Loans) to any tax, duty or other charge in respect of such Loans or changes the basis of taxation of any amounts payable to such Lender under this Agreement in respect of any of such Loans (excluding changes in the rate of tax on the overall net income of such Lender or of such Applicable Lending Office by the jurisdiction in which such Lender has its principal office or such Applicable Lending Office); or

(ii) imposes or modifies any reserve, special deposit or similar requirements (other than the Reserve Requirement utilized in the determination of the Eurodollar Rate for such Loan) relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Lender (including, without limitation, any of such Loans or any deposits referred to in the definition of "Eurodollar Base Rate" in Section 1.01 hereof), or any commitment of such Lender (including, without limitation, the Commitments of such Lender hereunder); or

(iii) imposes any other condition affecting this Agreement (or any of such extensions of credit or liabilities) or its Commitments.

If any Lender requests compensation from the Borrowers under this Section 5.01(a), the Borrowers may, by notice to such Lender (with a copy to the Administrative Agent), suspend the obligation of such Lender thereafter to make or Continue Eurodollar Loans, or to Convert Base Rate Loans into Eurodollar Loans, until the Regulatory Change giving rise to such request ceases to be in effect (in which case the provisions of Section 5.04 hereof shall be applicable), provided that such suspension shall not affect the right of such Lender to receive the compensation so requested.

(b) Capital Costs. Without limiting the effect of the foregoing provisions of this Section 5.01 (but without duplication), the Borrowers shall pay directly to each Lender from time to time on request such amounts as such Lender may determine to be necessary to compensate such Lender (or, without duplication, the bank holding company of which such Lender is a subsidiary) for any costs that it determines are attributable to the maintenance by such Lender (or any Applicable Lending Office or such bank holding company), pursuant to any law or regulation or any interpretation, directive or request (whether or not having the force of

law and whether or not failure to comply therewith would be unlawful) of any court or governmental or monetary authority (i) following any Regulatory Change or (ii) implementing any risk-based capital guideline or other requirement (whether or not having the force of law and whether or not the failure to comply therewith would be unlawful) hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord, of capital in respect of its Commitments or Loans (such compensation to include, without limitation, an amount equal to any reduction of the rate of return on assets or equity of such Lender (or any Applicable Lending Office or such bank holding company) to a level below that which such Lender (or any Applicable Lending Office or such bank holding company) could have achieved but for such law, regulation, interpretation, directive or request).

(c) Notification and Certification. Each Lender shall notify the Borrowers of any event occurring after the Original Closing Date entitling such Lender to compensation under paragraph (a) or (b) of this Section 5.01 as promptly as practicable, but in any event within 45 days, after such Lender obtains actual knowledge thereof; provided that (i) if any Lender fails to give such notice within 45 days after it obtains actual knowledge of such an event, such Lender shall, with respect to compensation payable pursuant to this Section 5.01 in respect of any costs resulting from such event, only be entitled to payment under this Section 5.01 for costs incurred from and after the date 45 days prior to the date that such Lender does give such notice and (ii) each Lender will designate a different Applicable Lending Office for the Loans of such Lender affected by such event if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the sole opinion of such Lender, be disadvantageous to such Lender, except that such Lender shall have no obligation to designate an Applicable Lending Office located in the United States of America. Each Lender will furnish to the Borrowers a certificate setting forth the basis and amount of each request by such Lender for compensation under paragraph (a) or (b) of this Section 5.01. Determinations and allocations by any Lender for purposes of this Section 5.01 of the effect of any Regulatory Change pursuant to paragraph (a) of this Section 5.01, or of the effect of capital maintained pursuant to paragraph (b) of this Section 5.01, on its costs or rate of return of maintaining Loans or its obligation to make Loans, or on amounts receivable by it in respect of Loans, and of the amounts required to compensate such Lender under this Section 5.01, shall be conclusive, provided that such determinations and allocations are made on a reasonable basis.

5.02 Limitation on Types of Loans. Anything herein to the contrary notwithstanding, if, on or prior to the determination of any Eurodollar Base Rate for any Interest Period:

(a) the Administrative Agent determines, which determination shall be conclusive, that quotations of interest rates for the relevant deposits referred to in the definition of "Eurodollar Base Rate" in Section 1.01 hereof are not being provided in the relevant amounts or for the relevant maturities for purposes of determining rates of interest for Eurodollar Loans as provided herein; or

(b) if the related Loans are of a particular Class, the Majority Lenders of such Class determine, which determination shall be conclusive, and notify the Administrative

Agent that the relevant rates of interest referred to in the definition of “Eurodollar Base Rate” in Section 1.01 hereof upon the basis of which the rate of interest for Eurodollar Loans for such Interest Period is to be determined are not likely adequately to cover the cost to such Lenders of making or maintaining Eurodollar Loans for such Interest Period;

then the Administrative Agent shall give the Borrowers and each Lender prompt notice thereof and, so long as such condition remains in effect, the Lenders shall be under no obligation to make additional Eurodollar Loans, to Continue Eurodollar Loans or to Convert Base Rate Loans into Eurodollar Loans, and the Borrowers shall, on the last day(s) of the then current Interest Period(s) for the outstanding Eurodollar Loans, either prepay such Loans or Convert such Loans into Base Rate Loans in accordance with Section 2.09 hereof.

5.03 Illegality. Notwithstanding any other provision of this Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to honor its obligation to make or maintain Eurodollar Loans hereunder (and, in the sole opinion of such Lender, the designation of a different Applicable Lending Office would either not avoid such unlawfulness or would be disadvantageous to such Lender), then such Lender shall promptly notify the Borrowers thereof (with a copy to the Administrative Agent) and such Lender’s obligation to make or Continue, or to Convert Loans of any other Type into, Eurodollar Loans shall be suspended until such time as such Lender may again make and maintain Eurodollar Loans (in which case the provisions of Section 5.04 hereof shall be applicable).

5.04 Treatment of Affected Loans. If the obligation of any Lender to make Eurodollar Loans of any Class or to Continue, or to Convert Base Rate Loans into, Eurodollar Loans of any Class shall be suspended pursuant to Section 5.01 or 5.03 hereof, such Lender’s Eurodollar Loans of such Class shall be automatically Converted into Base Rate Loans of such Class on the last day(s) of the then current Interest Period(s) for Eurodollar Loans (or, in the case of a Conversion resulting from a circumstance described in Section 5.03 hereof, on such earlier date as such Lender may specify to the Borrowers with a copy to the Administrative Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 5.01 or 5.03 hereof that gave rise to such Conversion no longer exist:

(a) to the extent that such Lender’s Eurodollar Loans of such Class have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender’s Eurodollar Loans of such Class shall be applied instead to its Base Rate Loans of such Class; and

(b) all Loans of such Class that would otherwise be made or Continued by such Lender as Eurodollar Loans shall be made or Continued instead as Base Rate Loans, and all Base Rate Loans of such Class of such Lender that would otherwise be Converted into Eurodollar Loans shall remain as Base Rate Loans.

If such Lender gives notice to the Borrowers with a copy to the Administrative Agent that the circumstances specified in Section 5.01 or 5.03 hereof that gave rise to the Conversion of such Lender’s Eurodollar Loans pursuant to this Section 5.04 no longer exist (which such Lender

agrees to do promptly upon such circumstances ceasing to exist) at a time when Eurodollar Loans of the same Class made by other Lenders are outstanding, such Lender's Base Rate Loans of such Class shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Eurodollar Loans, to the extent necessary so that, after giving effect thereto, all Base Rate and Eurodollar Loans of such Class are allocated among the Lenders ratably (as to principal amounts, Types and Interest Periods) in accordance with their respective Commitments of such Class.

5.05 Compensation. The Borrowers shall pay to the Administrative Agent for the account of each Lender, upon the request of such Lender through the Administrative Agent, such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost or expense that such Lender determines is attributable to:

(a) any payment, mandatory or optional prepayment or Conversion of a Eurodollar Loan made by such Lender for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 9 hereof) on a date other than the last day of the Interest Period for such Loan; or

(b) any failure by the Borrowers for any reason (including, without limitation, the failure of any of the conditions precedent specified in Section 6 hereof to be satisfied) to borrow a Eurodollar Loan from such Lender on the date for such borrowing specified in the relevant notice of borrowing given pursuant to Section 2.02 hereof.

Without limiting the effect of the preceding sentence, such compensation shall include an amount equal to the excess, if any, of (i) the amount of interest that otherwise would have accrued on the principal amount so paid, prepaid, Converted or not borrowed for the period from the date of such payment, prepayment, Conversion or failure to borrow to the last day of the then current Interest Period for such Loan (or, in the case of a failure to borrow, the Interest Period for such Loan that would have commenced on the date specified for such borrowing) at the applicable rate of interest for such Loan provided for herein over (ii) the amount of interest that otherwise would have accrued on such principal amount at a rate per annum equal to the interest component of the amount such Lender would have bid in the London interbank market for Dollar deposits of leading banks in amounts comparable to such principal amount and with maturities comparable to such period (as reasonably determined by such Lender).

5.06 Additional Costs in Respect of Letters of Credit. Without limiting the obligations of the Borrowers under Section 5.01 hereof (but without duplication), if as a result of any Regulatory Change or any risk-based capital guideline or other requirement heretofore or hereafter issued by any government or governmental or supervisory authority implementing at the national level the Basle Accord there shall be imposed, modified or deemed applicable any tax, reserve, special deposit, capital adequacy or similar requirement against or with respect to or measured by reference to Letters of Credit issued or to be issued hereunder and the result shall be to increase the cost to any Lender or Lenders of issuing (or purchasing participations in) or maintaining its obligation hereunder to issue (or purchase participations in) any Letter of Credit hereunder or reduce any amount receivable by any Lender hereunder in respect of any Letter of

Credit (which increases in cost, or reductions in amount receivable, shall be the result of such Lender's or Lenders' reasonable allocation of the aggregate of such increases or reductions resulting from such event), then, upon demand by such Lender or Lenders (through the Administrative Agent), the Borrowers shall pay immediately to the Administrative Agent for the account of such Lender or Lenders, from time to time as specified by such Lender or Lenders (through the Administrative Agent), such additional amounts as shall be sufficient to compensate such Lender or Lenders (through the Administrative Agent) for such increased costs or reductions in amount. A statement as to such increased costs or reductions in amount incurred by any such Lender or Lenders, submitted by such Lender or Lenders to the Borrowers shall be conclusive in the absence of manifest error as to the amount thereof.

#### 5.07 U.S. Taxes.

(a) Gross-up for Deduction or Withholding of U.S. Taxes. The Borrowers jointly and severally agree to pay to each Lender that is not a U.S. Person such additional amounts as are necessary in order that the payment of any amount due to such Lender hereunder after deduction for or withholding in respect of any U.S. Taxes imposed with respect to such payment will not be less than the amount stated herein to be then due and payable, provided that the foregoing obligation to pay such additional amounts shall not apply:

(i) (A) to any payment to any Lender that is a "bank" within the meaning of Section 881(c)(3)(A) of the Code unless such Lender is, on the date hereof (or on the date it becomes a Lender hereunder as provided in Section 11.06 hereof) and on the date of any change in the Applicable Lending Office of such Lender, either entitled to submit a Form W-8BEN claiming complete exemption from withholding of U.S. Taxes with respect to any payment of interest to be received by it hereunder in respect of the Loans under an income tax convention or a Form W-8ECI claiming a complete exemption from withholding of U.S. Taxes on income effectively connected to a U.S. trade or business, or (B) to any payment to any Lender that is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code unless such Lender is, on the date hereof (or on the date it becomes a Lender hereunder as provided in Section 11.06 hereof) entitled to submit a Form W-8BEN claiming a complete exemption from withholding of U.S. Taxes under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", or is entitled to the withholding exemptions set forth in clause (A) above; or

(ii) to any U.S. Taxes imposed solely by reason of the failure by a Lender (or, if such Lender is not the beneficial owner of the relevant Loan, such beneficial owner) to properly complete, duly execute and comply with applicable certification, information, documentation or other reporting requirements concerning the nationality, residence, identity or connections with the United States of America of such Lender (or beneficial owner, as the case may be) if such compliance is required by statute or regulation of the United States of America as a precondition to relief or exemption from such U.S. Taxes.

In addition, if a Lender or the Administrative Agent receives a refund in respect of any U.S. Taxes as to which a Lender or the Administrative Agent has been indemnified by a Borrower

pursuant to this Section 5.07(a), such Lender or the Administrative Agent shall, within 30 days from the date of receipt of such refund, pay over such refund to such Borrower.

For the purposes of this Section 5.07(a), (A) "Form W-8BEN" shall mean Form W-8BEN (Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding) of the Department of the Treasury of the United States of America and (B) "Form W-8ECI" shall mean Form W-8ECI (Certificate of Foreign Person's Claim for Exemption from Withholding on Income Effectively Connected with the Conduct of a Trade or Business in the United States) of the Department of the Treasury of the United States of America (or in relation to either such Form such successor and related forms (including Form W-8IMY or Form W-8EXP) as may from time to time be adopted by the relevant taxing authorities of the United States of America to document a claim to which such Form relates).

(b) Evidence of Deduction, Etc. Within 30 days after paying any amount to the Administrative Agent or any Lender from which it is required by law to make any deduction or withholding, and within 30 days after it is required by law to remit such deduction or withholding to any relevant taxing or other authority, the Borrowers shall deliver to the Administrative Agent for delivery to such Lender evidence satisfactory to such Lender of such deduction or withholding (as the case may be).

5.08 Replacement of Lenders. If any Lender or the Administrative Agent on behalf of any Lender requests compensation pursuant to Section 5.01, 5.06 or 5.07 hereof, or any Lender's obligation to make or Continue, or to Convert Loans of any Type into, the other Type of Loan shall be suspended pursuant to Section 5.01 or 5.03 hereof (any such Lender requesting such compensation being herein called a "Requesting Lender"), the Borrowers, upon three Business Days notice, may require that such Requesting Lender transfer all of its right, title and interest under this Agreement to any bank or other financial institution (a "Proposed Lender") identified by the Borrowers that is reasonably satisfactory to the Administrative Agent (i) if such Proposed Lender agrees to assume all of the obligations of such Requesting Lender hereunder, and to purchase all of such Requesting Lender's Loans hereunder for consideration equal to the aggregate outstanding principal amount of such Requesting Lender's Loans, together with interest thereon to the date of such purchase, and satisfactory arrangements are made for payment to such Requesting Lender of all other amounts payable hereunder to such Requesting Lender on or prior to the date of such transfer (including any fees accrued hereunder and any amounts that would be payable under Section 5.05 hereof, as if all of such Requesting Lender's Loans were being prepaid in full on such date) and (ii) if such Requesting Lender has requested compensation pursuant to said Section 5.01, 5.06 or 5.07 hereof, such Proposed Lender's aggregate requested compensation, if any, pursuant to said Section 5.01, 5.06 or 5.07 with respect to such Requesting Lender's Loans is lower than that of the Requesting Lender. Subject to the provisions of Section 11.06(b) hereof, such Proposed Lender shall be a "Lender" for all purposes hereunder. Without prejudice to the survival of any other agreement of the Borrowers hereunder the agreements of the Borrowers contained in Sections 5.01, 5.06, 5.07 and 11.03 hereof (without duplication of any payments made to such Requesting Lender by the Borrowers or the Proposed Lender) shall survive for the benefit of such Requesting Lender under this Section 5.08 with respect to the time prior to such replacement.

Section 6. Conditions Precedent.

6.01 Amendment and Restatement. The amendment and restatement of the Existing Credit Agreement contemplated hereby shall become effective upon the receipt by the Administrative Agent of the following documents (with, in the case of clauses (a), (b), (c) and (d) below, sufficient copies for each Lender), each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each Lender) in form and substance:

(a) Amendment and Restatement. This Agreement duly executed and delivered by the Borrowers, the Administrative Agent and Lenders constituting the Majority Lenders, provided that, as to any modifications to the Existing Credit Agreement that require the consent of the Majority Lenders of each Class, this Agreement shall become effective (as to such modifications) upon receipt by the Administrative Agent of consents from Lenders constituting the Majority Lenders of each Class. In addition, each of MCC and Mediacom Broadband shall have executed and delivered its confirmation and consent provided for on the signature pages hereto.

(b) Organizational Documents. Such organizational documents (including, without limitation, board of director and shareholder resolutions, member approvals and evidence of incumbency, including specimen signatures, of officers of each Obligor) with respect to the execution, delivery and performance of this Agreement and each other document to be delivered by such Obligor from time to time in connection herewith and the extensions of credit hereunder as the Administrative Agent may reasonably request (and the Administrative Agent and each Lender may conclusively rely on such certificate until it receives notice in writing from such Obligor to the contrary).

(c) Officer's Certificate. A certificate of a Senior Officer, dated the Closing Date, to the effect that (a) the representations and warranties made by the Borrowers in Section 7 hereof, and by each Obligor in the other Loan Documents to which it is a party, are true and complete on and as of the date hereof with the same force and effect as if made on and as of such date (or, if any such representation and warranty is expressly stated to have been made as of a specific date, as of such specific date) and (b) no Default shall have occurred and be continuing.

(d) Opinion of Counsel to the Obligors. An opinion, dated the Closing Date, of Sonnenschein Nath & Rosenthal LLP, counsel to the Obligors covering such matters as the Administrative Agent or any Lender may reasonably request (and the Borrowers hereby instruct such counsel to deliver such opinion to the Lenders and the Administrative Agent).

(e) Other Documents. Such other documents as the Administrative Agent or any Lender or special New York counsel to JPMCB may reasonably request.



The effectiveness of the amendment and restatement of the Existing Credit Agreement contemplated hereby is also subject to the payment by the Borrowers of such fees as the Borrowers shall have agreed to pay or deliver to any Lender or the Administrative Agent in connection herewith, including, without limitation, the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMCB, in connection with the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the extensions of credit hereunder (to the extent that statements for such fees and expenses have been delivered to the Borrowers).

6.02 Initial Acquisition Funding Date. The obligation of any Lender to make its initial extension of credit hereunder (whether by making a Loan or issuing a Letter of Credit) is subject to the condition precedent that the Administrative Agent shall have received a certificate of a Senior Officer, dated as of the Third Acquisition Consummation Date, setting forth, in reasonable detail, the calculation (and the basis for such calculation) of the Rate Ratio as of such date.

6.03 Extensions of Credit for Initial and Subsequent Broadband Acquisitions. The obligation of the Lenders to make any Loan or otherwise extend any credit to the Borrowers (or, as contemplated by Section 2.01(g), the obligation of the Administrative Agent to release from escrow any proceeds of Tranche B Term Loans) the proceeds of which are to be used to finance a Broadband Acquisition under any Broadband Acquisition Agreement shall be subject to the conditions precedent that the Administrative Agent shall have received the following documents, each of which shall be satisfactory to the Administrative Agent (and to the extent specified below, to each Lender) in form and substance:

(a) Consummation of Broadband Acquisition. Evidence that (i) MCC shall have assigned all of its rights to acquire the CATV Systems and related assets to be sold by the respective Broadband Seller under such Acquisition Agreement (and under any Broadband Acquisition Agreement under which any other Broadband Acquisition has been previously consummated) to the applicable Borrower, (ii) concurrently with such extension of credit (or prior thereto), each such Acquisition will be (or will have been) duly consummated by one or more of the Borrowers for an aggregate purchase price not exceeding the respective amount therefor set forth in such Acquisition Agreement (subject to purchase price adjustments as set forth in such Acquisition Agreements) in all material respects in accordance with the terms of such Acquisition Agreements, including the schedules and exhibits thereto (and no material provision thereof shall have been waived, amended, supplemented or otherwise modified in any material respect without the consent of the Majority Lenders) and (iii) the number of Equivalent Basic Subscribers (as defined in such Acquisition Agreements) served by Retained Franchises (as so defined) shall not exceed 10% of the Subscriber Threshold (as so defined); and the Administrative Agent shall have received a certificate of a Senior Officer to such effect, together with (in the case of each legal opinion being delivered to the Borrowers pursuant thereto) a letter from each Person delivering such opinion (which shall in any event include an opinion of special FCC counsel) authorizing reliance thereon by the Administrative Agent and the Lenders.

(b) Approvals. Evidence of receipt of all material licenses, permits, approvals and consents, if any, required (or, in the reasonable discretion of the Administrative Agent, advisable) with respect to such Acquisition (including, without limitation, the consents of the respective municipal franchising authorities to the acquisition of the CATV Systems being acquired by the Borrowers pursuant to such Acquisition, exclusive of those pertaining to Retained Franchises).

(c) Capitalization. The Lenders shall have received evidence that (i) the aggregate equity capital invested in the Borrowers on or before the date of such Acquisition shall be the greater of \$200,000,000 or 30% of the total capital (debt and equity, including the Loans being made to finance such Acquisition) of the Borrowers on the date of such Acquisition and (ii) the Total Leverage Ratio, after giving effect to such Acquisition shall not be greater than 5.50 to 1; provided that the requirements of this paragraph (c) shall not be applicable to the Iowa Acquisition and shall cease to apply immediately after the Third Acquisition Consummation Date.

(d) Other Documents. Such other documents as the Administrative Agent or any Lender or special New York counsel to JPMCB may reasonably request.

6.04 Initial and Subsequent Extensions of Credit. The obligation of the Lenders to make any Loan or otherwise extend any credit to the Borrowers upon the occasion of each borrowing or other extension of credit hereunder (including the initial borrowing) is subject to the further conditions precedent that, both immediately prior to the making of such Loan or other extension of credit and also after giving effect thereto and to the intended use thereof:

(a) no Default shall have occurred and be continuing; and

(b) the representations and warranties made by the Borrowers in Section 7 hereof, and by each Obligor in the other Loan Documents to which it is a party, shall be true and complete on and as of the date of the making of such Loan or other extension of credit with the same force and effect as if made on and as of such date (or, if any such representation or warranty is expressly stated to have been made as of a specific date, as of such specific date).

Each notice of borrowing or request for the issuance of a Letter of Credit by the Borrowers hereunder shall constitute a certification by the Borrowers to the effect set forth in the preceding sentence (both as of the date of such notice or request and, unless the Borrowers otherwise notify the Administrative Agent prior to the date of such borrowing or issuance, as of the date of such borrowing or issuance).

Section 7. Representations and Warranties. The Borrowers represent and warrant to the Administrative Agent and the Lenders that:

7.01 Existence. Each Borrower and its Subsidiaries: (a) is a corporation, partnership, limited liability company or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; (b) has all requisite corporate or other power, and has all material governmental licenses, authorizations, consents and approvals necessary to own its assets and carry on its business as now being or as proposed to be conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure so to qualify could (either individually or in the aggregate) have a Material Adverse Effect.

7.02 Financial Condition. The Borrowers have heretofore furnished to the Lenders the following financial statements:

(i) the audited consolidated financial statements of Mediacom Broadband, including consolidated balance sheets, as of December 31, 2002 and 2003, and the related audited consolidated statements of operation and cash flow for the years ended on said respective dates, certified by PricewaterhouseCoopers LLP;

(ii) the audited combined financial statements of the Borrowers, including combined balance sheets, as of December 31, 2002 and 2003, and the related audited combined statements of operation and cash flow for the years ended on said respective dates; and

(iii) the unaudited combined financial statements of the Borrowers, including combined balance sheets, as of September 30, 2004, and the related unaudited combined statements of operation and cash flow for the three-month period ended on said date.

All such financial statements fairly present in all material respects the individual or combined financial condition of the respective entities as at said respective dates and the individual or combined results of their operations for the applicable periods ended on said respective dates, all in accordance with generally accepted accounting principles and practices applied on a consistent basis (subject to ordinary year end adjustments and footnotes).

Since December 31, 2003, there has been no material adverse change in the combined financial condition, operations, business or prospects of the Borrowers and their Subsidiaries taken as a whole from that set forth in said audited financial statements as at said date referred to in clauses (i) and (ii) above.

7.03 Litigation. As of the Original Closing Date, there were no legal or arbitral proceedings, or any proceedings or investigations by or before any governmental or regulatory authority or agency, pending or (to the knowledge of any Borrower) threatened against any Borrower or any of its Subsidiaries, or against the Broadband Acquired Assets (and in respect of which the Borrowers would be obligated after giving effect to the respective Broadband Acquisition) that, if adversely determined could (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

7.04 No Breach. None of the execution and delivery of this Agreement and the other Basic Documents, the consummation of the transactions herein and therein contemplated or compliance with the terms and provisions hereof and thereof will conflict with or result in a breach of, or require any consent under, the Operating Agreements, or (except for the authorizations, approvals, consents, filings and registrations contemplated by any Broadband Acquisition Agreement, each of which, to the extent required for the transfer of any Franchise or any other material assets, shall have been made or obtained on or before such Acquisition is consummated, to the extent required by the respective Broadband Acquisition Agreement to be obtained before such date, except (a) for Retained Franchises and (b) that orders of the FCC may not have become final under the rules and regulations of the FCC) any applicable law or regulation, or any order, writ, injunction or decree of any court or governmental authority or agency, or any agreement or instrument to which any Borrower or any of its Subsidiaries is a party or by which any of them or any of their Property is bound or to which any of them is subject, or constitute a default under any such agreement or instrument, or (except for the Liens created pursuant to the Security Documents) result in the creation or imposition of any Lien upon any Borrower or any of its Subsidiaries pursuant to the terms of any such agreement or instrument.

7.05 Action. Each Borrower has all necessary limited liability company power, authority and legal right to execute, deliver and perform its obligations under each of the Basic Documents to which it is a party; the execution, delivery and performance by each Borrower of each of the Basic Documents to which it is a party have been duly authorized by all necessary limited liability company action on its part (including, without limitation, any required member approvals); and this Agreement has been duly and validly executed and delivered by each Borrower and constitutes, and the other Basic Documents to which it is a party when executed and delivered will constitute, its legal, valid and binding obligation, enforceable against each Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

7.06 Approvals. No authorizations, approvals or consents of, and no filings or registrations with, any governmental or regulatory authority or agency, or any securities exchange, are necessary for the execution, delivery or performance by any Borrower of this Agreement or any of the other Basic Documents to which it is a party or for the legality, validity or enforceability hereof or thereof, except for (i) filings and recordings in respect of the Liens created pursuant to the Security Documents, (ii) the authorizations, approvals, consents, filings and registrations contemplated by each Broadband Acquisition Agreement (each of which shall have been made or obtained on or before the respective Broadband Acquisition is consummated, to the extent required by such Acquisition Agreement to be obtained before such date, except (a) for Retained Franchises and (b) that orders of the FCC may not have become final under the rules and regulations of the FCC) and (iii) the exercise of remedies under the Security Documents may require prior approval of the FCC or the issuing municipalities or States under one or more of the Franchises.

7.07 ERISA. Each Plan, and, to the knowledge of each Borrower, each Multiemployer Plan, is in compliance in all material respects with, and has been administered in all material respects in compliance with, the applicable provisions of ERISA, the Code and any other Federal or State law, and no event or condition has occurred and is continuing as to which such Borrower would be under an obligation to furnish a report to the Administrative Agent under Section 8.01(e) hereof.

7.08 Taxes. Except as set forth in Schedule II hereto, each Borrower and each of its Subsidiaries has filed all Federal income tax returns and all other material tax returns and information statements that are required to be filed by them and have paid all taxes due pursuant to such returns or pursuant to any assessment received by such Borrower or any of its Subsidiaries, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been set aside by such Borrower in accordance with GAAP. The charges, accruals and reserves on the books of the Borrowers and their Subsidiaries in respect of taxes and other governmental charges are, in the opinion of the Borrowers, adequate. None of the Borrowers has given or been requested to give a waiver of the statute of limitations relating to the payment of any Federal, state, local and foreign taxes or other impositions.

7.09 Investment Company Act. None of the Borrowers nor any of its Subsidiaries is an “investment company”, or a company “controlled” by an “investment company”, within the meaning of the Investment Company Act of 1940, as amended.

7.10 Public Utility Holding Company Act. None of the Borrowers nor any of its Subsidiaries is a “holding company”, or an “affiliate” of a “holding company” or a “subsidiary company” of a “holding company”, within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7.11 Material Agreements and Liens.

(a) Indebtedness. Part A of Schedule III hereto sets forth (i) a complete and correct list of each credit agreement, loan agreement, indenture, purchase agreement, guarantee, letter of credit or other arrangement (other than the Loan Documents) providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guarantee by, the Borrowers or any of their Subsidiaries, outstanding on the Original Closing Date, or that (after giving effect to the consummation of the Broadband Acquisitions) will be outstanding on the date each of such Acquisitions shall have been consummated, the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$1,000,000, and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement is correctly described in Part A of said Schedule III, and (ii) a statement of the aggregate amount of obligations in respect of surety and performance bonds backing pole rental or conduit attachments and the like, or backing obligations under Franchises, of the Borrowers or any of their Subsidiaries outstanding on the Original Closing Date.

(b) Liens. Part B of Schedule III hereto is a complete and correct list of each Lien (other than the Liens created pursuant to the Security Documents) securing Indebtedness of any Person outstanding on the Original Closing Date, or that (after giving effect to the consummation of the Broadband Acquisitions) will be outstanding on the date each of such Acquisitions shall have been consummated, the aggregate principal or face amount of which equals or exceeds (or may equal or exceed) \$1,000,000 and covering any Property of the Borrowers or any of their Subsidiaries, and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the Property covered by each such Lien is correctly described in Part B of said Schedule III.

7.12 Environmental Matters. Each of the Borrowers and their Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being or as proposed to be conducted, except to the extent failure to have any such permit, license or authorization would not (either individually or in the aggregate) have a Material Adverse Effect. Each of such permits, licenses and authorizations is in full force and effect and each of the Borrowers and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except to the extent failure to comply therewith would not (either individually or in the aggregate) have a Material Adverse Effect. In addition, no notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed and, to the Borrowers' knowledge, no investigation or review is pending or threatened by any governmental or other entity with respect to any alleged failure by the Borrowers or any of their Subsidiaries to have any environmental, health or safety permit, license or other authorization required under any Environmental Law in connection with the conduct of the business of the Borrowers or any of their Subsidiaries or with respect to any generation, treatment, storage, recycling, transportation, discharge or disposal, or any Release of any Hazardous Materials generated by the Borrowers or any of their Subsidiaries. All environmental investigations, studies, audits, tests, reviews or other analyses conducted by or that are in the possession of the Borrowers or any of their Subsidiaries in relation to facts, circumstances or conditions at or affecting any site or facility now or previously owned, operated or leased by the Borrowers or any of their Subsidiaries and that could result in a Material Adverse Effect have been made available to the Lenders.

7.13 Capitalization. The Borrowers have heretofore delivered to the Lenders true and complete copies of the Operating Agreements. The only member of the Borrowers on the date hereof is Mediacom Broadband. As of the date hereof, there are no outstanding Equity Rights with respect to any of the Borrowers and there are no outstanding obligations of any of the Borrowers or any of their Subsidiaries to repurchase, redeem, or otherwise acquire any equity interests in the Borrowers nor are there any outstanding obligations of any Borrower or any of their Subsidiaries to make payments to any Person, such as "phantom stock" payments, where the amount thereof is calculated with reference to the fair market value or equity value of such Borrowers or any of their Subsidiaries.

7.14 Subsidiaries and Investments, Etc.

(a) Subsidiaries. As of the date hereof, none of the Borrowers has any Subsidiaries.

(b) Investments. Set forth in Schedule IV hereto is a complete and correct list of all Investments (other than Investments of the type referred to in paragraphs (b), (c) and (e) of Section 8.08 hereof) held by the Borrowers or any of their Subsidiaries in any Person on the Original Closing Date and, for each such Investment, (x) the identity of the Person or Persons holding such Investment and (y) the nature of such Investment. Except as disclosed in Schedule IV hereto, each of the Borrowers and their Subsidiaries owns, free and clear of all Liens (other than the Liens created pursuant to the Security Documents), all such Investments.

7.15 True and Complete Disclosure. The information, reports, financial statements, exhibits and schedules (including the Information Memorandum) furnished in writing by or on behalf of the Borrowers to the Administrative Agent or any Lender in connection with the negotiation, preparation or delivery of this Agreement and the other Loan Documents or included herein or therein or delivered pursuant hereto or thereto, when taken as a whole do not contain any untrue statement of material fact or omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading. All written information furnished after the date hereof by the Borrowers and their Subsidiaries to the Administrative Agent and the Lenders in connection with this Agreement and the other Loan Documents and the transactions contemplated hereby and thereby will be true, complete and accurate in every material respect, or (in the case of projections) based on reasonable estimates, on the date as of which such information is stated or certified. There is no fact known to the Borrowers that could reasonably be expected to have a Material Adverse Effect (other than facts affecting the cable television industry in general) that has not been disclosed herein, in the Existing Credit Agreement and the other Loan Documents or in a report, financial statement, exhibit, schedule, disclosure letter or other writing furnished to the Lenders for use in connection with the transactions contemplated hereby or thereby.

7.16 Franchises.

(a) Franchises. Set forth in Schedule V hereto is a complete and correct list of all Franchises (identified by issuing authority, operating company and expiration date) owned or operated by the Borrowers and their Subsidiaries on the Original Closing Date. Except as set forth on Schedule V hereto, none of the Borrowers or any of their Subsidiaries have received any notice from the granting body or any other governmental authority with respect to any breach of any covenant under, or any default with respect to, any Franchise which could reasonably be expected to have a Material Adverse Effect. Complete and correct copies of all Franchises have heretofore been made available to the Administrative Agent.

(b) Licenses and Permits. Each of the Borrowers and their Subsidiaries possesses or has the right to use all copyrights, licenses, permits, patents, trademarks, service

marks, trade names or other rights (collectively, the “Licenses”), including licenses, permits and registrations granted or issued by the FCC, agreements with public utilities and microwave transmission companies, pole or conduit attachment, use, access or rental agreements and utility easements that are necessary for the legal operation and conduct of the CATV Systems of the Borrowers and their Subsidiaries, except for such of the foregoing the absence of which could not reasonably be expected to have a Material Adverse Effect on the Borrowers or any of their Subsidiaries, and each of such Licenses is in full force and effect and, to the knowledge of Borrowers, no material default has occurred and is continuing thereunder. Except as set forth on Schedule V hereto, none of the Borrowers or any of their Subsidiaries have received any notice from the granting body or any other governmental authority with respect to any breach of any covenant under, or any default with respect to, any Licenses which could reasonably be expected to have a Material Adverse Effect. Complete and correct copies of all material Licenses have heretofore been made available to the Administrative Agent.

#### 7.17 The CATV Systems.

(a) Compliance with Law. Except as set forth in Schedule VI hereto, each of the Borrowers and their Subsidiaries and the CATV Systems owned or operated by them are in compliance in all material respects with all applicable federal, state and local laws, rules and regulations, including without limitation, the Communications Act of 1934, as amended (the “Communications Act”), the Copyright Act of 1976, as amended (the “Copyright Act”), and the rules and regulations of the FCC, the FAA and the United States Copyright Office (the “Copyright Office”), including, without limitation, rules and laws governing system registration, use of restricted frequencies, signal carriage and program exclusivity requirements, leased access channels, emergency alert system requirements, equal employment opportunity, cumulative leakage index testing and reporting, signal leakage, tower registration and clearance, subscriber notices, and privacy requirements, except to the extent that the failure to so comply with any of the foregoing could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, except to the extent that the failure to comply with any of the following could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect and except as set forth in Schedule VI hereto:

(i) the communities included in the areas covered by the Franchises have been registered with the FCC;

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

(iii) to the knowledge of the Borrowers, as of the most recent annual performance tests, such CATV Systems currently meet or exceed the technical standards set forth in the rules and regulations of the FCC;



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

(v) where required, appropriate authorizations from the FCC have been obtained for the use of all restricted frequencies in use in such CATV Systems and, to the knowledge of the Borrowers, such CATV Systems are presently being operated in compliance with such authorizations (and all required certificates, permits and clearances from governmental agencies, including the FAA, with respect to all towers, earth stations, business radios and frequencies utilized and carried by such CATV Systems have been obtained).

(b) Copyright Filings. Except as set forth in Schedule VI hereto, for all periods covered by any applicable statute of limitations, all notices, statements of account, supplements and other documents required under Section 111 of the Copyright Act, and under the rules of the Copyright Office, with respect to the carriage of broadcast station signals by the CATV Systems (collectively, the “Copyright Filings”) owned or operated by the Borrowers and their Subsidiaries have been duly filed, and the proper amount of copyright fees have been paid on a timely basis, and each such CATV System qualifies for the compulsory license under Section 111 of the Copyright Act, except to the extent that the failure to so file or pay could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect. To the knowledge of the Borrowers, there is no pending claim, action, demand or litigation by any other Person with respect to the Copyright Filings or related royalty payments made by the CATV Systems.

(c) Carriage of Broadcast Signals. To the knowledge of the Borrowers and except as set forth in Schedule VI, the carriage of all broadcast signals by the CATV Systems owned by any Borrower or any such Subsidiary is permitted by valid retransmission consent agreements or by must-carry elections by broadcasters, or is otherwise permitted under applicable law, except to the extent the failure to obtain any of the foregoing could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect.

7.18 Rate Regulation. Each of the Borrowers and their Subsidiaries have reviewed and evaluated in detail the FCC rules currently in effect (the “Rate Regulation Rules”) implementing the cable television rate regulation provisions of the Communications Act and the applicability of such Rate Regulation Rules to the CATV Systems. Except to the extent that the failure to comply with such Rate Regulation Rules could not (either individually or in the aggregate) reasonably be expected to have a Material Adverse Effect and except as set forth in Schedule VII hereto:

(i) there are no cable service programming rate complaints or appeals of adverse cable programming service rate decisions pending with the FCC relating to the CATV Systems;

(ii) for communities that are authorized to regulate basic service and equipment rates under the Rate Regulations Rules, all FCC rate forms required to be

submitted by the Borrowers or their Subsidiaries have been timely submitted to local franchising authorities and have justified the basic service and equipment rates in effect for all periods in which the local franchising authority currently has the authority to review and to take adverse action;

(iii) for communities that are not authorized to regulate basic service and equipment rates under the Rate Regulations Rules, the Borrowers or their Subsidiaries have timely submitted to local franchising authorities and subscribers all required notices for basic service and equipment rates in effect within one year of the date hereof;

(iv) no reduction of rates or refunds to subscribers are required by an outstanding order of the FCC or any local franchising authority as of the date hereof under the Communications Act and the Rate Regulation Rules applicable to the CATV Systems of the Borrowers and their Subsidiaries; and

(v) each of the CATV Systems are in compliance with the Communications Act and the Rate Regulation Rules concerning the uniform pricing requirements and tier buy-through limitations (i.e., 47 U.S.C. § 543(b)(8), (d)).

7.19 Broadband Acquisition Agreements. The Borrowers have heretofore delivered to the Administrative Agent a complete and correct copy of each of the Broadband Acquisition Agreements, as in effect on the Original Closing Date, including all schedules, exhibits and annexes thereto. The Broadband Acquisition Agreements have been duly executed and delivered by each party thereto and are in full force and effect and, to the knowledge of the Borrowers, no party is in default in any material respect of any of its obligations thereunder.

7.20 Use of Credit. None of the Borrowers or any of their Subsidiaries is engaged principally, or as one of their important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock in violation of Regulations T, U or X.

Section 8. Covenants of the Borrowers. The Borrowers covenant and agree with the Lenders and the Administrative Agent that, so long as any Commitment, Loan or Letter of Credit Liability is outstanding and until payment in full of all amounts payable by the Borrowers hereunder:

8.01 Financial Statements Etc. The Borrowers shall deliver to the Administrative Agent (which shall promptly provide a copy thereof to the Lenders):

(a) as soon as available and in any event within 60 days after the end of each of the first three quarterly fiscal periods of each fiscal year of the Borrowers, combined statements of income, retained earnings and cash flows of the Borrowers and their Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related combined balance sheet of the Borrowers and their Subsidiaries as at the end of such period, setting forth in each case in

comparative form the corresponding figures for the corresponding periods in the preceding fiscal year (except that, in the case of balance sheets, such comparison shall be to the last day of the prior fiscal year), accompanied by a certificate of a Senior Officer, which certificate shall state that said financial statements fairly present in all material respects the combined financial condition and results of operations of the Borrowers and their Subsidiaries in accordance with generally accepted accounting principles consistently applied as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 120 days after the end of each fiscal year of the Borrowers (beginning with the fiscal year ended December 31, 2004), combined statements of income, retained earnings and cash flows of the Borrowers and their Subsidiaries for such fiscal year and the related combined balance sheet of the Borrowers and their Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding combined figures for the preceding fiscal year and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said combined financial statements fairly present in all material respects the combined financial condition and results of operations of the Borrowers and their Subsidiaries as at the end of, and for, such fiscal year in accordance with generally accepted accounting principles;

(c) promptly upon their becoming available, copies of all registration statements and regular periodic reports, if any, that the Borrowers shall have filed with the Securities and Exchange Commission (or any governmental agency substituted therefor) or any national securities exchange;

(d) promptly upon the mailing thereof by the Borrowers to the shareholders or members of the Borrowers generally, to holders of Affiliate Subordinated Indebtedness generally, or by Mediacom Broadband to the holders of any outstanding notes or other debt issuances, copies of all financial statements, reports and proxy statements so mailed;

(e) as soon as possible, and in any event within ten days after any Borrower knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multiemployer Plan has occurred or exists, a statement signed by a Senior Officer setting forth details respecting such event or condition and the action, if any, that the Borrowers or their ERISA Affiliates propose to take with respect thereto (and a copy of any report or notice required to be filed with or given to the PBGC by the Borrowers or an ERISA Affiliate with respect to such event or condition):

(i) any reportable event, as defined in Section 4043(b) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which the PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event (provided that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due

date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by the Borrowers or an ERISA Affiliate to terminate any Plan;

(iii) the institution by the PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Borrowers or any ERISA Affiliate of a notice from a Multiemployer Plan that such action has been taken by the PBGC with respect to such Multiemployer Plan;

(iv) the complete or partial withdrawal from a Multiemployer Plan by the Borrowers or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by any Borrower or any ERISA Affiliate of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multiemployer Plan against the Borrowers or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, could result in the loss of tax-exempt status of the trust of which such Plan is a part if the Borrowers or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of said Sections;

(f) within 60 days of the end of each quarterly fiscal period of the Borrowers (90 days after the last quarterly fiscal period in any fiscal year), a Quarterly Officer's Report as at the end of such period;

(g) promptly after any Borrower knows or has reason to believe that any Default has occurred, a notice of such Default describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that the Borrowers have taken or propose to take with respect thereto; and

(h) from time to time such other information regarding the financial condition, operations, business or prospects of the Borrowers or any of their Subsidiaries (including, without limitation, any Plan or Multiemployer Plan and any reports or other information

required to be filed under ERISA) as any Lender or the Administrative Agent may reasonably request.

The Borrowers will furnish to each Lender, at the time they furnish each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of a Senior Officer (i) to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Borrowers have taken or proposes to take with respect thereto) and (ii) setting forth in reasonable detail the computations necessary to determine whether the Borrowers are in compliance with Sections 8.07, 8.08, 8.09, 8.10, 8.11, 8.12 and 8.15 hereof (including, without limitation, calculations demonstrating compliance with the requirements of Section 8.09(d)(ii) hereof after giving effect to any Capital Expenditure pursuant to Section 8.12(b) hereof) as of the end of the respective quarterly fiscal period or fiscal year.

8.02 Litigation. The Borrowers will promptly give to each Lender notice of all legal or arbitral proceedings, and of all proceedings or investigations by or before any governmental or regulatory authority or agency, and any material development in respect of such legal or other proceedings, affecting the Borrowers or any of their Subsidiaries or any of their Franchises, except proceedings that, if adversely determined, could not (either individually or in the aggregate) have a Material Adverse Effect. Without limiting the generality of the foregoing, the Borrowers will give to each Lender (i) notice of the assertion of any Environmental Claim by any Person against, or with respect to the activities of, the Borrowers or any of their Subsidiaries and notice of any alleged violation of or non-compliance with any Environmental Laws or any permits, licenses or authorizations, other than any Environmental Claim or alleged violation that, if adversely determined, could not (either individually or in the aggregate) have a Material Adverse Effect and (ii) copies of any notices received by the Borrowers or any of their Subsidiaries under any Franchise of a material default by the Borrowers or any of their Subsidiaries in the performance of its obligations thereunder.

8.03 Existence, Etc. Each Borrower will, and will cause each of its Subsidiaries to:

(a) preserve and maintain its legal existence and all of its material rights, privileges, licenses and franchises (provided that nothing in this Section 8.03 shall prohibit any transaction expressly permitted under Section 8.05 hereof);

(b) comply with the requirements of all applicable laws, rules, regulations and orders of governmental or regulatory authorities if failure to comply with such requirements could (either individually or in the aggregate) have a Material Adverse Effect;

(c) pay and discharge all taxes, assessments and governmental charges or levies imposed on it or on its income or profits or on any of its Property prior to the date on which penalties attach thereto, except for any such tax, assessment, charge or levy the

payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;

(d) maintain, in all material respects, all of its Properties used or useful in its business in good working order and condition, ordinary wear and tear excepted;

(e) keep adequate records and books of account, in which complete entries will be made in accordance with generally accepted accounting principles consistently applied; and

(f) permit representatives of any Lender or the Administrative Agent, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its Properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender or the Administrative Agent (as the case may be).

8.04 Insurance. Each Borrower will, and will cause each of its Subsidiaries to, maintain insurance with financially sound and reputable insurance companies, or may self-insure, and with respect to Property and risks of a character usually maintained by Persons engaged in the same or similar business similarly situated, against loss, damage and liability of the kinds and in the amounts customarily maintained by such corporations, provided that each Borrower will in any event maintain (with respect to itself and each of its Subsidiaries) casualty insurance and insurance against claims for damages with respect to defamation, libel, slander, privacy or other similar injury to person or reputation (including misappropriation of personal likeness), in such amounts as are then customary for Persons engaged in the same or similar business similarly situated.

#### 8.05 Prohibition of Fundamental Changes.

(a) Restrictions on Merger. None of the Borrowers will nor will it permit any of its Subsidiaries to, enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution).

(b) Restrictions on Acquisitions. None of the Borrowers will nor will it permit any of its Subsidiaries to, acquire any business or Property from, or capital stock of, or be a party to any acquisition of, any Person except for purchases of equipment, programming rights and other Property to be sold or used in the ordinary course of business, Investments permitted under Section 8.08(f) hereof, and Capital Expenditures permitted under Section 8.12 hereof.

(c) Restrictions on Sales and Other Dispositions. None of the Borrowers will nor will it permit any of its Subsidiaries to, convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, any part of its business or Property, whether now owned or hereafter acquired (including, without limitation, receivables and leasehold interests, but excluding (i) obsolete or worn-out Property, tools or equipment no longer used or useful in its business so long as the amount thereof sold in any single fiscal year by the Borrowers and

their Subsidiaries shall not have a fair market value in excess of \$10,000,000 and (ii) any equipment, programming rights or other Property sold or disposed of in the ordinary course of business and on ordinary business terms).

(d) Certain Permitted Transactions. Notwithstanding the foregoing provisions of this Section 8.05:

(i) Intercompany Mergers and Consolidations. Any Borrower may be merged or consolidated with any other Borrower, and any Subsidiary of a Borrower may be merged or consolidated with or into: (x) such Borrower if such Borrower shall be the continuing or surviving corporation or (y) any other such Subsidiary; provided that if any such transaction shall be between a Subsidiary and a Wholly Owned Subsidiary, the Wholly Owned Subsidiary shall be the continuing or surviving corporation.

(ii) Intercompany Dispositions. Any Borrower may sell, lease, transfer or otherwise dispose of any or all of its Property to any other Borrower or a Wholly Owned Subsidiary of a Borrower, and any Subsidiary of a Borrower may sell, lease, transfer or otherwise dispose of any or all of its Property (upon voluntary liquidation or otherwise) to a Borrower or a Wholly Owned Subsidiary of a Borrower.

(iii) Broadband Acquisitions. The Borrowers may consummate the Broadband Acquisitions, so long as the same are consummated in all material respects in accordance with the respective Broadband Acquisition Agreements.

(iv) Permitted Dispositions. Any Borrower or any Wholly Owned Subsidiary of a Borrower may enter into one or more transactions intended to trade (by means of either an exchange or a sale and subsequent purchase) one or more of the CATV Systems owned by any Borrower or any such Subsidiary for one or more CATV Systems owned by any other Person, which transactions may be effected either by

(I) the Borrowers or such Wholly Owned Subsidiary selling one or more CATV Systems owned by it, and either depositing the Net Available Proceeds thereof into the Collateral Account, or prepaying Revolving Credit Loans (and creating a Reserved Commitment Amount), as contemplated by the second paragraph of Section 2.10(d) hereof, and then within one year acquiring one or more other CATV Systems or

(II) exchanging one or more CATV Systems, together with cash not exceeding 20% of the fair market value of such acquired CATV Systems,

so long as

(x) (A) at the time of any such transactions and after giving effect thereto, no Default shall have occurred and be continuing and (B) after giving effect to such transaction the Borrowers shall be in compliance with Section 8.10

hereof (the determination of such compliance to be calculated on a pro forma basis, as at the end of and for the fiscal quarter most recently ended prior to the date of such transaction for which financial statements of the Borrowers and their Subsidiaries are available, under the assumption that such transaction shall have occurred, and any Indebtedness in connection therewith shall have been incurred, at the beginning of the applicable period, and under the assumption that interest for such period had been equal to the actual weighted average interest rate in effect for the Loans hereunder on the date of such transaction), and the Borrowers shall have delivered to the Administrative Agent a certificate of a Senior Officer showing such calculations in reasonable detail to demonstrate such compliance,

(y) with respect to any single exchange of CATV Systems pursuant to clause (II) above, the sum of the System Cash Flow for the period of four fiscal quarters ending on, or most recently ended prior to, the date of such exchange attributable to the CATV Systems being exchanged does not exceed more than 15% of System Cash Flow for such period and

(z) the sum of (A) the System Cash Flow for the period referred to in subclause (y) above plus (B) the System Cash Flow attributable to all other CATV Systems previously exchanged pursuant to clause (II) above (whether during the period referred to in subclause (y) above, or prior thereto), does not exceed an amount equal to 35% of Adjusted System Cash Flow for the period referred to in subclause (y) above.

If, in connection with an exchange permitted under this subparagraph (iv), the Borrowers or Wholly Owned Subsidiary receives cash in excess of 20% of the fair market value of the acquired CATV Systems, such exchange shall be permitted as a sale under this subparagraph (iv) and the cash received by the Borrowers in connection with such transaction shall be applied in accordance with Section 2.10(d).

(v) Subsequent Acquisitions. Any Borrower or a Wholly Owned Subsidiary of such Borrower may acquire any business or Property from, or capital stock of, or be a party to any acquisition of, any Person, so long as:

(A) the aggregate Purchase Price of any individual such acquisition shall not exceed \$500,000,000;

(B) such acquisition (if by purchase of assets, merger or consolidation) shall be effected in such manner so that the acquired business, and the related assets, are owned either by a Borrower or a Wholly Owned Subsidiary of a Borrower and, if effected by merger or consolidation involving a Borrower, such Borrower shall be the continuing or surviving entity and, if effected by merger or consolidation involving a Wholly Owned Subsidiary of a Borrower, such Wholly Owned Subsidiary shall be the continuing or surviving entity;



(C) such acquisition (if by purchase of stock) shall be effected in such manner so that the acquired entity becomes a Wholly Owned Subsidiary of a Borrower;

(D) with respect to any acquisition involving an aggregate Purchase Price in excess of \$50,000,000, the Borrowers shall deliver to the Administrative Agent (which shall promptly notify the Lenders of such acquisition and forward a copy to each Lender which requests one) (1) no later than five Business Days after the execution and delivery thereof, copies of the respective agreements or instruments pursuant to which such acquisition is to be consummated (including, without limitation, any related management, non-compete, employment, option or other material agreements), any schedules to such agreements or instruments and all other material ancillary documents to be executed or delivered in connection therewith and (2) promptly following request therefor (but in any event within three Business Days following such request), copies of such other information or documents relating to each such acquisition as the Administrative Agent shall have requested;

(E) with respect to any acquisition involving an aggregate Purchase Price in excess of \$50,000,000, the Administrative Agent shall have received (and shall promptly forward a copy thereof to each Lender which requests one) a letter (in the case of each legal opinion delivered to the Borrowers pursuant to such acquisition) from each Person delivering such opinion (which shall in any event include an opinion of special FCC counsel) authorizing reliance thereon by the Administrative Agent and the Lenders;

(F) with respect to any acquisition involving an aggregate Purchase Price in excess of \$50,000,000, the Borrowers shall have delivered to the Administrative Agent (which shall promptly provide a copy thereof to the Lenders) evidence satisfactory to the Administrative Agent and the Majority Lenders of receipt of all licenses, permits, approvals and consents, if any, required with respect to such acquisition (including, without limitation, the consents of the respective municipal franchising authorities to the acquisition of the respective CATV Systems being acquired (if any));

(G) the entire amount of the consideration payable by the Borrowers and their Subsidiaries in connection with such acquisition (other than customary post-closing adjustments and indemnity obligations, and other than Indebtedness incurred in connection with such acquisition that is permitted under paragraphs (c) or (f) of Section 8.07 hereof) shall be payable on the date of such acquisition;

(H) none of the Borrowers nor any of its Subsidiaries shall, in connection with such acquisition, assume or remain liable in respect of (x) any Indebtedness of the seller or sellers (except for Indebtedness permitted under

Section 8.07(f) hereof) or (y) other obligations of the seller or sellers (except for obligations incurred in the ordinary course of business in operating the CATV System so acquired and necessary or desirable to the continued operation of such CATV System);

(I) to the extent the assets purchased in such acquisition shall be subject to any Liens not permitted hereunder, such Liens shall have been released (or arrangements for such release satisfactory to the Administrative Agent shall have been made);

(J) to the extent applicable, the Borrowers shall have complied with the provisions of Section 8.18 hereof, including, without limitation, to the extent not theretofore delivered, delivery to the Administrative Agent of (x) the certificates representing the shares of stock or other ownership interests, accompanied by undated stock powers or other powers executed in blank, and (y) the agreements, instruments, opinions of counsel and other documents required under Section 8.18 hereof;

(K) after giving effect to such acquisition the Borrowers shall be in compliance with Section 8.10 hereof (the determination of such compliance to be calculated on a pro forma basis, as at the end of and for the fiscal quarter most recently ended prior to the date of such acquisition for which financial statements of the Borrowers and their Subsidiaries are available, under the assumption that such acquisition shall have occurred, and any Indebtedness in connection therewith shall have been incurred, at the beginning of the applicable period, and under the assumption that interest for such period had been equal to the actual weighted average interest rate in effect for the Loans hereunder on the date of such acquisition), and the Borrowers shall have delivered to the Administrative Agent a certificate of a Senior Officer showing such calculations in reasonable detail to demonstrate such compliance;

(L) immediately prior to such acquisition and after giving effect thereto, no Default shall have occurred and be continuing; and

(M) the Borrowers shall deliver such other documents and shall have taken such other action as the Majority Lenders or the Administrative Agent may reasonably request.

8.06 Limitation on Liens. None of the Borrowers will, nor will it permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired, except:

(a) Liens created pursuant to the Security Documents;

(b) Liens in existence on the Original Closing Date and listed in Part B of Schedule III hereto (or, to the extent not meeting the minimum thresholds for required listing on said Schedule III pursuant to Section 7.11 hereof, in an aggregate amount not exceeding \$10,000,000);

(c) Liens imposed by any governmental authority for taxes, assessments or charges not yet due or that are being contested in good faith and by appropriate proceedings if adequate reserves with respect thereto are maintained on the books of the Borrowers or the affected Subsidiaries, as the case may be, in accordance with GAAP;

(d) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith and by appropriate proceedings and Liens securing judgments but only to the extent for an amount and for a period not resulting in an Event of Default under Section 9.01(i) hereof;

(e) pledges or deposits under worker's compensation, unemployment insurance and other social security legislation;

(f) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(g) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business and encumbrances consisting of zoning restrictions, easements, licenses, restrictions on the use of Property or minor imperfections in title thereto that, in the aggregate, are not material in amount, and that do not in any case materially detract from the value of the Property subject thereto or interfere with the ordinary conduct of the business of the Borrowers or any of their Subsidiaries; and

(h) Liens upon real and/or tangible personal Property acquired after the Original Closing Date (by purchase, construction or otherwise) by the Borrowers or any of their Subsidiaries and securing Indebtedness permitted under Section 8.07(f) hereof, each of which Liens either (A) existed on such Property before the time of its acquisition and was not created in anticipation thereof or (B) was created solely for the purpose of securing Indebtedness representing, or incurred to finance, refinance or refund, the cost (including the cost of construction) of such Property; provided that (i) no such Lien shall extend to or cover any Property of a Borrower or any such Subsidiary other than the Property so acquired and improvements thereon and (ii) the principal amount of Indebtedness secured by any such Lien shall at no time exceed the fair market value (as determined in good faith by a Senior Officer) of such Property at the time it was acquired (by purchase, construction or otherwise).

8.07 Indebtedness. None of the Borrowers will, nor will it permit any of its Subsidiaries to, create, incur or suffer to exist any Indebtedness except:

(a) Indebtedness to the Lenders hereunder, provided that the aggregate principal amount of Incremental Facility Loans (other than Reinstating Incremental Facility Loans) shall not exceed \$500,000,000;

(b) Indebtedness outstanding on the Original Closing Date and listed in Part A of Schedule III hereto (or, to the extent not meeting the minimum thresholds for required listing on said Schedule III pursuant to Section 7.11 hereof, in an aggregate amount not exceeding \$10,000,000);

(c) Affiliate Subordinated Indebtedness incurred in accordance with Section 8.14 hereof;

(d) Indebtedness of the Borrowers to any Subsidiary of the Borrowers, and of any Subsidiary of the Borrowers to the Borrowers or its other Subsidiaries;

(e) Indebtedness (other than Affiliate Subordinated Indebtedness) of the Borrowers and their Subsidiaries that is subordinated in right of payment to the obligations of the Borrowers and their Subsidiaries under the Loan Documents (and which contains terms, including in respect of interest, amortization, defaults, mandatory redemptions and prepayments, and covenants) that are in each case satisfactory to the Administrative Agent and the Majority Lenders; and

(f) additional Indebtedness of the Borrowers and their Subsidiaries (including, without limitation, Capital Lease Obligations and other Indebtedness secured by Liens permitted under Section 8.06(h) hereof) up to but not exceeding an aggregate amount of \$100,000,000 at any one time outstanding.

In addition to the foregoing, the Borrowers will not, nor will they permit their Subsidiaries to, incur or suffer to exist any obligations in an aggregate amount in excess of \$50,000,000 at any one time outstanding in respect of surety and performance bonds backing pole rental or conduit attachments and the like, or backing obligations under Franchises, arising in the ordinary course of business of the CATV Systems of the Borrowers and their Subsidiaries.

8.08 Investments. The Borrowers will not, nor will they permit any of their Subsidiaries to, make or permit to remain outstanding any Investments except:

(a) Investments outstanding on the Original Closing Date and identified in Schedule IV hereto;

(b) operating deposit accounts with banks;

(c) Permitted Investments;

(d) Investments by the Borrowers and their Subsidiaries in the Borrowers and their Subsidiaries;

(e) Interest Rate Protection Agreements entered into in the ordinary course of business of the Borrowers and not for speculative purposes;

(f) Investments by the Borrowers and their Subsidiaries consisting of exchanges or acquisitions permitted under subparagraphs (iv) or (v) of Section 8.05(d);

(g) Investments consisting of the issuance of a Letter of Credit for the account of the Borrowers to support an obligation of an Affiliate of the Borrowers, in such amounts as would be permitted under Section 8.09(d)(ii) hereof; and

(h) additional Investments (including, without limitation, Investments by the Borrowers or any of their Subsidiaries in Affiliates of the Borrowers), so long as the aggregate amount of all such Investments shall not exceed \$300,000,000.

8.09 Restricted Payments. The Borrowers will not make any Restricted Payment at any time, provided that, so long as at the time thereof, and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing, the Borrowers may make the following Restricted Payments (subject, in each case, to the applicable conditions set forth below):

(a) the Borrowers may make Restricted Payments in cash to their members in an amount equal to the Tax Payment Amount with respect to any fiscal period or portion thereof (net of Restricted Payments previously made under this paragraph (a) in respect of such period), so long as at least fifteen days prior to making any such Restricted Payment, the Borrowers shall have delivered to each Lender (i) notification of the amount and proposed payment date of such Restricted Payment and (ii) a statement of a Senior Officer (and, in the event such period is a full fiscal year, the Borrower's independent certified public accountants) setting forth a detailed calculation of the Tax Payment Amount for such period and showing the amount of such Restricted Payment and all previous Restricted Payments made pursuant to this Section 8.09(a) in respect of such period;

(b) the Borrowers may make payments in cash in respect of Management Fees to the extent permitted under Section 8.11 hereof;

(c) the Borrowers may make payments in cash in respect of the interest on Affiliate Subordinated Indebtedness constituting Supplemental Capital or Cure Monies; and

(d) the Borrowers may make payments in cash in respect of the principal of Affiliate Subordinated Indebtedness and distributions in respect of the equity capital of the

Borrowers and may request the issuance of Affiliate Letters of Credit (such payment and issuance being collectively called "Permitted Transactions"), so long as

(i) in the case of any Permitted Transaction consisting of a payment in respect of the principal of Affiliate Subordinated Indebtedness, or distribution in respect of equity capital, constituting Cure Monies, at least one complete fiscal quarter shall have elapsed subsequent to the last date upon which the Borrowers shall have utilized their cure rights under Section 9.02 hereof, without the occurrence of any Event of Default (and, for purposes hereof, unless the Borrowers indicate otherwise at the time of any such payment, such payment or distribution shall be deemed to be made first from Cure Monies and second from Supplemental Capital);

(ii) after giving effect to any Permitted Transaction during any fiscal quarter (the "current fiscal quarter") and to the making of any Capital Expenditures pursuant to Section 8.12(b) hereof during the current fiscal quarter, the Borrowers would (as at the last day of the most recent fiscal quarter immediately prior to the current fiscal quarter) have been in compliance on a pro forma basis with Section 8.10 hereof, the determination of such compliance to be determined as if

(x) for purposes of calculating the Total Leverage Ratio, there were added to Indebtedness the sum (herein, the "Relevant Sum") of the amount of such Permitted Transaction plus the amount of all other Permitted Transactions made during the current fiscal quarter through the date of such Permitted Transaction, minus the amount of Special Reductions through such date plus the amount of any such Capital Expenditures, and

(y) for purposes of calculating the Interest Coverage Ratio and Debt Service Coverage Ratio, the Relevant Sum plus any Cure Monies received during the period for which the Interest Coverage Ratio or Debt Service Coverage Ratio is calculated represented additional principal of the Loans outstanding hereunder at all times during the respective fiscal quarter for which such Ratios are calculated and the amount of interest that would have been payable hereunder during such fiscal quarter was recalculated to take into account such additional principal;

(iii) after giving effect to distributions made in respect of the equity capital of any Borrower, the Equity Contribution Amount shall not be less than zero; and

(iv) the aggregate amount of Permitted Transactions as at any date (minus the aggregate amount of Special Reductions through such date), shall not exceed the Applicable Permitted Transaction Amount for such date.

Nothing herein shall be deemed to prohibit the payment of dividends by any Subsidiary of a Borrower to such Borrower or to any other Subsidiary of such Borrower.

8.10 Certain Financial Covenants.

(a) Total Leverage Ratio. The Borrowers will not permit the Total Leverage Ratio to exceed the following respective ratios at any time during the following respective periods:

<u>Period</u>	<u>Total Leverage Ratio</u>
From the Closing Date through March 31, 2006	6.00 to 1
From April 1, 2006 through March 31, 2007	5.75 to 1
From April 1, 2007 through March 31, 2008	5.50 to 1
From April 1, 2008 through March 31, 2009	4.75 to 1
From April 1, 2009 and at all times thereafter	4.50 to 1

(b) Interest Coverage Ratio. The Borrowers will not permit the Interest Coverage Ratio to be less than the following respective ratios as at the last day of any fiscal quarter ending during the following respective periods:

<u>Period</u>	<u>Ratio</u>
From the Closing Date through March 31, 2006	1.50 to 1
From April 1, 2006 through March 31, 2007	1.60 to 1
From April 1, 2007 through March 31, 2008	1.70 to 1

<u>Period</u>	<u>Ratio</u>
From April 1, 2008 through March 31, 2009	1.90 to 1
From April 1, 2009 and at all times thereafter	2.00 to 1

(c) Debt Service Coverage Ratio. The Borrowers will not permit the Debt Service Coverage Ratio to be less than 1.10 to 1 as at any time.

8.11 Management Fees. The Borrowers will not permit the aggregate amount of Management Fees accrued in respect of any fiscal year of the Borrowers to exceed 4.5% of the Gross Operating Revenue of the Borrowers and their Subsidiaries for such fiscal year. In addition, the Borrowers will not, as at the last day of the first, second and third fiscal quarters in any fiscal year, permit the amount of Management Fees paid during the portion of such fiscal year ending with such fiscal quarter to exceed 4.5% of the Gross Operating Revenue of the Borrowers and their Subsidiaries for such portion of such fiscal year (based upon the financial statements of the Borrowers provided pursuant to Section 8.01(a) hereof), provided that in any event the Borrowers will not pay any Management Fees at any time following the occurrence and during the continuance of any Default. Any Management Fees that are accrued for any fiscal quarter (the "current fiscal quarter") but which are not paid during the current fiscal quarter may be paid at any time during the period of four fiscal quarters following the current fiscal quarter (and for these purposes any payment of Management Fees during such period shall be deemed to be applied to Management Fees in the order of the fiscal quarters in respect of which such Management Fees are accrued). Any Management Fees which may not be paid as a result of the limitations set forth in the forgoing provisions of this Section 8.11 shall be deferred and shall not be payable until the principal of and interest on the Loans, and all other amounts owing hereunder, shall have been paid in full.

For purposes of this Section 8.11 "Gross Operating Revenue" shall mean the aggregate gross operating revenues derived by the Borrowers and their Subsidiaries from their CATV Systems and from related communications businesses, including the sale of local advertising on CATV Systems, as determined in accordance with GAAP excluding, however, revenue or income derived by the Borrowers from any of the following sources: (i) from the sale of any asset of such CATV Systems not in the ordinary course of business, (ii) interest income, (iii) proceeds from the financing or refinancing of any Indebtedness of the Borrowers or any of their Subsidiaries and (iv) extraordinary gains in accordance with GAAP.

None of the Borrowers nor any of their Subsidiaries shall be obligated to pay Management Fees to any Person, unless the Borrowers and such Person shall have executed and delivered to the Administrative Agent a Management Fee Subordination Agreement, and none of the Borrowers nor any of their Subsidiaries shall pay Management Fees to any Person except to the extent permitted under the respective Management Fee Subordination Agreement to which such Person is a party.



None of the Borrowers nor any of their Subsidiaries shall employ or retain any executive management personnel (or pay any Person, other than the Manager, in respect of executive management personnel or matters, for the Borrowers or any of their Subsidiaries), it being the intention of the parties hereto that all executive management personnel required in connection with the business or operations of the Borrowers and their Subsidiaries shall be employees of the Manager (and that the Executive Compensation for such employees shall be covered by Management Fees payable hereunder). For purposes hereof, “executive management personnel” shall not include any individual (such as a system manager or a regional manager) who is employed solely in connection with the day-to-day operations of a CATV System or a Region.

8.12 Capital Expenditures.

(a) Scheduled Capital Expenditures. The Borrowers will not permit the aggregate amount of Capital Expenditures to exceed the following respective amounts for the following respective Fiscal Periods of the Borrowers:

Fiscal Period Ending	Amount
December 31, 2001	\$ 70,000,000
December 31, 2002	\$180,000,000
December 31, 2003	\$170,000,000
December 31, 2004	\$115,000,000
December 31, 2005	\$102,000,000
December 31, 2006	\$110,000,000
December 31, 2007	\$112,000,000
December 31, 2008	\$110,000,000

provided that, the amounts set forth above for any Fiscal Period of the Borrowers in which the Borrowers enter into a Subsequent Acquisition pursuant to Section 8.05(d)(v) shall be increased by such amount (which amount shall be based on a proposed budget and operating plan set forth in such notice) as the Borrowers shall propose in a notice to the Administrative Agent (which shall promptly provide a copy thereof to the Lenders), or directly to the Lenders, which increase shall become effective unless the Requisite Lenders object to such amount, by notice to the Administrative Agent, within 10 Business Days following the Lenders’ receipt of the Borrowers’ notice from the Administrative Agent or from the Borrowers. For purposes of this Section 8.12(a), “Requisite Lenders” shall mean Lenders having at least 50% of the sum of (a) the aggregate outstanding principal amount of the Term Loans of each Class or, if the Term Loans of either Class shall not have been made, the aggregate outstanding principal amount of the Term Loan Commitments of such Class plus (b) the aggregate outstanding principal amount of the Incremental

Facility Term Loans of each Series or, if the Incremental Facility Term Loans of such Series shall not have been made, the aggregate outstanding principal amount of the Incremental Facility Commitments of such Series plus (c) the sum of (i) the aggregate unused amount, if any, of the Incremental Facility Revolving Credit Commitments of each Series at such time plus (ii) the aggregate amount of Letter of Credit Liabilities in respect of Incremental Facility Letters of Credit at such time plus (iii) the aggregate outstanding principal amount of the Incremental Facility Revolving Credit Loans of each Series at such time plus (d) the sum of (i) the aggregate unused amount, if any, of the Revolving Credit Commitments at such time plus (ii) the aggregate amount of Letter of Credit Liabilities in respect of Revolving Credit Letters of Credit at such time plus (iii) the aggregate outstanding principal amount of the Revolving Credit Loans at such time.

If the aggregate amount of Capital Expenditures for any Fiscal Period of the Borrowers shall be less than the amount set forth opposite such Fiscal Period in the schedule above, then the shortfall shall be added to the amount of Capital Expenditures permitted for the immediately succeeding (but not any other) Fiscal Period and, for purposes hereof, the amount of Capital Expenditures made during any Fiscal Period shall be deemed to have been made first from the carryover from any previous Fiscal Period and last from the permitted amount for such Fiscal Period.

(b) Additional Capital Expenditures. In addition to the Capital Expenditures permitted under paragraph (a) above, the Borrowers and their Subsidiaries may make Additional Capital Expenditures during any fiscal quarter in such amounts as would be permitted under Section 8.09(d)(ii) (in the case of a payment of principal of Affiliate Subordinated Indebtedness, as if such Capital Expenditure constituted a payment in respect of Supplemental Capital thereunder).

8.13 Intentionally Left Blank. This Section 8.13 has been intentionally left blank.

8.14 Affiliate and Additional Subordinated Indebtedness.

(a) Affiliate Subordinated Indebtedness. The Borrowers may at any time after the date hereof incur Affiliate Subordinated Indebtedness to Mediacom Broadband or one or more other Affiliates, so long as the proceeds of any such Affiliate Subordinated Indebtedness constituting Cure Monies are immediately applied, first, ratably among the Term Loans and Incremental Facility Term Loans of each Series hereunder and, second, after prepayment in full of all Term Loans and Incremental Facility Term Loans, to prepayments of the Revolving Credit Loans and Incremental Facility Revolving Credit Loans of each Series hereunder. Prepayments of Term Loans and Incremental Facility Term Loans of each Series shall be applied to the respective installments thereof ratably in accordance with the respective principal amounts thereof.

(b) Repayment of Affiliate Subordinated Indebtedness. The Borrowers will not, nor will they permit any of their Subsidiaries to, purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for the purchase, redemption, retirement or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Affiliate Subordinated Indebtedness, except to the extent permitted under Section 8.09 hereof.

(c) Repayment of Certain Other Indebtedness. The Borrowers will not, nor will they permit any of their Subsidiaries to, purchase, redeem, retire or otherwise acquire for value, or set apart any money for a sinking, defeasance or other analogous fund for the purchase, redemption, retirement or other acquisition of, or make any voluntary payment or prepayment of the principal of or interest on, or any other amount owing in respect of, any Indebtedness at any time issued pursuant to Section 8.07(e).

8.15 Lines of Business. The Borrowers will at all times ensure that not more than 15% of gross operating revenue of the Borrowers and their Subsidiaries for any fiscal year shall be derived from any line or lines of business activity other than the business of owning and operating CATV Systems and related communications businesses, including the sale of local advertising on CATV systems.

8.16 Transactions with Affiliates. Except as expressly permitted by this Agreement, none of the Borrowers will, nor will it permit any of its Subsidiaries to, directly or indirectly: (a) make any Investment in an Affiliate except for Investments permitted under Section 8.08(h), provided that, the monetary or business consideration arising therefrom would be substantially as advantageous to a Borrower and its Subsidiaries as the monetary or business consideration that would obtain in a comparable transaction with a Person not an Affiliate; (b) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate; (c) merge into or consolidate with or purchase or acquire Property from an Affiliate; (d) make any contribution towards, or reimbursement for, any Federal income taxes payable by any shareholder or member of a Borrower or any of its Subsidiaries in respect of income of a Borrower; or (e) enter into any other transaction directly or indirectly with or for the benefit of an Affiliate (including, without limitation, Guarantees and assumptions of obligations of an Affiliate); provided that

(i) any Affiliate who is an individual may serve as a director, officer or employee of a Borrower or any of its Subsidiaries and receive reasonable compensation for his or her services in such capacity,

(ii) a Borrower and its Subsidiaries may enter into transactions (other than extensions of credit by such Borrower or any of its Subsidiaries to an Affiliate) providing for the leasing of Property, the rendering or receipt of services or the purchase or sale of equipment, programming rights, advertising time and other Property in the ordinary course of business, or the purchase, sale, exchange or swapping of CATV Systems or portions thereof, if the monetary or business consideration arising therefrom would be substantially as advantageous to such Borrower and its Subsidiaries as the monetary or business consideration that would obtain in a comparable transaction with a Person not an Affiliate,

(iii) the Borrowers may enter into and perform their respective obligations under, the Management Agreements, and

(iv) the Borrowers and their Subsidiaries may pay to the Manager the aggregate amount of intercompany shared expenses payable to Mediacom Broadband that

are allocated by Mediacom Broadband and MCC to the Borrowers and their Subsidiaries in accordance with Section 5.04 of the Guarantee and Pledge Agreement.

#### 8.17 Use of Proceeds.

(a) Revolving Credit Loans. The Borrowers will use the proceeds of the Revolving Credit Loans hereunder solely to (i) provide financing for the Broadband Acquisitions and Subsequent Acquisitions and to pay fees and expenses related thereto, (ii) repay Affiliate Subordinated Indebtedness and make other Restricted Payments, (iii) pay Management Fees, (iv) make Investments permitted under Section 8.08 hereof, (v) finance capital expenditures, repay Indebtedness (including other Loans hereunder) and meet working capital needs of the Borrowers and their Subsidiaries and acquisitions permitted hereunder and (vi) pay fees and expenses related to any of the foregoing (in each case in compliance with all applicable legal and regulatory requirements); provided that (x) any borrowing of Revolving Credit Loans hereunder that would constitute a utilization of any Reserved Commitment Amount shall be applied solely to make Subsequent Acquisitions, or to make prepayments of Loans under Section 2.10(d) hereof and (y) neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

(b) Term Loans. The Borrowers will use the proceeds of the Term Loans to finance the Broadband Acquisitions and to pay fees and expenses related thereto, provided that no more than \$70,000,000 of the Loans may be applied to the payment of such fees and expenses and neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds; provided that neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

(c) Incremental Facility Loans. The Borrowers will use the proceeds of the Incremental Facility Loans for any of the purposes described in paragraph (a) above; provided that neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

#### 8.18 Certain Obligations Respecting Subsidiaries; Further Assurances.

(a) Subsidiary Guarantors. In the event that any Borrower or any of its Subsidiaries shall form or acquire any Subsidiary after the Original Closing Date, such Borrower shall cause, and shall cause its Subsidiaries to cause, such Subsidiary to:

(i) execute and deliver to the Administrative Agent a Subsidiary Guarantee Agreement in the form of Exhibit E hereto (and, thereby, to become a “Subsidiary Guarantor”, and an “Obligor” hereunder and a “Securing Party” under the Pledge Agreement);

(ii) deliver the shares of its stock or other ownership interests accompanied by undated stock powers or other powers executed in blank to the Administrative Agent, and to take other such action, as shall be necessary to create and perfect valid and enforceable

first priority Liens (subject to Liens permitted under Section 8.06 hereof) on substantially all of the Property of such new Subsidiary as collateral security for the obligations of such new Subsidiary under the Subsidiary Guarantee Agreement, and

(iii) deliver such proof of corporate action, limited liability company action or partnership action, as the case may be, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Obligor pursuant to Section 6.01 hereof on the Closing Date or as the Administrative Agent shall have reasonably requested.

(b) Ownership of Subsidiaries. Each Borrower will, and will cause each of its Subsidiaries to, take such action from time to time as shall be necessary to ensure that each of its Subsidiaries is a Wholly Owned Subsidiary. In the event that any additional shares of stock or other ownership interests shall be issued by any Subsidiary of a Borrower, such Borrower agrees forthwith to deliver to the Administrative Agent pursuant to the Pledge Agreement the certificates evidencing such shares of stock or other ownership interests, accompanied by undated stock or other powers executed in blank and to take such other action as the Administrative Agent shall request to perfect the security interest created therein pursuant to the Pledge Agreement.

(c) Further Assurances. Each Borrower will, and will cause each of its Subsidiaries to, take such action from time to time (including filing appropriate Uniform Commercial Code financing statements and executing and delivering such assignments, security agreements and other instruments) as shall be requested by the Administrative Agent to create, in favor of the Administrative Agent for the benefit of the Lenders, perfected security interests and Liens in shares of stock or other ownership interests of their Subsidiaries. In addition, the Borrowers will not issue additional equity interests ("Additional Equity Interests") after the date hereof to any Person (a "New Equity Owner") other than Mediacom Broadband (as to which the provisions of the Guarantee and Pledge Agreement shall be applicable) unless such New Equity Owner shall:

(i) pledge such Additional Equity Interests to the Administrative Agent on behalf of the Lenders pursuant to a pledge agreement in substantially the form (other than negative covenants) of the Guarantee and Pledge Agreement and otherwise in form and substance satisfactory to the Administrative Agent;

(ii) deliver to the Administrative Agent any certificates evidencing the Additional Equity Interests accompanied by undated powers executed in blank;

(iii) deliver to the Administrative Agent such proof of corporate action, limited liability company, partnership or other action, as applicable, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by Mediacom Broadband pursuant to Section 6.01 hereof on the Closing Date or as the Administrative Agent shall have reasonably requested; and,

(iv) take other such additional action, as shall be necessary to create and perfect valid and enforceable first priority security interests in the Additional Equity Interests in favor of the Administrative Agent.

(d) Certain Restrictions. The Borrowers will not, and will not permit any of their Subsidiaries to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrowers or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets securing the obligations of the Borrowers or any Subsidiary under any of the Loan Documents, or in respect of any Interest Rate Protection Agreement, or (b) the ability of any Subsidiary to pay dividends or other distributions with respect to any shares of its capital stock or other ownership interests or to make or repay loans or advances to the Borrowers or any Subsidiary or to Guarantee Indebtedness of the Borrowers or any Subsidiary under any of the Loan Documents; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any of the Loan Documents, (ii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (iii) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement or any other Loan Document if such restrictions or conditions apply only to the property or assets securing such Indebtedness and (iv) clause (a) of the foregoing shall not apply to customary provisions in leases and other contracts restricting the assignment thereof.

8.19 Modifications of Certain Documents. The Borrowers will not consent to any modification, supplement or waiver of any of the provisions of any Management Agreement (other than modifications, supplements or waivers that do not alter any of the material rights or obligations of the Borrowers thereunder, it being understood that any modification of the management fee provisions thereof that would have the effect of increasing the management fees payable pursuant thereto shall be deemed material for purposes hereof), the Broadband Acquisition Agreements (other than modifications, supplements or waivers that do not alter in any material respect the rights of the Borrowers thereunder) or any agreement, instrument or other document evidencing or relating to Affiliate Subordinated Indebtedness or Indebtedness permitted under Section 8.07(e) hereof without the prior consent of the Administrative Agent (with the approval of the Majority Lenders).

#### Section 9. Events of Default.

9.01 Events of Default. If one or more of the following events (herein called "Events of Default") shall occur and be continuing:

(a) The Borrowers shall default in the payment (i) when due (whether at stated maturity or upon mandatory or optional prepayment of) any principal of any Loan and (ii) within three days after the same becomes due, any interest on any Loan or any Reimbursement Obligation or any fee or any other amount payable by the Borrowers hereunder or under any other Loan Document; or

(b) Any Borrower or any Subsidiary of a Borrower shall default in the payment when due of any principal of or interest on any of its other Indebtedness aggregating \$10,000,000 or more; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (without the lapse of time or the taking of any action, other than the giving of notice) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity; or any Borrower shall default in the payment when due of any amount aggregating \$10,000,000 or more under any Interest Rate Protection Agreement; or any event specified in any Interest Rate Protection Agreement shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit, termination or liquidation payment or payments aggregating \$10,000,000 or more to become due under such Interest Rate Protection Agreement; or

(c) Any representation, warranty or certification made or deemed made herein or in any other Loan Document (or in any modification or supplement hereto or thereto) by any Obligor, or any certificate furnished to any Lender or the Administrative Agent pursuant to the provisions hereof or thereof, shall prove to have been false or misleading as of the time made or furnished in any material respect; or

(d) Any Borrower shall default in the performance of any of its obligations under any of Sections 8.01(g), 8.05, 8.06, 8.07, 8.08, 8.09, 8.10, 8.11, 8.12, 8.14, 8.16, 8.18 or 8.19 hereof; or any Borrower shall default in the performance of any of its other obligations in this Agreement or any Obligor shall default in the performance of its obligations under any other Loan Document to which it is a party, and such default shall continue unremedied for a period of thirty or more days after notice thereof to the Borrowers by the Administrative Agent or any Lender (through the Administrative Agent); or

(e) Any Obligor shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(f) Any Obligor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) A proceeding or case shall be commenced, without the application or consent of any Obligor, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of such Obligor or of all or any substantial part of its Property or (iii) similar relief in respect of such Obligor under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more days; or an order for relief against such Obligor shall be entered in an involuntary case under the Bankruptcy Code; or

(h) Any Borrower shall be terminated, dissolved or liquidated (as a matter of law or otherwise), or proceedings shall be commenced by a Borrower seeking the termination, dissolution or liquidation of a Borrower, or proceedings shall be commenced by any Person (other than the Borrowers) seeking the termination, dissolution or liquidation of a Borrower and such proceeding shall continue undismissed for a period of 60 or more days; or

(i) A final judgment or judgments for the payment of money of \$10,000,000 or more in the aggregate (exclusive of judgment amounts fully covered by insurance where the insurer has admitted liability in respect of such judgment) or of \$20,000,000 or more in the aggregate (regardless of insurance coverage) shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against the Borrowers or any of their Subsidiaries and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 30 days from the date of entry thereof and the relevant Borrower or Subsidiary shall not, within said period of 30 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(j) An event or condition specified in Section 8.01(e) hereof shall occur or exist with respect to any Plan or Multiemployer Plan and, as a result of such event or condition, together with all other such events or conditions, the Borrowers or any ERISA Affiliate shall incur or in the opinion of the Majority Lenders shall be reasonably likely to incur a liability to a Plan, a Multiemployer Plan or the PBGC (or any combination of the foregoing) that, in the determination of the Majority Lenders, would (either individually or in the aggregate) have a Material Adverse Effect; or

(k) A reasonable basis shall exist for the assertion against any Borrower or any of its Subsidiaries, or any predecessor in interest of any Borrower or any of its Subsidiaries or Affiliates, of (or there shall have been asserted against any Borrower or any of its Subsidiaries) an Environmental Claim that, in the judgment of the Majority Lenders is reasonably likely to be determined adversely to such Borrower or any of its



Subsidiaries, and the amount thereof (either individually or in the aggregate) is reasonably likely to have a Material Adverse Effect (insofar as such amount is payable by such Borrower or any of its Subsidiaries but after deducting any portion thereof that is reasonably expected to be paid by other creditworthy Persons jointly and severally liable therefor); or

(l) A Change of Control shall occur and be continuing; or

(m) Except for Franchises that cover fewer than 10% of the Basic Subscribers of the Borrowers and their Subsidiaries (determined as at the last day of the most recent fiscal quarter for which a Quarterly Officers' Report shall have been delivered) one or more Franchises relating to the CATV Systems of the Borrowers and their Subsidiaries shall be terminated or revoked such that the respective Borrower or Subsidiary is no longer able to operate such Franchises and retain the revenue received therefrom or the respective Borrower or Subsidiary or the grantors of such Franchises shall fail to renew such Franchises at the stated expiration thereof such that the respective Borrower or Subsidiary is no longer able to operate such Franchises and retain the revenue received therefrom; or

(n) The Liens created by the Security Documents shall at any time not constitute a valid and perfected Lien on the collateral intended to be covered thereby (to the extent perfection by control, filing, registration, recordation or possession is required herein or therein) in favor of the Administrative Agent, free and clear of all other Liens (other than Liens permitted under Section 8.06 hereof or under the respective Security Documents), or, except for expiration in accordance with its terms, any of the Security Documents shall for whatever reason be terminated or cease to be in full force and effect, or the enforceability thereof shall be contested by any Obligor; or

(o) Any Operating Agreement shall be modified without the prior consent of the Administrative Agent (with the approval of the Majority Lenders) in any manner that would adversely affect the obligations of the Borrowers, or the rights of the Lenders or the Administrative Agent, hereunder or under any of the other Loan Documents;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (f) or (g) of this Section 9.01 with respect to any Borrower, the Administrative Agent shall, if instructed by the Majority Lenders, by notice to the Borrowers, terminate the Commitments and/or declare the principal amount then outstanding of, and the accrued interest on, the Loans, the Reimbursement Obligations and all other amounts payable by the Borrowers hereunder (including, without limitation, any amounts payable under Section 5.05 or 5.06 hereof) to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrowers; and (2) in the case of the occurrence of an Event of Default referred to in clause (f) or (g) of this Section 9.01 with respect to any Borrower, the Commitments shall automatically be terminated and the principal amount then outstanding of, and the accrued interest on, the Loans, Reimbursement Obligations and all other amounts

payable by the Borrowers hereunder (including, without limitation, any amounts payable under Section 5.05 or 5.06 hereof) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrowers.

In addition, upon the occurrence and during the continuance of any Event of Default (if the Administrative Agent has declared the principal amount then outstanding of, and accrued interest on, the Revolving Credit Loans and all other amounts payable by the Borrowers hereunder to be due and payable), the Borrowers agree that they shall, if requested by the Administrative Agent or the Majority Revolving Credit Lenders through the Administrative Agent (and, in the case of any Event of Default referred to in clause (f) or (g) of this Section 9.01 with respect to the Borrowers, forthwith, without any demand or the taking of any other action by the Administrative Agent or such Lenders) provide cover for the Letter of Credit Liabilities by paying to the Administrative Agent immediately available funds in an amount equal to the then aggregate undrawn face amount of all Letters of Credit, which funds shall be held by the Administrative Agent in the Collateral Account as collateral security in the first instance for the Letter of Credit Liabilities and be subject to withdrawal only as therein provided.

#### 9.02 Certain Cure Rights.

(a) Total Leverage Ratio. Notwithstanding the provisions of Section 9.01 hereof, but without limiting the obligations of the Borrowers under Section 8.10(a) hereof, a breach by the Borrowers as of the last day of any fiscal quarter or any fiscal year of its obligations under said Section 8.10(a) shall not constitute an Event of Default hereunder (except for purposes of Section 6 hereof) until the date (for purposes of this clause (a), the "Cut-Off Date") which is the earlier of the date thirty days after (a) the date the financial statements for the Borrowers and their Subsidiaries with respect to such fiscal quarter or fiscal year, as the case may be, are delivered pursuant to Section 8.01(a) or 8.01(b) hereof or (b) the latest date on which such financial statements are required to be delivered pursuant to said Section 8.01(a) or 8.01(b), provided that, if following the last day of such fiscal quarter or fiscal year and prior to the Cut-Off Date, the Borrowers shall have received Cure Monies (and shall have applied the proceeds thereof to the prepayment of the Loans hereunder, which prepayment, in the case of Affiliate Subordinated Indebtedness, shall be effected in the manner provided in Section 8.14(a) hereof), or shall have prepaid the Loans hereunder from available cash, in an amount sufficient to bring the Borrowers into compliance with said Section 8.10(a) assuming that the Total Leverage Ratio, as of the last day of such fiscal quarter or fiscal year, as the case may be, were recalculated to subtract such prepayment from the aggregate outstanding amount of Indebtedness, then such breach or breaches shall be deemed to have been cured; provided, further, that breaches of Section 8.10 hereof (including pursuant to paragraph (b) below) may not be deemed to be cured pursuant to this Section 9.02 (x) more than three times during the term of this Agreement or (y) during consecutive fiscal quarters.

(b) Interest Coverage Ratio; Debt Service Coverage Ratio. Notwithstanding the provisions of Section 9.01 hereof, but without limiting the obligations of the Borrowers under Section 8.10(b) or 8.10(c) hereof, a breach by the Borrowers as of the last day of any fiscal

quarter or any fiscal year of its obligations under said Section 8.10(b) or 8.10(c) shall not constitute an Event of Default hereunder (except for purposes of Section 6 hereof) until the date (for purposes of this clause (b), the "Cut-Off Date") which is the earlier of the date thirty days after (a) the date the financial statements for the Borrowers and their Subsidiaries with respect to such fiscal quarter or fiscal year, as the case may be, are delivered pursuant to Section 8.01(a) or 8.01(b) hereof or (b) the latest date on which such financial statements are required to be delivered pursuant to said Section 8.01(a) or 8.01(b), provided that, if following the last day of such fiscal quarter or fiscal year and prior to the Cut-Off Date, the Borrowers shall have received Cure Monies (and shall have applied the proceeds thereof to the prepayment of the Loans hereunder, which prepayment, in the case of Affiliate Subordinated Indebtedness, shall be effected in the manner provided in Section 8.14(a) hereof), or shall have prepaid the Loans hereunder from available cash, in an amount sufficient to bring the Borrowers into compliance with said Section 8.10(b) or 8.10(c) assuming that the Interest Coverage Ratio and the Debt Service Coverage Ratio (as the case may be), as of the last day of such fiscal quarter or fiscal year, as the case may be, were recalculated to deduct from Interest Expense the aggregate amount of interest that would not have been required to be paid hereunder if such prepayment had been made on the first day of the period for which the Interest Coverage Ratio and the Debt Service Coverage Ratio is determined under said Section 8.10(b) or 8.10(c), then such breach or breaches shall be deemed to have been cured; provided, further, that breaches of Section 8.10 hereof (including pursuant to paragraph (a) above) may not be deemed to be cured pursuant to this Section 9.02 (x) more than three times during the term of this Agreement or (y) during consecutive fiscal quarters.

#### Section 10. The Administrative Agent.

10.01 Appointment, Powers and Immunities. Each Lender hereby appoints and authorizes the Administrative Agent to act as its agent hereunder and under the other Loan Documents with such powers as are specifically delegated to the Administrative Agent by the terms of this Agreement and under the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent (which term as used in this sentence and in Section 10.05 and the first sentence of Section 10.06 hereof shall include reference to its affiliates and its own and its affiliates' officers, directors, employees and agents):

(a) shall have no duties or responsibilities except those expressly set forth in this Agreement and in the other Loan Documents, and shall not by reason of this Agreement or any other Loan Document be a trustee for any Lender;

(b) shall not be responsible to the Lenders for any recitals, statements, representations or warranties contained in this Agreement or in any other Loan Document, or in any certificate or other document referred to or provided for in, or received by any of them under, this Agreement or any other Loan Document, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or any other document referred to or provided for herein or therein or for any failure by the Borrowers or any other Person to perform any of its obligations hereunder or thereunder;

(c) shall not, except to the extent expressly instructed by the Majority Lenders with respect to the collateral security under the Security Documents, be required to initiate or conduct any litigation or collection proceedings hereunder or under any other Loan Document; and

(d) shall not be responsible for any action taken or omitted to be taken by it hereunder or under any other Loan Document or under any other document or instrument referred to or provided for herein or therein or in connection herewith or therewith, except for its own gross negligence or willful misconduct.

The Administrative Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it in good faith.

10.02 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon any certification, notice or other communication (including, without limitation, any thereof by telephone, telecopy, telegram or cable) reasonably believed by it to be genuine and correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel, independent accountants and other experts selected by the Administrative Agent. As to any matters not expressly provided for by this Agreement or any other Loan Document, the Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder or thereunder in accordance with instructions given by the Majority Lenders or, if provided herein, in accordance with the instructions given by the Majority Lenders of a particular Class or all of the Lenders as is required in such circumstance, and such instructions of such Lenders and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders.

10.03 Defaults. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of a Default unless the Administrative Agent has received notice from a Lender or the Borrowers specifying such Default and stating that such notice is a "Notice of Default". In the event that the Administrative Agent receives such a notice of the occurrence of a Default, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall (subject to Section 10.07 hereof) take such action with respect to such Default as shall be directed by the Majority Lenders or, if provided herein, the Majority Lenders of a particular Class, provided that, unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable in the best interest of the Lenders except to the extent that this Agreement expressly requires that such action be taken, or not be taken, only with the consent or upon the authorization of the Majority Lenders of a particular Class or all of the Lenders.

10.04 Rights as a Lender. With respect to its Commitments and the Loans made by it, JPMCB (and any successor acting as Administrative Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may

exercise the same as though it were not acting as the Administrative Agent, and the term “Lender” or “Lenders” shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. JPMCB (and any successor acting as Administrative Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in and generally engage in any kind of banking, trust or other business with the Borrowers (and any of their Subsidiaries or Affiliates) as if it were not acting as the Administrative Agent, and JPMCB (and any such successor) and its affiliates may accept fees and other consideration from the Borrowers for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

10.05 Indemnification. The Lenders agree to indemnify the Administrative Agent (to the extent not reimbursed under Section 11.03 hereof, but without limiting the obligations of the Borrowers under said Section 11.03) ratably in accordance with the aggregate principal amount of the Loans and Letter of Credit Liabilities held by the Lenders (or, if no Loans or Letter of Credit Liabilities are at the time outstanding, ratably in accordance with their respective Commitments), for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Administrative Agent (including by any Lender) arising out of or by reason of any investigation in or in any way relating to or arising out of this Agreement or any other Loan Document, any other documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby (including, without limitation, the costs and expenses that the Borrowers are obligated to pay under Section 11.03 hereof, but excluding, unless a Default has occurred and is continuing, normal administrative costs and expenses incident to the performance of its agency duties hereunder) or the enforcement of any of the terms hereof or thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the party to be indemnified.

10.06 Non-Reliance on Administrative Agent and Other Lenders. Each Lender agrees that it has, independently and without reliance on the Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Borrowers and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under this Agreement or under any other Loan Document. The Administrative Agent shall not be required to keep itself informed as to the performance or observance by the Borrowers of this Agreement or any of the other Loan Documents or any other document referred to or provided for herein or therein or to inspect the Properties or books of the Borrowers or any of their Subsidiaries. Except for notices, reports and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder or under the Security Documents, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition or business of the Borrowers or any of their Subsidiaries (or any of their affiliates) that may come into the possession of the Administrative Agent or any of its affiliates.

10.07 Failure to Act. Except for action expressly required of the Administrative Agent hereunder and under the other Loan Documents, the Administrative Agent shall in all cases be fully justified in failing or refusing to act hereunder or thereunder unless it shall receive further assurances to its satisfaction from the Lenders of their indemnification obligations under Section 10.05 hereof against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action.

10.08 Resignation or Removal of Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by giving five days prior notice thereof to the Lenders and the Borrowers, and the Administrative Agent may be removed at any time with or without cause by the Majority Lenders. Upon any such resignation or removal, the Majority Lenders shall have the right, in consultation with the Borrowers, to appoint a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Majority Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent's giving of notice of resignation or the Majority Lenders' removal of the retiring Administrative Agent, then the retiring Administrative Agent may, on behalf of the Lenders, in consultation with the Borrowers, appoint a successor Administrative Agent, that shall be a bank that has an office in New York, New York with a combined capital and surplus of at least \$5,000,000,000. Upon the acceptance of any appointment as Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. After any retiring Administrative Agent's resignation or removal hereunder as Administrative Agent, the provisions of this Section 10 shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent.

10.09 Consents under Other Loan Documents. Except as otherwise provided in Section 11.04 hereof with respect to this Agreement, the Administrative Agent may, with the prior consent of the Majority Lenders (but not otherwise), consent to any modification, supplement or waiver under any of the Loan Documents, provided that, without the prior consent of each Lender, the Administrative Agent shall not (except as provided herein or in the Security Documents) release Mediacom Broadband from its guarantee obligations under the Guarantee and Pledge Agreement or release all or substantially all of the Subsidiary Guarantors from their obligations under the Security Documents, or release all or substantially all of the collateral or otherwise terminate all or substantially all of the Liens under the Security Documents (taken as a whole), or agree to additional obligations being secured by all or substantially all such collateral security (unless such additional obligations arise under this Agreement, or the Lien for such additional obligations shall be junior to the Lien in favor of the other obligations secured by such Security Document, in either of which events the Administrative Agent may consent to such Lien, provided that it obtains the consent of the Majority Lenders thereto), alter the relative priorities of the obligations entitled to the benefits of all or substantially all of the Liens under the Security Documents, except that no such consent shall be required, and the Administrative

Agent is hereby authorized, to release any Lien covering Property (and to release any Subsidiary Guarantor) that is the subject of either a disposition of Property permitted hereunder or a Disposition to which the Majority Lenders have consented.

10.10 Other Agents. Except as expressly provided herein, the Joint Bookrunners and Joint Lead Arrangers, the Co-Syndication Agents and the Documentation Agents named on the cover page of this Agreement shall not have any right, power, obligation, liability, responsibility or duty under this Agreement. Without limiting the generality of the foregoing, no such Person shall have or be deemed to have any fiduciary relationship with any other Lender in connection herewith. Each Lender acknowledges that it has not relied, and will not rely, on any such entity in deciding to enter into this Agreement or in taking or not taking action hereunder.

Section 11. Miscellaneous.

11.01 Waiver. No failure on the part of the Administrative Agent or any Lender to exercise and no delay in exercising, and no course of dealing with respect to, any right, power or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

Each Borrower irrevocably waives, to the fullest extent permitted by applicable law, any claim that any action or proceeding commenced by the Administrative Agent or any Lender relating in any way to this Agreement should be dismissed or stayed by reason, or pending the resolution, of any action or proceeding commenced by a Borrower relating in any way to this Agreement whether or not commenced earlier. To the fullest extent permitted by applicable law, the Borrowers shall take all measures necessary for any such action or proceeding commenced by the Administrative Agent or any Lender to proceed to judgment prior to the entry of judgment in any such action or proceeding commenced by a Borrower.

11.02 Notices. All notices, requests and other communications provided for herein and under the Security Documents (including, without limitation, any modifications of, or waivers, requests or consents under, this Agreement) shall be given or made in writing (including, without limitation, by telecopy) delivered to the intended recipient at (i) in the case of the Borrowers and the Administrative Agent, the "Address for Notices" specified below its name on the signature pages hereof and (ii) in the case of each of the Lenders, the address (or telecopy number) set forth in its Administrative Questionnaire; or, as to any party, at such other address as shall be designated by such party in a notice to each other party. Notwithstanding the foregoing, notices of borrowing, prepayment and Conversion of Loans pursuant to Section 4.05 hereof may be made by telephone, so long as the same are promptly confirmed in writing. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given when transmitted by telecopier or personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

11.03 Expenses, Etc. The Borrowers jointly and severally agree to pay or reimburse each of the Lenders and the Administrative Agent for: (a) all reasonable out-of-pocket costs and expenses of the Administrative Agent (including, without limitation, the reasonable fees and expenses of Milbank, Tweed, Hadley & McCloy LLP, special New York counsel to JPMCB) in connection with (i) the negotiation, preparation, execution and delivery of this Agreement and the other Loan Documents and the extension of credit hereunder and (ii) the negotiation or preparation of any modification, supplement or waiver of any of the terms of this Agreement or any of the other Loan Documents (whether or not consummated); (b) all reasonable out-of-pocket costs and expenses of the Lenders and the Administrative Agent (including, without limitation, the reasonable fees and expenses of legal counsel) in connection with (i) any Default and any enforcement or collection proceedings resulting therefrom, including, without limitation, all manner of participation in or other involvement with (x) bankruptcy, insolvency, receivership, foreclosure, winding up or liquidation proceedings, (y) judicial or regulatory proceedings and (z) workout, restructuring or other negotiations or proceedings (whether or not the workout, restructuring or transaction contemplated thereby is consummated) and (ii) the enforcement of this Section 11.03; and (c) all transfer, stamp, documentary or other similar taxes, assessments or charges levied by any governmental or revenue authority in respect of this Agreement or any of the other Loan Documents or any other document referred to herein or therein and all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by any Security Document or any other document referred to therein.

The Borrowers hereby jointly and severally agree to indemnify the Administrative Agent, each Lender, each of their affiliates and their respective directors, officers, employees, trustees, investment advisors, attorneys and agents (collectively, the "Indemnified Parties") from, and hold each of them harmless against, any and all losses, liabilities, claims, damages or expenses incurred by any of them (including, without limitation, any and all losses, liabilities, claims, damages or expenses incurred by the Administrative Agent to any Lender, whether or not the Administrative Agent or any Lender is a party thereto) arising out of or by reason of any investigation or litigation or other proceedings (including any threatened investigation or litigation or other proceedings) relating to the extensions of credit hereunder or any actual or proposed use by the Borrowers or any of their Subsidiaries of the proceeds of any of the extensions of credit hereunder, including, without limitation, the reasonable fees and disbursements of counsel incurred in connection with any such investigation or litigation or other proceedings (but excluding any such losses, liabilities, claims, damages or expenses incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). No Indemnified Party shall be liable on any theory of liability for any special, indirect, consequential or punitive damages (including, without limitation, any loss of profits, business or anticipated savings).

11.04 Amendments, Etc. Except as otherwise expressly provided in this Agreement, any provision of this Agreement may be modified or supplemented only by an instrument in writing signed by the Borrowers and the Majority Lenders, or by the Borrowers and the Administrative Agent acting with the consent of the Majority Lenders, and any provision



of this Agreement may be waived by the Majority Lenders or by the Administrative Agent acting with the consent of the Majority Lenders; provided that:

(a) no modification, supplement or waiver shall:

(i) increase the Commitment of any Lender without the written consent of such Lender;

(ii) reduce the principal amount of any Loan or Reimbursement Obligation or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby;

(iii) postpone the scheduled date of payment of the principal amount of any Loan or Reimbursement Obligation, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration or reduction of any Commitment, or postpone the ultimate expiration date of any Letter of Credit beyond the Revolving Credit Commitment Termination Date or commitment termination date for the relevant Incremental Facility Revolving Credit Commitments, as applicable, without the written consent of each Lender affected thereby;

(iv) change Section 4.02 or 4.07 in a manner that would alter the pro rata sharing of payments required thereby, without in each case the written consent of each Lender;

(v) alter the manner in which payments or prepayments of principal, interest or other amounts hereunder shall be applied between or among the Lenders or Classes of Loans without the written consent of the Majority Lenders of each Class affected thereby, or alter in any other manner the obligation of the Borrowers to prepay Loans hereunder without the consent of the Majority Lenders of each Class affected thereby;

(vi) change any of the provisions of this Section 11.04 or the percentage in the definition of "Majority Lenders", or modify in any other manner the number or percentage of the Lenders required to make any determinations or waive any rights hereunder or to modify any provision hereof, without the written consent of each Lender; or

(vii) waive any of the conditions precedent set forth in Section 6 applicable to the initial extension of credit hereunder, without the written consent of each Lender; and

(b) any modification or supplement of Section 10 hereof, or of any of the rights or duties of the Administrative Agent hereunder, shall require the consent of the Administrative Agent.

Anything in this Agreement to the contrary notwithstanding, no waiver or modification of any provision of this Agreement that has the effect (either immediately or at some later time) of enabling the Borrowers to satisfy a condition precedent to the making of a Loan of any Class shall be effective against the Lenders of such Class for the purposes of the Commitments of such Class unless the Majority Lenders of such Class shall have concurred with such waiver or modification, and no waiver or modification of any provision of this Agreement or any other Loan Document that could reasonably be expected to adversely affect the Lenders of any Class shall be effective against the Lenders of such Class unless the Majority Lenders of such Class shall have concurred with such waiver or modification.

11.05 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

11.06 Assignments and Participations.

(a) Assignments Generally. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto (including any Affiliate of any Issuing Lender that issues any Letter of Credit) and their respective successors and assigns permitted hereby, except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by a Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 11.06. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Lender that issues any Letter of Credit), Participants (to the extent provided in paragraph (e) below) and, to the extent expressly contemplated hereby, the Affiliates and the respective directors, officers, employees, agents and advisors of each of the Administrative Agent, the Issuing Lenders, the Lenders and each of their Affiliates) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Assignments by Lenders.

(i) Assignments Generally. Subject to the conditions set forth in clause (ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment or Incremental Facility Revolving Credit Commitment, and the Loans and Letter of Credit Interest, at the time held by it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrowers, provided that no consent of the Borrowers shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default under paragraph (a), (f) or (g) of Section 9.01 hereof shall have occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for (w) an assignment of any Term Loans or Incremental Term Loans to a Lender, an Affiliate or a Lender or an Approved Fund, (x) an assignment of any Revolving Loans or Revolving Credit Commitments to an assignee that is a Lender with a Revolving Credit Commitment immediately prior to giving effect to such assignment, (y) an assignment of any Incremental Facility Revolving Credit Commitments to an assignee that is a Lender with an Incremental Facility Revolving Credit Commitment immediately prior to giving effect to such assignment or (z) an assignment of any Incremental Facility Term Loan Commitments to an assignee that is a Lender with an Incremental Facility Term Loan Commitment immediately prior to giving effect to such assignment; and

(C) each Issuing Bank, in the case of an assignment of all or a portion of (x) a Revolving Credit Commitment or any Revolving Credit Lender's obligations in respect of its Letter of Credit Interest thereunder or (y) an Incremental Facility Revolving Credit Commitment providing for Letters of Credit, or any Incremental Facility Revolving Credit Lender's obligations in respect of its Letter of Credit Interest thereunder.

(ii) Certain Conditions to Assignments. Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender's Commitment, Loans or Letter of Credit Interest of any Class, the amount of the Commitment, Loans or Letter of Credit Interest of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than \$5,000,000 or, in the case of a Term Loan or Incremental Facility Term Loan, \$1,000,000 (provided, that all amounts assigned shall be aggregated in calculating the \$1,000,000 minimum in the event of simultaneous assignments to or from two or more Affiliated Approved Funds) unless the Borrowers and the Administrative Agent otherwise consent, provided that no such consent of the Borrowers shall be required if an Event of Default under paragraph (a), (f) or (g) or Section 9.01 hereof has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments, Loans or Letter of Credit Interest;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of U.S. \$3,500 (provided, that only one such fee shall be payable in the event of simultaneous assignments to or from one or more Affiliated Approved Funds); and

(D) the assignee, if it shall not already be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire.

(iii) Effectiveness of Assignments. Subject to acceptance and recording thereof pursuant to paragraph (c) below, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to Section 5 hereof and the rights referred to in Section 11.07 hereof). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.06 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (e) below.

(c) Maintenance of Register by the Administrative Agent. The Administrative Agent, acting for this purpose as an agent of the Borrowers, shall maintain at one of its offices in New York City a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans and Reimbursement Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent, the Issuing Lenders and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary.

The Register shall be available for inspection by the Borrowers, the Issuing Lenders or any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Acceptance of Assignments by Administrative Agent. Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above and any written consent to such assignment required by said paragraph (b), the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph (d).

(e) Participations. Any Lender may, without the consent of the Borrowers, the Administrative Agent or the Issuing Lenders, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitments and the Loans and Letter of Credit Interests held by it); provided that (i) such Lender's obligations under this Agreement and the other Loan Documents shall remain unchanged, (ii) such Lender shall

remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrowers, the Administrative Agent, the Issuing Lenders and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and the other Loan Documents and to approve any amendment, modification or waiver of any provision of this Agreement or any other Loan Document; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 11.04 hereof that affects such Participant. Subject to paragraph (f) below, the Borrowers agree that each Participant shall be entitled to the benefits of Section 5.01, 5.05, 5.06 and 5.07 hereof to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) above. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 4.07(b) hereof as though it were a Lender, provided such Participant agrees to be subject to Section 4.07(b) hereof as though it were a Lender hereunder.

(f) Limitations on Rights of Participants. A Participant shall not be entitled to receive any greater payment under Section 5.01, 5.06 or 5.07 hereof than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrowers' prior written consent. A Participant that would be a Lender that is not a U.S. Person if it were a Lender shall not be entitled to the benefits of Section 5.07 hereof unless the Borrowers are notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrowers, to comply with Section 5.07 hereof as though it were a Lender.

(g) Certain Pledges. Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any such pledge or assignment to a Federal Reserve Bank, and this Section 11.06 hereof shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) Provision of Information to Assignees and Participants. A Lender may furnish any information concerning the Borrowers or any of their Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants), subject, however, to the provisions of Section 11.12(b) hereof.

(i) No Assignments to the Borrowers or Affiliates. Anything in this Section 11.06 to the contrary notwithstanding, no Lender may assign or participate any interest in any Loan or Reimbursement Obligation held by it hereunder to the Borrowers or any of their Affiliates or Subsidiaries without the prior consent of each Lender.

11.07 Survival. The obligations of the Borrowers under Sections 5.01, 5.05, 5.06, 5.07 and 11.03 hereof, and the obligations of the Lenders under Section 10.05 hereof, shall

survive the repayment of the Loans and Reimbursement Obligations and the termination of the Commitments and, in the case of any Lender that may assign any interest in its Commitments, Loans or Letter of Credit Interest hereunder, shall survive the making of such assignment, notwithstanding that such assigning Lender may cease to be a "Lender" hereunder. In addition, each representation and warranty made, or deemed to be made by a notice of any extension of credit (whether by means of a Loan or a Letter of Credit), herein or pursuant hereto shall survive the making of such representation and warranty, and no Lender shall be deemed to have waived, by reason of making any extension of credit hereunder (whether by means of a Loan or a Letter of Credit), any Default that may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender or the Administrative Agent may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such extension of credit was made.

11.08 Captions. The table of contents and captions and section headings appearing herein are included solely for convenience of reference and are not intended to affect the interpretation of any provision of this Agreement.

11.09 Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart.

11.10 Governing Law; Submission to Jurisdiction.

This Agreement shall be governed by, and construed in accordance with, the law of the State of New York. Each Borrower hereby submits to the nonexclusive jurisdiction of the United States District Court for the Southern District of New York and of the Supreme Court of the State of New York sitting in New York County (including its Appellate Division), and of any other appellate court in the State of New York, for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Borrower hereby irrevocably waives, to the fullest extent permitted by applicable law, any objection that it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

11.11 Waiver of Jury Trial. **EACH OF THE BORROWERS, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY.**

11.12 Treatment of Certain Information; Confidentiality.

(a) Disclosure to Certain Affiliates. The Borrowers acknowledge that from time to time financial advisory, investment banking and other services may be offered or provided to the Borrowers or one or more of their Subsidiaries (in connection with this Agreement or otherwise) by any Lender or by one or more subsidiaries or affiliates of such

Lender and the Borrowers hereby authorize each Lender to share any information delivered to such Lender by the Borrowers and their Subsidiaries pursuant to this Agreement, or in connection with the decision of such Lender to enter into this Agreement, to any such subsidiary or affiliate, it being understood that any such subsidiary or affiliate receiving such information shall be bound by the provisions of paragraph (b) below as if it were a Lender hereunder. Such authorization shall survive the repayment of the Loans and Reimbursement Obligations and the termination of the Commitments.

(b) Confidentiality Generally. Each Lender and the Administrative Agent agrees (on behalf of itself and each of its affiliates, directors, officers, employees and representatives) to use reasonable precautions to keep confidential, in accordance with their customary procedures for handling confidential information of the same nature and in accordance with safe and sound banking practices (or, if such Lender is not a bank, in accordance with safe and sound lending practices), any non-public information supplied to it by any Obligor pursuant to this Agreement or any other Loan Document that is identified by the Borrowers as being confidential at the time the same is delivered to the Lenders or the Administrative Agent, provided that nothing herein shall limit the disclosure of any such information (i) after such information shall have become public (other than through a violation of this Section 11.12), (ii) to the extent required by statute, rule, regulation or judicial process, (iii) to counsel for any of the Lenders or the Administrative Agent, (iv) to bank examiners (or any other regulatory authority, or quasi-regulatory body, including the National Association of Insurance Commissioners (NAIC), having jurisdiction over any Lender or the Administrative Agent), or to auditors or accountants, (v) to the Administrative Agent or any other Lender (or to J.P. Morgan Securities Inc.), (vi) in connection with any litigation to which any one or more of the Lenders or the Administrative Agent is a party, or in connection with the enforcement of rights or remedies hereunder or under any other Loan Document, (vii) to a subsidiary or affiliate of such Lender as provided in paragraph (a) above, (viii) to any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrowers and their obligations or (ix) to any assignee or participant (or prospective assignee or participant) so long as such assignee or participant (or prospective assignee or participant) first executes and delivers to the respective Lender a Confidentiality Agreement substantially in the form of Exhibit I hereto (or executes and delivers to such Lender an acknowledgement to the effect that it is bound by the provisions of this Section 11.12(b), which acknowledgement may be included as part of the respective assignment or participation agreement pursuant to which such assignee or participant acquires an interest in the Loans or Letter of Credit Interest hereunder); provided, further, that obligations of any assignee that has executed a Confidentiality Agreement in the form of Exhibit I hereto shall be superseded by this Section 11.12 upon the date upon which such assignee becomes a Lender hereunder pursuant to Section 11.06(b) hereof.

11.13 Confirmation of Security Interests.

(a) Confirmation of Security Interests. Each of the Borrowers, by its execution of this Agreement, hereby confirms and ratifies that all of its obligations as a "Securing Party" under the Security Documents to which it is a party shall continue in full force and effect for the benefit of the Administrative Agent and the Lenders with respect to this

Amendment and Restatement of the Existing Credit Agreement. Each of the Borrowers, by its execution of this Amendment and Restatement, hereby confirms that the security interests granted by it under each of the Security Documents to which it is a party shall continue in full force and effect in favor of the Administrative Agent for the benefit of the Lenders and the Administrative Agent with respect to the Existing Credit Agreement as amended hereby.

(b) Lender Consent to Amendment to Guarantee and Pledge Agreement. Each of the Lenders, by its execution of this Agreement, hereby authorizes and directs the Administrative Agent to execute and deliver an amendment to the Guarantee and Pledge Agreement, in form satisfactory to the Administrative Agent, to permit each of MCC and Mediacom Broadband to allocate to its respective Subsidiaries any expenses or other items incurred by it on behalf of more than one of its respective Subsidiaries on an applicable per subscriber or per customer basis as Mediacom Broadband or MCC, as the case may be, deems appropriate.



**Consent of Independent Registered Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (File No. 333-82124) and Forms S-8 (File Nos. 333-41366, 333-41360, 333-68306 and 333-122787) of Mediacom Communications Corporation of our report dated March 15, 2005, relating to the financial statements, financial statement schedule, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which are included in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

New York, New York  
March 15, 2005

## CERTIFICATIONS

I, Rocco B. Commisso, certify that:

- (1) I have reviewed this report on Form 10-K of Mediacom Communications Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2005

By: /s/ Rocco B. Commisso

**Rocco B. Commisso**  
Chief Executive Officer

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I, Mark E. Stephan, certify that:

- (1) I have reviewed this report on Form 10-K of Mediacom Communications Corporation;
- (2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- (3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- (4) The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- (5) The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

March 15, 2005

BY: /s/ MARK E. STEPHAN

**Mark E. Stephan**  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Mediacom Communications Corporation (the "Company") on Form 10-K for the period ended December 31, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Rocco B. Commisso, Chief Executive Officer, and Mark E. Stephan, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

March 15, 2005

BY: /s/ ROCCO B. COMMISSO

**Rocco B. Commisso**  
Chief Executive Officer

BY: /s/ MARK E. STEPHAN

**Mark E. Stephan**  
Chief Financial Officer