

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

Annual report pursuant to section 13 and 15(d)

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

FRONTIERVISION OPERATING PARTNERS LP

CIK: **1019504** | IRS No.: **841316775** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **333-09535** | Film No.: **99573567**
SIC: **4841** Cable & other pay television services

Mailing Address
*1777 SOUTH HARRISON
STREET
SUITE P-200
DENVER CO 80210*

Business Address
*1777 S HARRISON ST
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3037571588*

FRONTIERVISION CAPITAL CORP

CIK: **1020291** | IRS No.: **841353734** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-K** | Act: **34** | File No.: **333-09535-01** | Film No.: **99573568**
SIC: **6172** Finance lessors

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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the fiscal year ended December 31, 1998

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file numbers: 333-9535 and 333-9535-01

FrontierVision Operating Partners, L.P.

FrontierVision Capital Corporation*

(Exact names of Registrants as specified in their charters)

Delaware 84-1316775

Delaware 84-1353734

(States or other jurisdiction (IRS Employer Identification Numbers)
of incorporation or organization)

1777 South Harrison Street, 80210
Suite P-200, Denver, Colorado (Zip Code)
(Address of principal executive offices)

(303) 757-1588

(Registrants' telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act: None.

Securities registered pursuant to section 12(g) of the Act: None.

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

Yes No

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

Number of shares of common stock of FrontierVision Capital Corporation outstanding as of March 26, 1999: 100.

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

Documents Incorporated by Reference: None.

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PART I

Item 1. Business

We own, operate and develop cable television systems in small and medium-sized suburban and exurban communities in the United States. As of December 31, 1998, we were one of the twenty largest operators of cable television systems (a multiple system operator) in the United States, owning systems which passed approximately 1,007,100 homes and served approximately 702,200 basic subscribers.

On February 22, 1999, the owners of our general partner, FrontierVision Partners, L.P. (which we refer to as "FVP"), entered into a definitive agreement to sell their ownership interests in our company to Adelphia Communications Corporation. This change in our ownership is likely to have a significant effect on our continued operations. We expect to continue the execution of our business plan through the closing of this transaction, which is currently expected to occur during the third-quarter of 1999.

We were organized in 1995 under the laws of the State of Delaware and our headquarters are located at 1777 South Harrison Street, Suite P-200, Denver, Colorado, 80210. Our telephone number is (303) 757-1588 and we may be reached by e-mail at InvestorRel@FVP.com.

FrontierVision

Since closing our first acquisition in November 1995, we have completed over 30 acquisitions and have established significant critical mass and subscriber density within our targeted geographic markets. The following table illustrates our growth and operating characteristics of our systems through December 31, 1998.

<TABLE>

| | Homes Passed | Basic Subscribers | Premium Units | Total Revenue (In Thousands) |
|-------------------|--------------|----------------------|------------------|---------------------------------|
| <S> | <C> | <C> | <C> | <C> |
| December 31, 1995 | 125,300 | 92,700 | 35,700 | 4,369 |
| December 31, 1996 | 498,900 | 356,400 | 152,100 | 76,464 |
| December 31, 1997 | 817,000 | 559,800 | 275,400 | 145,126 |
| December 31, 1998 | 1,007,100 | 702,200 | 285,300 | 245,134 |

</TABLE>

We have established three primary operating clusters in New England, Ohio and Kentucky, with a fourth, smaller group of cable television systems in the Southeast. As of December 31, 1998, over 90% of our subscribers were within our three primary operating clusters. We are currently the second largest multiple system operator in Kentucky, the largest multiple system operator in Maine and the third largest multiple system operator in Ohio.

Development of the Systems

We were organized in 1995 to exploit acquisition opportunities in the cable television marketplace created by the confluence of several economic, regulatory, competitive and technical forces. The cable television industry has experienced rapid and continuing consolidation over the last several years for various reasons. Operators have been faced with the need for increased levels of capital expenditures to expand channel capacity and have recently begun to face the threat of competition from new market entrants, including DBS services and telephone company video programming services. Many smaller multiple system operators, particularly those that were acquisitive during the late 1980's and purchased systems at prices significantly higher than those paid by us, sought liquidity for their investors or were constrained from accessing additional capital to upgrade or rebuild aging plant to remain competitive with other video programming providers. More recently, larger multiple system operators have embarked on their own program of divesting or trading less strategic systems to redirect their resources to major urban and suburban markets.

As a result of this supply and demand anomaly, we have been able to selectively acquire cable television properties from both small and large multiple system operators, thereby establishing core geographic clusters and subscriber mass. The following table summarizes our acquisitions through December 31, 1998:

<TABLE>

| Predecessor Owner | Date Acquired | Purchase Price(1) (in millions) | Basic Subscribers Acquired(2) |
|---|--------------------|------------------------------------|----------------------------------|
| <S> | <C> | <C> | <C> |
| United Video Cablevision, Inc. | November 9, 1995 | \$ 120.8 | 87,400 |
| Longfellow Cable Company, Inc. | November 21, 1995 | 6.1 | 5,100 |
| C4 Media Cable Southeast, Limited Partnership..... | February 1, 1996 | 47.6 | 40,400 |
| Americable International Maine, Inc..... | March 29, 1996 | 4.8 | 3,350 |
| Cox Communications..... | April 9, 1996 | 136.0 | 77,200 |
| Phoenix Grassroots Cable Systems, LLC..... | August 29, 1996 | 9.3 | 7,400 |
| Triax Southeast Associates, L.P..... | October 7, 1996 | 84.7 | 53,200 |
| American Cable Entertainment of Kentucky-Indiana, Inc..... | October 9, 1996 | 146.0 | 83,250 |
| SRW, Inc.'s Penn/Ohio Cablevision, L.P..... | October 31, 1996 | 3.8 | 3,225 |
| SRW, Inc.'s Deep Creek Cable TV, L.P. | December 23, 1996 | 3.0 | 2,175 |
| Bluegrass Cable Partners, L.P..... | March 20, 1997 | 9.9 | 7,225 |
| Clear Cable T.V., Inc. and B&G Cable T.V. Systems, Inc..... | March 31, 1997 | 1.7 | 1,450 |
| Milestone Communications of New York, L.P. | March 31, 1997 | 2.8 | 2,125 |
| Triax Associates I, L.P..... | May 30, 1997 | 34.5 | 20,700 |
| Phoenix Front Row Cablevision | May 30, 1997 | 6.8 | 5,250 |
| PCI Incorporated..... | August 29, 1997 | 13.5 | 7,750 |
| SRW, Inc.'s Blue Ridge Cable Systems, L.P..... | September 3, 1997 | 4.1 | 4,550 |
| Harold's Home Furnishings, Inc..... | October 31, 1997 | 1.5 | 1,480 |
| A-R Cable Services - ME, Inc..... | October 31, 1997 | 78.2 | 54,300 |
| TCI Cablevision of Vermont, Inc. and Westmarc Development Joint Venture..... | December 2, 1997 | 34.5 | 22,100 |
| Cox Communications, Inc..... | December 19, 1997 | 203.0 | 85,400 |
| TVC-Sumpter Linked Partnership and North Oakland Cablevision Partners Limited Partnership | March 6, 1998 | 14.2 | 8,100 |
| TCI Cablevision of Ohio, Inc..... | April 1, 1998 | 10.0 | 6,000 |
| New England Cablevision of Massachusetts, Inc. | April 3, 1998 | 44.7 | 26,500 |
| Ohio Cablevision Network, Inc..... | July 31, 1998 | 38.0 | 19,700 |
| Appalachian Cablevision of Ohio..... | September 1, 1998 | 0.3 | 280 |
| Unity Cable Television, Inc..... | September 30, 1998 | 0.8 | 590 |
| State Cable TV Corporation | October 23, 1998 | 188.2 | 75,000 |
| Paint Valley Cable Company, Inc..... | October 30, 1998 | 1.7 | 1,300 |
| Casco Cable Television, Inc..... | November 30, 1998 | 3.2 | 2,185 |

</TABLE>

(1) Represents the contract purchase price excluding working capital purchase adjustments and transaction costs.

(2) Includes 10,600 subscribers to systems that were sold by FrontierVision in 1996.

On January 7, 1999, we sold nine cable systems located in eastern Tennessee and western North Carolina to Helicon Partners I, LP. The systems served a total of approximately 4,400 basic subscribers in smaller, rural communities in western Tennessee and eastern North Carolina. The systems were part of our Southeast operating region. In addition, on February 17, 1999 we entered into an asset exchange agreement to obtain one Kentucky system serving approximately 6,200 subscribers outside of Lexington, Kentucky in exchange for one of our existing Kentucky systems serving approximately 4,800 subscribers south of Cincinnati, Ohio and approximately \$3.1 million of cash. There can be no assurance that the system trade will be consummated or that we can successfully integrate any acquired business with our existing operations.

System Descriptions

Our cable television systems consist of three primary clusters--New England, Ohio and Kentucky--with a fourth, smaller group of systems in the Southeast. The following chart provides certain operating and technical profile statistics as of December 31, 1998 for our cable systems.

<TABLE>

| | New England Cluster | Ohio Cluster | Kentucky Cluster | Southeast Region | Total Systems |
|--|---------------------|--------------|------------------|------------------|---------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Homes passed..... | 351,300 | 383,200 | 172,600 | 100,000 | 1,007,100 |
| Basic subscribers..... | 248,000 | 268,800 | 123,700 | 61,700 | 702,200 |
| Basic penetration..... | 70.6% | 70.1% | 71.7% | 61.7% | 69.7% |
| Premium units..... | 107,400 | 119,700 | 37,800 | 20,400 | 285,300 |
| Premium penetration..... | 43.3% | 44.5% | 30.6% | 33.1% | 40.6% |
| Digital cable television subscribers..... | 744 | 2,929 | None | 1,358 | 5,031 |
| Average monthly revenue per basic subscriber (1)..... | \$33.20 | \$35.85 | \$34.20 | \$26.95 | \$33.84 |
| Number of headends..... | 87 | 87 | 38 | 46 | 258 |
| Percentage of subscribers with at least 54-channel capacity..... | 63.7% | 76.8% | 57.6% | 32.1% | 65.6% |

(1) Average monthly revenue per basic subscriber equals revenue for the month ended December 31, 1998 divided by the number of basic subscribers as of the end of such period.

New England Cluster. The systems in our New England cluster passed approximately 351,300 homes and served approximately 248,000 basic subscribers and 107,400 premium units as of December 31, 1998. The New England cluster is comprised primarily of systems located in communities in southern, middle and coastal Maine, central New Hampshire, northeastern Massachusetts and northern Vermont. Of the Maine systems' approximately 168,400 total subscribers, approximately 155,000 subscribers are located in Augusta, Bangor and Lewiston and contiguous communities or in nearby coastal communities. Most of the approximately 45,300 subscribers in New Hampshire are located in Lebanon and surrounding communities, the 27,100 Massachusetts subscribers are located within 30 miles of suburban Boston and most of the 7,200 Vermont subscribers are located within 20 miles of Burlington, the state's largest city. Approximately 63.7% of our subscribers in the New England cluster are offered at least 54 channels, including 750 MHz design systems in Amesbury and Gloucester, Massachusetts and Augusta, Maine and 550 MHz design systems in Waterville and Rockland, Maine.

Ohio Cluster. Systems in the Ohio cluster passed approximately 383,200 homes and served approximately 268,800 basic subscribers and 119,700 premium units as of December 31, 1998. The majority of the subscribers in the Ohio cluster are located in northwest Ohio, extending from the northern suburbs of Toledo south along the Indiana state border, and central Ohio, south and east of suburban Columbus to the Ohio River. Approximately 76.8% of the our subscribers in the Ohio cluster are offered at least 54 channels, including 550 MHz design systems in Ashland, Kentucky and Newark and New Philadelphia, Ohio.

Kentucky Cluster. The systems in the Kentucky cluster passed approximately 172,600 homes and served approximately 123,700 basic subscribers and 37,800 premium units as of December 31, 1998. A single regional customer service center in Richmond, Kentucky serves all Kentucky subscribers, the majority of which reside in outlying communities of Lexington, Kentucky and Cincinnati, Ohio. Approximately 57.6% of our subscribers in the Kentucky cluster are offered at least 54 channels, including 550 MHz design systems in Nicholasville, Kentucky and Delhi, Ohio and 750 MHz design systems in Madison, Indiana and Winchester, Kentucky.

Southeast Systems. The Southeast systems passed approximately 100,000 homes and served approximately 61,700 basic subscribers and 20,400 premium units as of December 31, 1998. The Southeast systems at December 31, 1998 were comprised of groups of systems located in the following states:

- o Tennessee, serving approximately 23,000 basic subscribers
- o North Carolina, serving approximately 13,400 basic subscribers
- o Virginia, serving approximately 17,300 basic subscribers, and
- o Maryland/Pennsylvania, serving approximately 8,000 basic subscribers

The Tennessee systems are located primarily in Greeneville, Tennessee and surrounding communities; the North Carolina systems are located near Rocky Mount, North Carolina; and the Virginia systems are located in north central Virginia between Charlottesville and Winchester and in Eastern Virginia, near Richmond. The Maryland/Pennsylvania systems are located along the Maryland and Pennsylvania border, approximately 120

miles west of Washington, D.C. Approximately 32.1% of the current plant design in the Southeast region is at least 54 channels.

Technological Developments

The following tables set forth certain information regarding the channel capacities and miles of plant and the average number of subscribers per headend for our cable systems as of December 31, 1998.

<TABLE>

| | <220 MHz: Up to 32 Channels | 221-399 MHz: 33 to 53 Channels | 400-549 MHz: 54 to 77 Channels | 550-750 MHz: 78 to 110 Channels | Total |
|-----------------------------|-----------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|--------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Miles of plant..... | 362 | 11,033 | 10,819 | 3,594 | 25,808 |
| % miles of plant..... | 1.4% | 42.8% | 41.9% | 13.9% | 100.0% |
| % of basic subscribers..... | 1.3% | 33.1% | 44.1% | 21.5% | 100.0% |

| | Number of Subscribers Per Headend | | | | | Total |
|-----------------------|-----------------------------------|-----------------|------------------|-------------------|---------|---------|
| | <1,000 | 1,001- 5,000 | 5,001- 10,000 | 10,001- 20,000 | >20,001 | Total |
| # of subscribers..... | 58,300 | 191,620 | 126,010 | 130,930 | 195,340 | 702,200 |
| % of subscribers..... | 8.3% | 27.3% | 18.0% | 18.6% | 27.8% | 100.0% |

</TABLE>

Our cable systems have an average capacity of approximately 59 analog channels and delivered an average of 50 analog channels of programming to our subscribers as of December 31, 1998. Approximately 64% of our subscribers are served by systems with more than 5,000 subscribers and approximately 46% are served by systems serving more than 10,000 subscribers. We believe that our current excess channel capacity and significant number of larger systems will allow us to cost effectively introduce new service offerings.

Recently, digital cable television has become commercially viable with technological cost reductions. We believe that this development will allow us to increase services to our subscribers. As of December 31, 1998, we had successfully launched digital cable television services in 12 of our systems and were in the process of installing necessary headend equipment for launches in additional systems. As of March 15, 1999, we had introduced digital cable television to approximately one-third of our basic cable subscribers.

The Cable Television Industry

Our cable television systems receive television, radio and data signals that are transmitted to the system's headend site by means of off-air antennas, microwave relay systems and/or satellite earth stations. These signals are then modulated, amplified and distributed, primarily through coaxial, and in some instances, fiber optic cable, to customers who pay a fee for this service. In some cases, we may also originate our own television programming and other information services for distribution through the system. Our cable television systems generally are constructed and operated pursuant to non-exclusive franchises or similar licenses granted by local governmental authorities for a specified term of years, generally for extended periods of up to 15 years.

The cable television industry developed in the United States in the late 1940's and early 1950's in response to the needs of residents in predominantly rural and mountainous areas of the country where the quality of off-air television reception was inadequate due to factors such as topography and remoteness from television broadcast towers. In the late 1960's, cable television systems also developed in small and medium-sized cities and suburban areas that had a limited availability of clear off-air television station signals. All of these markets are regarded within the cable industry as "classic" cable television station markets. In more recent years, cable television systems have been constructed in large urban cities and nearby suburban areas, where good off-air reception from multiple television stations usually is already available, in order to receive the numerous, satellite-delivered channels carried by cable television systems which are not otherwise available via broadcast television reception.

Our cable television systems offer customers various levels, commonly known as "tiers," of cable services consisting of:

- o off-air television signals of local network, independent and

- o educational stations;
- o a limited number of television signals from so-called "superstations" originating from distant cities (such as WGN-TV);
- o various satellite-delivered, non-broadcast channels (such as Cable News Network, MTV: Music Television, the USA Network, Entertainment and Sports Programming Network and Turner Network Television);
- o certain programming originated locally by the cable television system (such as public, governmental and educational access programs); and
- o informational displays featuring news, weather, stock market and financial reports and public service announcements.

For an extra monthly charge, our cable television systems also offer premium television services to their customers. These services (such as Home Box Office (R), Showtime (R) and regional sports networks) are satellite-delivered channels consisting principally of feature films, live sports events, concerts and other special entertainment features, usually presented without commercial interruption.

Customers generally pay an initial installation charge and fixed monthly fees for basic and premium television services and for other services (such as the rental of converters and remote control devices). Such monthly service fees constitute our primary source of revenue. In addition to customer revenue from these services, we also generate revenue from additional fees paid by customers for pay-per-view programming of movies and special events and from the sale of available advertising spots on advertiser-supported programming networks, such as MTV: Music Television, the USA Network, and Entertainment and Sports Programming Network. We also offer to our customers home shopping services, which pay our systems a share of revenue from sales of products in the systems' service areas.

Programming, Services and Rates

We have various contracts to obtain basic and premium programming for our systems from program suppliers whose compensation is typically based on a fixed fee per customer. Our programming contracts are generally for a fixed period of time and are subject to negotiated renewal. Some program suppliers provide volume discount pricing structures or offer marketing support to us. In particular, we have negotiated programming agreements with premium service suppliers that offer cost incentives to us under which premium service unit prices decline as certain premium service growth thresholds are met. Our successful marketing of multiple premium service packages emphasizing customer value has enabled us to take advantage of such cost incentives.

We are a member of a programming consortium consisting of small to medium-sized cable companies serving, in the aggregate, over eight million cable subscribers. The consortium was formed to help create efficiencies in the areas of securing and administering programming contracts, as well as to establish more favorable programming rates and contract terms for small to medium-sized operators. We also have various retransmission consent arrangements with commercial broadcast stations. Some of these consents require direct payment of nominal fees for carriage. In some other instances no payment is required; however, we have entered into agreements with certain stations to carry satellite-delivered cable programming which is affiliated with the network carried by such stations.

Although services vary from system to system due to differences in channel capacity, viewer interests and community demographics, the majority of our systems offer a "basic service tier," consisting of local television channels (network and independent stations) available over-the-air and local public, governmental, home-

shopping and leased access channels. The majority of our systems offer, for a monthly fee, an expanded basic tier of "superstations" originating from distant cities (such as WGN-TV), various satellite-delivered, non-broadcast channels (such as Cable News Network, MTV: Music Television, the USA Network, Entertainment and Sports Programming Network) and certain programming originated locally by the cable system (such as public, governmental and educational access programs) providing information with respect to news, time, weather and the stock market. In addition to these services, our systems typically provide one or more premium services purchased from independent suppliers and combined in different formats to appeal to the various segments of the viewing audience, such as Home Box Office (R), Showtime (R), Cinemax (R) The Movie Channel(TM), and Starz!. These services are satellite-delivered channels consisting principally of feature films, original programming, live sports events, concerts and other special entertainment features, usually presented without commercial interruption. Such premium programming services are offered by our systems both on an a la carte basis and as part of premium service packages designed to enhance customer value and to enable us systems to take advantage of programming agreements offering cost incentives based on premium unit growth. Subscribers

may subscribe for one or more premium units.

Subscriber rates vary from market to market and in accordance with the type of service selected. As of December 31, 1998, the combined average monthly service rate in our cable systems was \$26.15 for the basic and expanded basic service tiers. Our subscriber service rates reflect reductions required in response to federal rate regulation. A one-time installation fee, which may be waived in whole or in part during certain promotional periods, is charged to new subscribers. Management believes that the Company's rate practices are generally consistent with the current practices in the industry. For additional information on rate regulation of our services, see "Legislation and Regulation -- Rate Regulation."

Marketing, Customer Service and Community Relations

We market and promote cable television services with the objective of adding and retaining customers and increasing subscriber revenue. We actively market basic and premium program packages through a number of coordinated marketing techniques, which include:

- o direct consumer sales and subscriber audit programs;
- o direct mail for basic and upgrade acquisition campaigns;
- o monthly subscriber statement inserts;
- o local newspaper and broadcast/radio advertising where population densities are sufficient to provide a reasonable cost per sale; and
- o cross-channel promotion of new services and pay-per-view.

We have a single centralized telemarketing center to provide the outbound telemarketing support for all operating regions. Using a predictive dialing system platform, the operation is focused on:

- o basic and pay unit acquisition;
- o delinquent account collection activities;
- o customer satisfaction surveys; and
- o targeted marketing campaigns.

We are dedicated to providing superior customer service. To meet this objective, we provide our customers with a full line-up of programming, a wide variety of programming options and packages, timely and reliable service and improved technical quality. Our employees receive ongoing training in customer service, sales and subscriber retention and technical support. In general, following a new installation, a customer service representative will follow up by telephone contact with the subscriber to assess the quality of installation and the service the subscriber is receiving and to ensure overall subscriber satisfaction. Customer service representatives and technicians are also trained to market upgrades or cross-sell services at the point of sale of

service. As part of our consolidation efforts, we have established centralized customer service facilities, increased hours of operation, and installed state-of-the-art telephone, information and billing systems to improve responsiveness to customer needs. In addition, we have retained local payment and technical offices to maintain a local presence and visibility within the communities we serve.

Recognizing that strong governmental, franchise and public relations are crucial to our overall success, we maintain and improve the working relationships with all governmental entities within the franchise areas. Regional management meets regularly with local officials for the purposes of keeping them advised on our activities within the communities, to receive information and feedback on our standing with officials and customers alike and to ensure that we can maximize our growth potential in areas where new housing development is occurring or where significant technical plant improvement is underway. The regional management is also responsible for franchise renewal negotiations as well as the maintenance of Company visibility through involvement in various community and civic organizations and charities. In addition, we have hired experienced community relations personnel in its New England, Ohio and Kentucky clusters to enhance local visibility and long-term relationships.

Franchises

Our cable television systems are generally constructed and operated under non-exclusive franchises granted by local governmental authorities. Our franchises typically contain many conditions, such as:

- o time limitations on commencement and completion of construction; and
- o conditions of service, including number of channels, types of programming and the provision of free service to schools and certain

other public institutions.

The provisions of local franchises are subject to regulation under state and federal law, including the Communications Act of 1934, as amended, the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the Telecommunications Act of 1996, as well as the rules, regulations and policies of the FCC and applicable state agencies. For additional information on the federal and state regulation of our cable services and operations, see " Legislation and Regulation."

As of December 31, 1998, we held 744 franchises. These franchises, most of which are non-exclusive, provide for the payment of fees to the issuing authority. Generally, such franchise fees are passed through directly to the customers. Federal law prohibits franchising authorities from imposing franchise fees in excess of 5% of gross revenue and also permits us to seek renegotiation and modification of franchise requirements if warranted by changed circumstances.

Approximately 94% of our basic subscribers are in service areas that require a franchise. The table below groups the our franchises by date of expiration and presents the approximate number and percentage of basic subscribers for each group of franchises as of December 31, 1998.

<TABLE>

| Year of Franchise Expiration | Number of Franchises | Percentage of Total Franchises | Number of Subscribers | Percentage of Franchised Subscribers |
|------------------------------|----------------------|--------------------------------|-----------------------|--------------------------------------|
| 1997 through 2001..... | 348 | 47% | 288,400 | 44% |
| 2002 and thereafter..... | 396 | 53% | 368,500 | 56% |
| Total..... | 744 | 100% | 656,900 | 100% |

</TABLE>

Federal law provides, among other things, for an orderly franchise renewal process in which franchise renewal will not be unreasonably withheld. If a franchise renewal is denied and the franchising authority acquires ownership of our system or effects a transfer of our system to another person, we generally are entitled to the "fair market value" for the system covered by such franchise. In addition, federal law established

comprehensive renewal procedures which requires that our renewal application be assessed on its own merits and not as part of a comparative process with competing applications.

We believe that we generally have very good relationships with our franchising communities. We have never had a franchise revoked or failed to have a franchise renewed. In addition, all of our franchises eligible for renewal have been renewed or extended at or prior to their stated expirations.

Competition

Our cable systems compete with a number of different sources of news, information and entertainment, including:

- o local television broadcast stations that provide free off-air programming which can be received in many communities by using a roof-top antenna and television set;
- o program distributors that transmit satellite signals containing video programming, data and other information to receiving dishes of varying sizes located on the subscriber's premises;
- o satellite master antenna television systems, commonly known as SMATV systems, which generally serve condominiums, apartment and office complexes and private residential developments, but do not use or cross public rights-of-way;
- o multichannel, multipoint distribution service operators, commonly known as MMDS or wireless cable operators, which use low-power microwave frequencies to transmit video programming and other information over-the-air to subscribers;
- o other cable operators who build and operate cable systems in the same communities that we serve, commonly known as overbuilders;
- o interactive online computer services;
- o newspapers, magazines and book stores;
- o movie theaters;
- o live concerts and sporting events; and
- o home video products, including videotape cassette recorders.

Our cable systems will be competitive with other businesses providing similar communications services if we provide, at a reasonable price to our subscribers, superior technical performance, superior customer service and a greater variety of video programming and other communications services than are available off-air or through other alternative delivery sources.

Modifications to federal law in 1996 changed the regulatory environment in which our cable systems operate. Federal law now allows local exchange carriers, commonly known as LECs or local telephone companies, and other businesses to provide directly to subscribers a wide variety of video services that are competitive with our communications services. Some local telephone companies:

- o provide video services within and outside their telephone service areas through a variety of distribution methods, including broadband cable networks and wireless transmission facilities; and
- o have announced plans to construct and operate cable communications systems in various states.

Local telephone companies and other businesses with significant financial resources construct and operate communications facilities that provide access to the Internet; such facilities also transmit and distribute to homes and businesses interactive computer-based services, data and other non-video services. Our cable systems may be at a competitive disadvantage if the delivery of video and interactive online computer services by local telephone companies becomes widespread because local telephone companies are not required in certain circumstances to obtain local franchises to deliver these communications services or to comply with the variety of obligations that are imposed upon our cable systems under our franchises. We cannot predict the likelihood of success of competing video or broadband service ventures by local telephone companies or other

well-financed businesses. Nor can we predict the impact of these competitive ventures on our cable systems and other businesses. For more information about the federal and state laws and regulations governing our businesses, see "Legislation and Regulation".

We operate our cable systems in the communities we serve generally pursuant to non-exclusive franchises that are negotiated with and issued by a community's governing body such as a city council, a county board of supervisors or a state regulatory agency. Federal law prohibits local franchising authorities from unreasonably denying requests for additional franchises, and it permits local franchising authorities to operate cable systems. Companies that traditionally have not provided cable services and that have substantial financial resources (such as public utilities that own certain of the poles to which our cables are attached) may also obtain cable franchises and may provide competing communications services.

In the past few years Congress has enacted legislation and the FCC has adopted regulatory policies intended to provide a more favorable operating environment for existing and new technologies that provide, or have the potential to provide, substantial competition to cable systems. These technologies include, among others, direct broadcast satellite service, commonly known as DBS service, whereby signals are transmitted by satellite directly to small receiving dishes located on the customer's property. According to recent government and industry reports, conventional, medium and high-power satellites currently provide video programming to over 7.2 million individual households, condominiums, apartment and office complexes in the United States. DBS providers typically offer to their subscribers more than 150 channels of programming including:

- o news channels;
- o movies;
- o broadcast stations;
- o live concerts and sporting events; and
- o other program services similar to those program services provided by cable systems.

DBS systems use video compression technology to increase significantly the channel capacity of their systems, and digital technology to improve significantly the technical quality of the signals transmitted to subscribers. DBS service currently has certain competitive advantages and disadvantages compared to cable service. The advantages of DBS service include more programming, greater channel capacity, and the digital quality of the signals delivered to subscribers. The disadvantages of DBS service compared to cable service include high up-front customer equipment and installation costs and a lack of local programming and local service. The FCC and Congress are presently considering proposals that will enhance the ability of DBS providers and other

video program distributors to gain access to additional programming and to transmit local broadcast signals to local markets. These proposals, if adopted, will likely increase competition to our cable systems.

Two major companies, DirecTV and EchoStar Communications Corporation, are currently offering nationwide high-power DBS services. Additionally, Primestar, Inc. currently offers video programming to subscribers from a medium-power DBS satellite system. DirecTV and Primestar recently reported that DirecTV and its parent company are acquiring Primestar's medium-power DBS business and the high-power DBS business of Tempo, a subsidiary of Primestar. EchoStar recently announced that it is acquiring a high-power DBS license from MCI Telecommunications Corporation and two satellites currently under construction from News Corp. Various agencies of the federal government must still approve these transactions; however, if they are completed, DirecTV and EchoStar will significantly enhance the number of channels on which they can provide programming to subscribers and may improve significantly their competitive positions against cable operators. We are unable predict the impact these transactions may have on our business and operations.

Our cable systems also compete for subscribers with satellite master antenna systems, commonly known as SMATV or satellite TV systems. Satellite TV systems serve condominiums, apartment and office complexes and private residential developments and, because they do not use public rights-of-way, they typically are not subject to regulation like local franchised cable operators. Satellite TV systems offer subscribers both improved reception of local television stations and many of the same satellite-delivered programming services offered by franchised cable systems. In addition, some satellite TV operators are developing and/or offering packages of telephony, data and video services to private residential and commercial developments. Satellite

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TV operators often enter into exclusive service agreements with building owners or homeowners' associations, although some states have enacted laws to provide franchised cable systems access to these private complexes. Courts have reviewed challenges to these laws and have reached varying results. Our ability to compete for subscribers in residential and commercial developments served by satellite TV operators is uncertain. However, we are developing competitive packages of services (video and data) to offer to these residential and commercial developments.

Cable systems also compete with wireless program distribution services such as multichannel, multipoint distribution services, commonly known as MMDS or wireless cable systems, which use low-power microwave frequencies to transmit video programming and other information over-the-air to subscribers. The FCC, which licenses wireless cable systems, has authorized wireless cable systems to operate in areas served by our cable systems. Individual households also receive many of the satellite-delivered program services formerly available only to cable subscribers through the use of reasonably priced home satellite dishes. Federal law enhances the ability of cable competitors to purchase certain satellite-delivered cable programming at competitive costs. Federal law also significantly limits certain local restrictions on the use of roof-top, satellite and microwave antennae to receive satellite programming and over-the-air broadcasting services. We are unable to predict whether wireless video services, satellite TV operations or home satellite dish use will have a material impact on our business and operations.

Some of our cable systems are currently offering or plan to offer interactive online computer services to subscribers. These cable systems will compete with a number of other companies, many of whom have substantial resources, such as:

- o existing Internet service providers, commonly known as ISPs;
- o local telephone companies; and
- o long distance telephone companies.

Recently a number of companies, including local telephone companies and ISPs, have requested local authorities and the FCC to require cable operators to provide open access to cable operators' broadband infrastructure so that these companies may deliver Internet and other communications services directly to customers over the operators' broadband facilities. In a recent report to Congress, the FCC declined to institute an administrative proceeding to examine this issue because, in part, it believes that multiple methods of increasing bandwidth are or soon will be made available to a broad range ISPs and the public. At the present time, several local jurisdictions are attempting to impose open access obligations on other cable operators as a condition for obtaining municipal consent for franchise transfers; however, such conditions are currently being challenged in court. Although the FCC currently is refraining from imposing conditions on the availability of cable operators' broadband facilities to other competing companies, the FCC, Congress, and state and local regulatory authorities will continue to monitor and consider further

actions in this area.

The deployment by certain local telephone companies of Asymmetric Digital Subscriber Line technology, known as ADSL, will allow Internet access to subscribers at data transmission speeds equal to or greater than that of modems over conventional telephone lines. A number of large companies in the telecommunications and technology industries, including the Regional Bell Operating Companies, GTE Corporation, Microsoft, Compaq Computer Corporation and Intel Corporation, have formed a working group to accelerate the deployment of ADSL service. Several telephone companies have initiated ADSL service and have requested the FCC to fully deregulate packet-switched networks to allow them to provide high-speed broadband services, including interactive online services, without regard to present service boundaries and other regulatory restrictions. We are unable to predict the likelihood of success of the online services offered by our competitors or the impact on our business and operations of these competitive ventures.

We expect advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment, to occur in the future. For a detailed discussion of the legislative and regulatory factors effecting our business and operations, see "Legislation and Regulation". Other new technologies and services may develop in the future and may compete with services that our cable systems offer. Consequently,

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we are unable to predict the effect that ongoing or future developments might have on the cable industry or on our business and operations.

Employees

At December 31, 1998, we had approximately 1,206 equivalent full-time employees, fourteen of whom belonged to a collective bargaining unit. We consider our relations with our employees to be good.

Legislation and Regulation

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

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

THE COMMUNICATIONS ACT AND FCC REGULATIONS

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

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

- o our use of utility poles and conduit.

Rate Regulation

The Communications Act and the FCC's regulations and policies limit the ability of cable systems to raise rates for basic services and equipment, as well as for certain non-basic cable programming services. Federal law prohibits rate regulation of cable services and customer equipment only in communities that are subject to "effective competition," as defined by federal law. Federal law also prohibits the regulation of cable operators'

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rates where comparable video programming services, other than DBS, are offered by local telephone companies, or their affiliates, or by third parties using the local telephone company's facilities.

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

- o the lowest level of programming service offered by the cable operator, typically called basic service, which includes the local broadcast channels and any public access or governmental channels that are required by the operator's franchise; and
- o the installation, sale and lease of equipment used by subscribers to receive basic service, such as converter boxes and remote control units.

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

Several years ago, the FCC adopted detailed rate regulations, guidelines and rate forms that we and the local franchising authority must use in connection with the regulation of our 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, we may also justify our rates using a detailed and complicated cost-of-service methodology. The FCC's rules also require franchising authorities to regulate equipment rates on the basis of our actual cost plus a reasonable profit, as defined by the FCC.

If the local franchising authority concludes that our rates are too high under the FCC's rate rules, the local franchising authority may require us to reduce our rates and to refund overcharges to subscribers with interest. We may appeal adverse local rate decisions to the FCC. Approximately 125 of the communities served by our cable systems, representing approximately 12% of the communities we serve, currently regulate our basic service and equipment rates. The Communications Act and the FCC's regulations also permit franchising authorities to file complaints with the FCC concerning rates we charge for certain non-basic cable programming services tiers. Only one of the communities we serve, representing approximately 1% of our subscribers, has a complaint pending with the FCC challenging the rates we charge for the non-basic cable programming service tier.

The FCC also adopted several years ago comprehensive and restrictive regulations that allow us to modify our regulated rates on a quarterly or annual basis using various methodologies that account for changes in:

- o the number of regulated channels;
- o inflation; and
- o certain external costs, such as franchise and other governmental fees, copyright and retransmission consent fees, taxes, programming fees and franchise-related obligations.

The Communications Act prohibits regulation of certain non-basic rates, and in some cases basic rates, of qualified small cable operators, as defined by federal law. For certain other small cable operators who continue to be subject to rate regulation, the FCC has adopted regulations designed to reduce the substantive and procedural burdens of rate regulation on qualified small cable systems, as defined by federal law. The regulatory benefits accruing to qualified small cable systems under certain circumstances remain effective even if such systems are subsequently acquired by a larger cable operator. Many of our cable systems currently satisfy the FCC's small system eligibility criteria and are eligible to use the FCC's simplified rate methodology and procedures to justify cable service and equipment rates.

The Communications Act and the FCC's regulations also:

- o prohibit the regulation of the rates charged by cable operators for programming offered on a per channel or per program basis, and for certain multi-channel groups of new non-basic programming;
- o eliminate the regulation of non-basic cable programming service tiers after March 31, 1999, although Congress may consider legislation to extend the period during which non-basic rates remain subject to regulation;
- o require operators to charge uniform rates throughout each franchise area that is not subject to effective competition; o prohibit regulation of non-predatory bulk discount rates offered by operators to subscribers in commercial and residential developments; and
- o permit regulated equipment rates to be computed by aggregating costs of broad categories of equipment at the franchise, system, regional or company level.

Content Requirements

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

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

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

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

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

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

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

- o 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;
- o require such programmers to sell their programming to other video program distributors; and
- o limit the ability of such programmers to offer exclusive programming arrangements to their affiliates.

The Communications Act and FCC regulations contain restrictions on the

transmission by cable operators of obscene or indecent programming. It requires cable operators to block fully both the video and audio portion of sexually explicit or indecent programming on channels that are primarily dedicated to sexually oriented programming or alternatively to carry such programming only at "safe harbor" time periods currently defined by the FCC as the hours between 10 p.m. to 6 a.m. A three-judge federal district recently determined that this provision was unconstitutional; however, the federal government announced that it will appeal the lower court's ruling.

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

- o our use of syndicated and network programs and local sports broadcast programming;
- o advertising in children's programming;
- o political advertising;
- o origination cablecasting;
- o sponsorship identification; and
- o closed captioning of video programming.

Use of Our Cable Systems by The Government and Unrelated Third Parties

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

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

- o the maximum reasonable rate a cable operator may charge for third party commercial use of the designated channel capacity;
- o the terms and conditions for commercial use of such channels; and
- o the procedures for the expedited resolution of disputes concerning rates or commercial use of the designated channel capacity.

The FCC is also considering proposals by various companies, including Internet service providers, to gain access to our cable systems on a common carrier basis. We cannot predict if these or other similar proposals will be adopted, or, if adopted, whether they will have an adverse impact on our business and operations.

Franchise Matters

We have franchises that authorize us to construct, operate and maintain our cable systems in approximately 744 communities. Although franchising matters are normally regulated at the local level through a franchise agreement and/or a local ordinance, the Communications Act provides oversight and guidelines to govern our relationship with local franchising authorities. For example, the Communications Act:

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- o affirms the right of franchising authorities (state or local, depending on the practice in individual states) to award one or more franchises within their jurisdictions;
- o generally prohibits us from operating in communities without a franchise;
- o encourages competition with existing cable systems by:
 - o allowing municipalities to operate their own cable systems without franchises; and
 - o preventing franchising authorities from granting exclusive franchises or from unreasonably refusing to award additional franchises covering an existing cable system's service area.
- o permits local authorities, when granting or renewing our franchises, to establish requirements for cable-related facilities and equipment, but prohibits franchising authorities from establishing requirements for specific video programming or information services other than in broad categories;
- o permits us to obtain modification of our franchise requirements from

- o the franchise authority or by judicial action if warranted by changed circumstances;
- o generally prohibits franchising authorities from:
 - o imposing requirements during the initial cable franchising process or during franchise renewal that require, prohibit or restrict us from providing telecommunications services,
 - o imposing franchise fees on revenues we derived from providing telecommunications services over our cable systems, or
 - o restricting our use of any type of subscriber equipment or transmission technology.
- o limits our payment of franchise fees to the local franchising authority to 5% of our gross revenues derived from providing cable services over our cable system.

Franchise fees may be passed on to subscribers and separately itemized on subscribers' bills. In 1997, a federal appellate court overturned an FCC order that had concluded a cable operator's gross revenue did not include money collected from subscribers that is allocated by the operator to pay local franchise fees. Instead, the court concluded that a cable operator's gross revenue includes all revenue received from subscribers, without deduction. The FCC subsequently determined that cable operators may "pass through" on subscribers' monthly bills any additional payments of franchise fees that franchising authorities require cable operators to make for past periods when they had relied upon the FCC's earlier decision. Various municipal groups have requested the FCC to reconsider its decision. We are unable to predict the ultimate resolution of this matter, but we do not expect that any additional franchise fees we may be required to pay to our franchising authorities will be material to our business and operations.

The Communications Act contains renewal procedures designed to protect us against arbitrary denials of renewal of our franchises, although under certain circumstances the franchising authority could deny us a franchise renewal. Moreover, even if our franchise is renewed, the franchising authority may seek to impose upon us new and more onerous requirements such as significant upgrades in facilities and services or increased franchise fees as a condition of renewal. Similarly, if a franchising authority's consent is required for the purchase or sale of our cable system or franchise, the franchising authority may attempt to impose more burdensome or onerous franchise requirements on us in connection with a request for such consent. Historically, cable operators providing satisfactory services to their subscribers and complying with the terms of their franchises have typically 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 certain substantive franchise requirements (e.g. access

channels, universal service and other technical requirements). These decisions have been inconsistent and, until the U.S. Supreme Court rules definitively on the scope of cable operators' First Amendment protections, the legality of the franchising process generally and of various specific franchise requirements is likely to be in a state of flux.

Ownership Limitations

The Communications Act generally prohibits us from owning or operating a satellite TV or wireless cable 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 satellite TV systems in our existing franchise service areas if the programming and other services provided to the satellite TV subscribers are offered according to the terms and conditions of our local franchise agreement.

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

- o reaffirmed its 30% nationwide subscriber ownership limit, but maintained its voluntary stay on enforcement of that limitation

- o pending further action;
- o reaffirmed its subscriber ownership information reporting rules that require any person holding an attributable interest (as defined by FCC rules) in cable systems reaching 20% or more of homes passed by cable plant nationwide to notify the FCC of any incremental change in that person's cable ownership interests; and
- o opened an administrative proceeding to reevaluate its cable television ownership attribution rules.

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

In 1996 amendments to the Communications Act eliminated the statutory prohibition on the common ownership, operation or control of a cable system and a television broadcast station in the same service area. Although the FCC has eliminated its regulatory restriction on cross-ownership of cable systems and national broadcasting networks, it has not yet completed its review of other regulations that prohibit common ownership of other broadcast interests and cable systems in the same geographical area.

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

- o 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;
- o preempted legal barriers to telecommunications competition that previously existed in state and local laws and regulations;
- o set basic standards for relationships between telecommunications providers; and
- o generally limited acquisitions and prohibited certain joint ventures between local telephone companies and cable operators in the same market.

Local telephone companies may provide service as traditional cable operators with local franchises or they may opt to provide their programming over unfranchised "open video systems," subject to certain conditions,

including, but not limited to, setting aside a portion of their channel capacity for use by unaffiliated program distributors on a non-discriminatory basis. A federal appellate court recently overturned various parts of the FCC's open video rules, including the FCC's preemption of local franchising requirements for open video operators. We expect the FCC to modify its open video rules to comply with the federal court's decision, but we are unable to predict the impact any rule modifications may have on our business and operations.

Pole Attachment Regulation

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

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

formula or of any new pole attachment rate regulations on our business and operations.

Other Regulatory Requirements of the Communications Act and The FCC

The Communications Act also includes provisions, among others, regulating:

- o customer service;
- o subscriber privacy;
- o marketing practices;
- o equal employment opportunity; and
- o regulation of technical standards and equipment compatibility.

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

The FCC actively regulates other parts of our cable operations, involving such areas as:

- o hiring and promotion of employees and use of outside vendors;
- o consumer protection and customer service;
- o technical standards and testing of cable facilities;
- o consumer electronics equipment compatibility;
- o registration of cable systems;
- o maintenance of various records and public inspection files;
- o microwave frequency usage; and
- o antenna structure notification, marking and lighting.

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

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

COPYRIGHT

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

In a report to Congress, the U.S. Copyright Office recommended that Congress make major revisions to both the cable television and satellite compulsory licenses. The possible simplification, modification or elimination of the 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 cannot predict the outcome of this legislative activity.

Our cable systems also utilize music in certain programming and advertising that we provide to subscribers. The rights to use this music are controlled by various music performing rights organizations which negotiate on behalf of their copyright owners for license fees covering each performance. The cable industry and one of the major music performing rights organizations have negotiated a standard licensing agreement covering the performance of music contained in advertising and other information inserted by operators into cable programming and on certain local access and origination channels carried on cable systems.

Negotiations on a similar standard licensing agreement are occurring between the cable industry and another major music performing rights organization covering the use of music in local origination and access channels and pay-per-view programming. Rate courts established by a New York federal court exist to determine appropriate copyright coverage and royalty fees in the event the parties fail to reach a settlement or to negotiate renewals of licensing agreements. Although we cannot predict the ultimate outcome of these industry negotiations or the amount of any license fees we may be required to pay for past and future use of music, we do not believe such license fees will be significant to our financial position, results of operations or liquidity.

STATE AND LOCAL REGULATION

Our cable systems use local streets and rights-of-way. Consequently, we must comply with state and local regulation which is typically imposed through the franchising process. Our cable systems generally are operated pursuant to 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:

- o cable service rates;

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

A number of states subject cable systems to the jurisdiction of centralized state governmental agencies, some of which impose regulation of a character similar to that of a public utility. Attempts in other states to regulate cable systems are continuing and can be expected to increase. To date, those states in which we operate that have enacted such state level regulation are Vermont and Massachusetts. State and local franchising jurisdiction is not unlimited, however; it must be exercised consistently with federal law. The Communications Act immunizes franchising authorities from monetary damage awards arising from regulation of cable systems or decisions made on franchise grants, renewals, transfers and amendments.

The summary of certain federal and state regulatory requirements in the preceding pages does not describe all present and proposed federal, state and local regulations and legislation affecting the cable industry. Other existing federal regulations, copyright licensing, and, in many jurisdictions, state and local franchise requirements, are currently the subject of judicial proceedings, legislative hearings and administrative proposals which could change, in varying degrees, the manner in which cable systems operate. Neither the outcome of these proceedings nor their impact upon the cable industry or our cable operations can be predicted at this time.

Item 2. Properties

Our principal physical assets consist of cable television operating plant and equipment, including signal receiving, encoding and decoding devices, headends and distribution systems and customer house drop equipment for each of its cable television systems. The signal receiving apparatus typically includes a tower, antenna, ancillary electronic equipment and earth stations for reception of satellite signals. Headends, consisting of associated electronic equipment necessary for the reception, amplification and modulation of signals, are located near the receiving devices. Our distribution system consists primarily of coaxial and fiber optic cables and related electronic equipment. Customer devices consist of decoding converters, which expand channel capacity to permit reception of more than twelve channels of programming. Some of our systems utilize converters that can be addressed by sending coded signals from the headend over the cable network. See "Business--Technological Developments."

We own or lease parcels of real property for signal reception sites (antenna towers and headends), microwave facilities and business offices. 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 business operations.

Our cables 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 our systems require maintenance and periodic upgrading to keep pace with technological advances.

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Item 3. Legal Proceedings

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

Item 4. Submission Of Matters To A Vote Of Security Holders

Not applicable.

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PART II

Item 5. Market For Registrant's Common Equity And Related Stockholder Matters

There is no established public trading market for our common equity.

Item 6. Selected Financial Data

The following tables present selected financial data derived from our financial statements as of December 31, 1998, 1997, 1996 and 1995 and for the years ended December 31, 1998, 1997, 1996 and the period from inception (April 17, 1995) through December 31, 1995 which have been audited by KPMG LLP, independent certified public accountants, and selected unaudited operating data for such periods.

The following table also presents combined historical financial data as of and for the years ended December 31, 1995 and 1994 for the United Video Cablevision systems, the C4 Media systems, the Cox Communications systems, the American Cable Entertainment of Kentucky-Indiana systems and the Triax Southeast systems. The summary unaudited combined selected historical financial data are derived from the audited and unaudited historical financial statements of these systems and should be read in conjunction with the audited financial statements and related notes thereto of the systems. We previously filed these audited statements with our Form 10-K for the year ended December 31, 1997. The combined selected financial data set forth below represent the combined results of operations for the systems for the periods during which the systems were not owned by us and, accordingly, do not reflect any purchase accounting adjustments, including acquisition debt service, or any changes in the operation or management of the systems that we have made since the date of acquisition or intends to make in the future. Accordingly, we do not believe that such operating results are indicative of our future operating results.

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<TABLE>

| | FrontierVision Operating Partners, L.P. | | | Predecessor Systems | | |
|--|---|--------------------------------------|--------------------------------------|--|--|--|
| | For the Year Ended December 31, 1998 | For the Year Ended December 31, 1997 | For the Year Ended December 31, 1996 | From April 17, 1995 (inception) to December 31, 1995 | For the Year Ended December 31, 1995 (1) (2) | For the Year Ended December 31, 1994 (3) (4) |

In thousands, except ratios and operating statistical data

Statement of Operations Data:

| | | | | | | |
|--------------|------------|------------|-----------|----------|------------|------------|
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Revenue..... | \$ 245,134 | \$ 145,126 | \$ 76,464 | \$ 4,369 | \$ 109,765 | \$ 105,368 |

| | | | | | | |
|--|-------------|-------------|-------------|------------|-------------|-------------|
| Operating expenses..... | 123,779 | 74,314 | 39,181 | 2,311 | 62,098 | 58,643 |
| Corporate administrative expenses... | 6,965 | 4,418 | 2,930 | 127 | - | - |
| Depreciation and amortization..... | 114,155 | 65,502 | 35,724 | 2,308 | 42,354 | 46,345 |
| Preacquisition expenses..... | - | - | - | 940 | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Operating income (loss)..... | 235 | 892 | (1,371) | (1,317) | 5,313 | 380 |
| Interest expense, net(5)..... | (68,832) | (42,652) | (22,422) | (1,386) | (37,898) | (34,506) |
| Other income (expense)..... | (526) | (57) | (8) | - | (4,409) | (2,570) |
| Income tax benefit..... | 2,927 | - | - | - | - | - |
| Extraordinary item - Loss on early retirement of debt..... | - | (5,046) | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Net income (loss)..... | \$ (66,196) | \$ (46,863) | \$ (23,801) | \$ (2,703) | \$ (36,994) | \$ (36,696) |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Balance Sheet Data

(End of Period):

| | | | | | | |
|------------------------|--------------|------------|-----------|-----------|------------|------------|
| Total assets..... | \$ 1,201,222 | \$ 919,708 | \$549,168 | \$143,512 | \$ 288,253 | \$ 228,820 |
| Total debt..... | 871,610 | 632,000 | 398,194 | 93,159 | 285,144 | 263,660 |
| Partners' capital..... | 269,495 | 263,043 | 130,003 | 46,407 | | |

Financial Ratios and Other Data:

| | | | | | | |
|---|------------|-----------|-----------|-----------|-----------|-----------|
| EBITDA(6)..... | \$ 114,390 | \$ 66,394 | \$ 34,353 | \$ 991 | \$ 47,667 | \$ 46,725 |
| EBITDA margin(6)..... | 46.7% | 45.8% | 44.9% | 22.7% | 43.4% | 44.3% |
| Total debt to EBITDA(7)..... | 6.24 | 6.19 | 6.75 | | | |
| EBITDA to interest expense(8)..... | 1.81 | 1.72 | 1.45 | | | |
| Net cash flows from operating activities..... | \$ 63,013 | \$ 26,193 | \$ 18,911 | \$ 1,907 | | |
| Net cash flows from investing activities..... | (373,399) | (427,921) | (418,215) | (131,345) | | |
| Net cash flows from financing activities..... | 311,863 | 401,502 | 400,293 | 132,088 | | |
| Deficiency of earnings to fixed charges(9)..... | \$ 69,123 | \$ 46,863 | \$ 23,801 | \$ 2,703 | | |

Operating Statistical Data (End of Period Except Average):

| | | | | | | |
|---|-----------|----------|----------|----------|--|--|
| Homes passed..... | 1,007,100 | 817,000 | 498,900 | 125,300 | | |
| Basic subscribers..... | 702,200 | 559,800 | 356,400 | 92,700 | | |
| Basic penetration..... | 69.7% | 68.5% | 71.4% | 74.0% | | |
| Premium units..... | 285,300 | 275,400 | 152,100 | 35,700 | | |
| Premium penetration..... | 40.6% | 49.2% | 42.7% | 38.5% | | |
| Average monthly revenue per basic subscriber(10)..... | \$ 33.84 | \$ 31.53 | \$ 29.73 | \$ 27.76 | | |

</TABLE>

(1) Includes the combined results of operations of the systems we acquired from United Video Cablevision, C4 Media Cable Southeast, Cox Communications, American Cable Entertainment and Triax Associates for the year ended December 31, 1995 (except for the United Video systems, which is for the period ended November 8, 1995). As the results of operations of the United Video systems are included in the our historical results of operations subsequent to the date of our acquisition thereof (November 9, 1995), the amounts do not include \$4.2 million in revenue, \$2.4 million in operating expenses and \$2.2 million in depreciation and amortization (computed after the application of purchase accounting adjustments) attributable to such systems.

(2) Includes combined balance sheet data for the United Video systems as of November 9, 1995, the date of our acquisition, and combined balance sheet data for the C4 systems, the Cox systems, the American Cable Entertainment systems and the Triax systems as of December 31, 1995, because such acquisitions occurred subsequent to that date.

(3) Includes the combined results of operations of the United Video systems, the C4 systems, the Cox systems, the American Cable Entertainment systems and the Triax systems for the years ended December 31, 1994.

(4) Includes combined balance sheet data for the UVC systems, the C4 systems, the Cox systems, the American Cable Entertainment systems and the Triax systems as of December 31, 1994.

(5) Interest expense for December 31, 1998, 1997, 1996 and 1995 was net of interest income of \$875, \$994, \$471 and \$60, respectively.

(6) EBITDA is net income before interest, taxes, depreciation and amortization. We believe that EBITDA is a meaningful measure of performance because it is commonly used in the cable television industry to analyze and compare cable television companies on the basis of operating performance, leverage and liquidity. In addition, our senior bank indebtedness and our Subordinated Notes Indenture contain certain covenants, compliance with which is measured by computations substantially similar to those used in determining EBITDA.

However, EBITDA is not intended to be a performance measure that should be regarded as an alternative either to operating income or net income as an indicator of operating performance or to cash flows as a measure of liquidity, as determined in accordance with generally accepted accounting principles. EBITDA margin represents the percentage of EBITDA to revenue.

(7) For purposes of this computation, EBITDA for the most recent quarter ended is multiplied by four. This presentation is consistent with the incurrence of indebtedness tests in the indenture governing our subordinated notes. In addition, this ratio is commonly used in the cable television industry as a measure of leverage.

(8) For purposes of this computation, EBITDA and interest expense for the most recent quarter ended is multiplied by four, including certain pro forma adjustments made to include the effect of debt we incurred to purchase those systems acquired during the quarter. This ratio is commonly used in the cable television industry as a measure of coverage.

(9) For purposes of this computation, earnings are defined as income (loss) before income taxes and fixed charges. Fixed charges are defined as the sum of (i) interest costs (including an estimated interest component of rental expense) and (ii) amortization of deferred financing costs.

(10) Average monthly revenue per basic subscriber equals revenue for the last month of the period divided by the number of basic subscribers as of the end of such period.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations as well as other sections of this Form 10-K contain certain forward-looking statements. Our actual results could differ materially from those discussed herein and our current business plans may be altered in response to market conditions and other factors beyond our control. Additionally, our investors' decision to sell their ownership interest in our company to Adelphia Communications Corporation may ultimately cause our business plan and results of operations to differ materially from our current business plan and expected future operating results. Our operations commenced on November 9, 1995 with the acquisition of our first cable television systems. See "Business--Development of the Systems" for a description of our cable television systems. We have operated these systems for a limited period of time and had no operations prior to November 9, 1995. We have accounted for all acquisitions under the purchase method of accounting and, therefore, our historical results of operations include the results of operations for each acquired system subsequent to its respective acquisition date.

Introduction

In this section, we explain the general financial condition and the results of operations for FrontierVision and its subsidiaries including what factors affect our business, what our revenues and expenses were for 1998, 1997 and 1996, why those revenues and expenses were different from the year before and how all of this affects our overall financial position.

We commenced operations in November, 1995 with the acquisition of certain cable television systems. Since that first acquisition, we have completed over 30 separate acquisitions and have grown to become one of the twenty largest multiple system operators in the United States, serving over 702,200 subscribers as of December 31, 1998. Our systems are located in three primary operating clusters - New England, Ohio and Kentucky - with a fourth, smaller group of systems in the Southeast. See "Business - Development of the Systems" for a summary of our past acquisitions and operating clusters.

During 1998, we completed nine acquisition transactions, acquiring a total of approximately 140,000 basic subscribers. These acquisitions increased the size and scale of each of our three primary operating clusters and significantly increased the size and scale of our New England operating cluster. Our October 1998 acquisition of eight cable systems from State Cable TV Corporation added approximately 75,000 basic subscribers to our New England cluster in attractive communities directly contiguous to systems which we already owned in southern Maine and central New Hampshire. With the State Cable systems, we have grown to serve over 248,000 subscribers in our New England cluster and over 168,000 subscribers and four of the five largest cities in the state of Maine. See Note 5 to the financial statements for more detailed descriptions of these transactions.

Results of Operations

In this section, we discuss our 1998, 1997 and 1996 earnings and the factors affecting them.

The following table summarizes certain of our operating and financial data for the years ended December 31, 1998, 1997 and 1996. As a result of our limited operating history, and the fact that acquired systems are only included from the date of acquisition, we believe that the results of operations for the periods presented in this table are not indicative of our future results.

<TABLE>

| | Year Ended December 31, 1998 | | Year Ended December 31, 1997 | | Year Ended December 31, 1996 | |
|--|---------------------------------|-----------------|---------------------------------|-----------------|---------------------------------|-----------------|
| | Amount | % of Revenue | Amount | % of Revenue | Amount | % of Revenue |
| In thousands | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| Revenue..... | \$ 245,134 | 100.0 % | \$ 145,126 | 100.0 % | \$ 76,464 | 100.0 % |
| Expenses | | | | | | |
| Operating expenses..... | 123,257 | 50.3 | 74,314 | 51.2 | 39,181 | 51.2 |
| Corporate expenses..... | 6,965 | 2.8 | 4,418 | 3.0 | 2,930 | 3.9 |
| Depreciation and amortization.. | 114,155 | 46.6 | 65,502 | 45.1 | 35,724 | 46.7 |
| Storm related costs..... | 522 | 0.2 | - | - | - | - |
| Total expenses..... | 244,899 | 99.9 | 144,234 | 99.3 | 77,835 | 101.8 |
| Operating income/(loss)..... | 235 | 0.1 | 892 | 0.7 | (1,371) | (1.8) |
| Interest expense, net..... | (68,832) | (28.1) | (42,652) | (29.4) | (22,422) | (29.3) |
| Other expense..... | (526) | (0.2) | (57) | 0.0 | (8) | 0.0 |
| Income tax benefit..... | 2,927 | 1.2 | - | - | - | - |
| Extraordinary item - Loss on early retirement of debt..... | - | - | (5,046) | (3.6) | - | - |
| Net loss..... | \$ (66,196) | (27.0)% | \$ (46,863) | (32.3)% | \$ (23,801) | (31.1)% |
| EBITDA | \$ 114,390 | 46.7% | \$ 66,394 | 45.8 % | \$ 34,353 | 44.9 % |
| Basic subscribers..... | 702,200 | | 559,800 | | 356,400 | |
| Premium units..... | 285,300 | | 275,400 | | 152,100 | |

</TABLE>

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

Significant increases in the amounts of revenue, operating expense and EBITDA are primarily attributable to acquisition activity during 1998 and 1997, which increased our size from 559,800 basic subscribers at December 31, 1997 to over 702,000 at December 31, 1998. Revenue increased 68.9%, or approximately \$100.0 million, to approximately \$245.1 million for the year ended December 31, 1998 from approximately \$145.1 million for the year ended December 31, 1997. Operating expenses, including storm related costs attributable to ice storms in Maine described below, and corporate expenses increased approximately 66.6% and 57.7%, respectively, for the year ended December 31, 1998 from the year ended December 31, 1997. The decrease in the percentage of operating expenses to revenue was primarily attributable to cost efficiencies achieved through the integration of cable systems and increased revenue per subscriber per month. The EBITDA margin, when adjusted to exclude the storm related costs, improved from 45.8% for the twelve months ended December 31, 1997 to 46.9% in 1998.

During mid-January 1998, certain of the communities we service in Maine experienced devastating ice storms. For the twelve months ended December 31, 1998 we recognized a loss due to service outages and increased labor costs of approximately \$522,000 due these storms, net of \$183,000 related to a claim on our business

interruption insurance for the storm damage. Additionally, we spent approximately \$540,000 of capital expenditures to replace subscriber drops damaged in the storms.

Depreciation and amortization expense increased 74.3% as a result of acquisition activity that occurred in 1997 and 1998. Net interest expense increased to \$68.8 million from \$42.7 million primarily as a result of the higher weighted average

drawings on our senior bank indebtedness.

During the year ended December 31, 1998, (i) our annualized subscriber churn rate, which represents the annualized number of subscriber terminations divided by the weighted average number of subscribers during the period, was approximately 31.5%, and (ii) the average subscriber life implied by such subscriber churn rate was approximately 3.2 years. Churn rates are computed without adjustment for the effects of seasonal subscriber activity and acquisitions and are within our expectations.

YEAR ENDED DECEMBER 31, 1997 COMPARED WITH THE YEAR ENDED DECEMBER 31, 1996

Significant increases in the amounts of revenue, operating expense and EBITDA are primarily attributable to acquisition activity during 1997 and 1996, which increased our size from 356,400 basic subscribers at December 31, 1996 to 559,800 at December 31, 1997. Revenue increased to \$145.1 million in the twelve months ended December 31, 1997 from \$76.5 million in the year ended December 31, 1996. Operating and corporate expenses were reduced to 54.2% of revenue in the twelve months ended December 31, 1997 from 55.1% of revenues in the year ended December 31, 1996 due primarily to the achievement of efficiencies in the corporate office through the elimination of duplicative expenses, such as customer billing, accounting, accounts payable and payroll administration. As a result of cost efficiencies and the aforementioned acquisitions, EBITDA increased to 45.8% of revenues in the twelve months ended December 31, 1997 from 44.9% of revenues in the year ended December 31, 1996.

The increase in depreciation and amortization expense of \$29.8 million from the year ended December 31, 1996 to the year ended December 31, 1997 was a result of the inclusion of a full year of expense for acquisitions completed in 1996 and new acquisitions completed in 1997. Net interest expense increased by \$20.2 million due to the higher weighted average debt balance outstanding over the year ended December 31, 1997.

Liquidity and Capital Resources

The cable television business generally requires substantial capital for the construction, maintenance and expansion of cable plant and distribution equipment. In addition, we have pursued selective acquisitions. Since its founding in 1995, our cash received from equity investments, bank borrowings and other debt issued by FrontierVision Operating Partners, L.P. (which we refer to as "FVOP") has been sufficient to finance our acquisitions and, together with cash generated from operating activities, also has been sufficient to service our debt, provide sufficient working capital and fund required capital expenditures. We intend to continue to finance such debt service, working capital and capital expenditure requirements through a combination of cash from operations, indebtedness and equity capital sources. We believe that we will continue to generate cash and be able to obtain financing sufficient to meet such requirements. Our ability to meet our debt service and other obligations will depend upon our future performance which, in turn, is subject to general economic conditions and to financial, political, competitive, regulatory and other factors, many of which are beyond our control.

Amended Bank Credit Facility

Drawings on our amended bank credit facility, along with cash flow generated from operations and high yield debt financing, have been sufficient to finance capital improvement projects as well as acquisitions. We have adequately serviced our debt in accordance with the provisions of the amended bank credit facility from EBITDA of approximately \$114.4 million generated by FrontierVision Operating Partners, L.P. for the year ended December 31, 1998.

On December 19, 1997, we amended our existing senior bank indebtedness and entered into an \$800.0 million amended bank credit facility with The Chase Manhattan Bank, as Administrative Agent, J.P. Morgan Securities

Inc., as Syndication Agent, CIBC Inc., as Documentation Agent, and the other lenders signatory thereto. The amended bank credit facility includes a \$300.0 million, 7.75-year reducing revolving credit facility, a \$250.0 million, 7.75-year term loan and a \$250.0 million, 8.25-year term loan.

At December 31, 1998, we had \$172.0 million outstanding under the revolving credit facility, \$248.1 million outstanding under the 7.75 year term loan and \$250.0 million outstanding under the 8.25 year term loan. The weighted average interest rates at December 31, 1998 on the outstanding borrowings under the revolving credit facility were approximately 7.25%, and under the 7.75 year term loan and the 8.25 year term loan were approximately 7.29% and 7.63%, respectively. We have entered into interest rate protection agreements to hedge the underlying LIBOR rate exposure for \$437.5 million of borrowings through

November 1999 and October 2001. For the year ended December 31, 1998, we recognized an increase to interest expense of approximately \$0.6 million as a result of these interest rate swap agreements.

In general, the amended bank credit facility requires us to use the proceeds from any equity or subordinated debt issuance or any cable system disposition to reduce indebtedness for borrowings under the amended bank credit facility and to reduce permanently commitments thereunder, subject to certain exceptions permitting us to use such proceeds to fund certain permitted acquisitions, provided that we are otherwise in compliance with the terms of the amended bank credit facility.

The amended bank credit facility is secured by a pledge of all limited and general partnership interests in FrontierVision Operating Partners, L.P. and in any of our restricted subsidiaries and a first priority lien on all the tangible and intangible assets of FrontierVision Operating Partners, L.P. and each of its restricted subsidiaries. In addition, in the event of the occurrence and continuance of an event of default under the amended bank credit facility, the Administrative Agent is entitled to replace our general partner with its designee.

FrontierVision Holdings, L.P. (which we refer to as "Holdings"), as the general partner of FrontierVision Operating Partners, L.P., guarantees the indebtedness under the amended bank credit facility on a limited recourse basis. The amended bank credit facility is also secured by a pledge of all limited and general partnership interests in FrontierVision Operating Partners, L.P. and a first priority lien on all the assets of FrontierVision Operating Partners, L.P. and its subsidiaries.

Senior Subordinated Notes

On October 7, 1996, FrontierVision Operating Partners, L.P. issued \$200.0 million aggregate principal amount of 11% senior subordinated notes due 2006. The notes mature on October 15, 2006 and bear interest at 11%, with interest payments due semiannually commencing on April 15, 1997. The notes are general unsecured obligations of FrontierVision and rank subordinate in right of payment to all existing and any future senior indebtedness. In anticipation of the issuance of the notes, FrontierVision entered into deferred interest rate setting agreements to reduce the interest rate exposure related to the notes. The financial statement effect of these agreements will be to increase the effective interest rate which FrontierVision incurs over the life of the notes.

Senior Discount Notes, Series A

Holdings and FrontierVision Holdings Capital Corporation were formed for the purpose of acting as co-issuers of \$237.7 million aggregate principal amount at maturity of 11 7/8% senior discount notes due 2007. FVP contributed to Holdings, both directly and indirectly, all of the outstanding partnership interests of FrontierVision Operating Partners, L.P. prior to the issuance of the discount notes on September 19, 1997 and as a result, FrontierVision Operating Partners, L.P. and FrontierVision Capital Corporation are wholly-owned consolidated subsidiaries of Holdings. Holdings contributed the majority of the net proceeds of the discount notes totaling approximately \$142.3 million to FrontierVision Operating Partners, L.P. as a capital contribution.

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Senior Discount Notes, Series B

Holdings and FrontierVision Holdings Capital II Corporation acted as co-issuers of \$91.3 million aggregate principal amount at maturity of 11 7/8% senior discount notes due 2007. Holdings II Capital was formed for the purpose of acting as co-issuer on these discount notes. The discount notes were issued on December 2, 1998. Holdings contributed the majority of the net proceeds of approximately \$72.8 million from the issuance of the discount notes to FrontierVision Operating Partners, L.P. as a capital contribution.

Cash Flows From Operating Activities

Cash flows from operating activities for the year ended December 31, 1998 were \$63.0 million compared to \$26.2 million for the year ended December 31, 1997 and \$18.9 million for the year ended December 31, 1996. The increase was primarily a result of cable television system operations acquired during 1996, 1997 and 1998.

Cash Flows From Investing Activities

Investing cash flows were primarily used to fund capital expenditures and acquire cable television systems. Capital expenditures for the year ended December 31, 1998 were approximately \$65.6 million compared to approximately

\$32.7 million for the year ended December 31, 1997 and \$9.3 million for the year ended December 31, 1996. Capital expenditures primarily consisted of expenditures for the construction and expansion of cable plant and distribution equipment, and additional costs were incurred related to the expansion of customer service facilities. We invested approximately \$307.6 million in acquisitions during the year ended December 31, 1998 compared with approximately \$392.6 million for the year ended December 31, 1997 and \$421.5 million for the year ended December 31, 1996.

Cash Flows From Financing Activities

We financed acquisitions during the year ended December 31, 1998 with borrowings under our senior bank indebtedness. We financed acquisitions during the year ended December 31, 1997 with equity contributions from our partners and borrowings under our senior bank indebtedness. During the year ended December 31, 1996, we financed acquisitions with equity contributions from our partners, borrowings under our senior bank indebtedness and the issuance of \$200.0 million aggregate principal amount of senior subordinated notes.

During the year ended December 31, 1998, we received approximately \$72.6 million of equity contributions from our partners. During the year ended December 31, 1997, we received approximately \$179.9 million of equity contributions from our partners compared with \$107.4 million for the year ended December 31, 1996. The contributions for the years ended December 31, 1997 and 1998 include net proceeds of approximately \$142.3 million and \$72.6 million, respectively, received from the issuance of the discount notes.

From inception through December 31, 1998, FVP received a total of \$199.4 million of debt and equity contributions from its partners, all of which has been invested in Holdings and down streamed to the Company. Such amount represents the contractual maximum amount committed by FVP's partners.

Year 2000

Many existing hardware and software elements of computer systems and other technologies represent the year as a two-digit number. Such representation may cause software and hardware malfunctions to occur as a system date or application date crosses the Year 2000 boundary. This might happen when the actual century turns, the date of some input data exceeds January 1, 2000 and/or the system or application must internally refer to a date that occurs on, before, or after January 1, 2000.

During 1998, we continued a review of the Year 2000 Issue with the objective of formulating a plan to identify and correct any system malfunctions which might occur due to Year 2000 Issues. An informal task force, comprised solely of FrontierVision employees, was established in the fourth quarter of 1997 to determine which of our mission critical business processes could be impacted by Year 2000 issues. Those mission critical

business processes that were identified as subject to Year 2000 Issues are as follows: Signal Delivery, Franchise Services, Service Delivery and Revenue Collection.

The following table illustrates the primary components of each of the Year 2000 effected mission critical business processes:

<TABLE>

| Mission Critical Business Process | Description | Significant Components |
|-----------------------------------|---|--|
| <S> Signal Delivery | Process of receiving a video signal from satellite or broadcast sources and transmitting that signal via fiber-optic and co-axial cable to a customer's residence or place of business. | Headend equipment Plant infrastructure Programming suppliers |
| Franchise Services | The performance of tasks specifically required by local or national regulatory agencies. | Local origination Emergency broadcast |
| Service Delivery | The ongoing process of responding timely to customer service requests. | Customer call center infrastructure Dispatch equipment |
| Revenue Collection | The process of collecting customer billings and utilizing those cash receipts for necessary corporate purposes. | Subscriber management systems Cash management |

</TABLE>

Since the task force was established, FrontierVision management has committed additional internal and external resources to address Year 2000 Issues. During the third quarter of 1998, we engaged an external third-party Year 2000 consultant to review our informal task force's Year 2000 efforts to date and to produce a formal, written Year 2000 project plan. This plan provides a work schedule for us to address our Year 2000 Issues by December 31, 1999. Since that date, we have formally adopted a Year 2000 Compliance Plan, discussed in more detail below. Additionally, we have joined an industry initiative whereby along with other similar companies, we will achieve efficiencies in their individual Year 2000 plans through the sharing of information and joint testing. We have also entered into cooperative agreements with other multiple system operators to share pertinent assessment information.

We have established a Year 2000 team which consists of a full-time Project Manager, one full-time Project Administrator and two full-time equivalent consultants. The Year 2000 team also involves certain individuals in FrontierVision who are subject matter experts, for example, engineering and information technology. The Project Manager is accountable directly to our senior management team, who in turn is accountable to FrontierVision's general partner.

The Year 2000 Compliance Plan, consists of an awareness program, a prevention program and a find and fix program. The awareness program is designed to educate employees and customers on the implications of Year 2000 Issues. Employees have been trained on our Year 2000 Compliance Plan and their role in the success of the Plan has been communicated. The prevention program is designed to prevent new problems from arising while we resolve existing problems. For example, since October 30, 1998, we have required a Year 2000 compliance warranty on all purchase orders to ensure that vendors ship to FrontierVision only equipment that they have warranted is Year 2000 compliant. The find and fix program includes three phases: inventory, assessment and remediation, and is initially focused on mission critical business processes.

The inventory phase consists of a physical inventory of all susceptible business components within each mission critical business process. A physical inventory of the components used in certain of our mission critical business processes was initiated during 1998. We substantially completed the inventory phase of the mission critical items on January 31, 1999. We plan to initiate random inventory verification audits during the second quarter of 1999. The inventory consisted of specifically identifying each component/system (both internal and external systems) of a mission critical business process. Internal systems include computer systems and related software (information technology systems) as well as systems and devices that manage the distribution of cable television service to customers (non information technology systems). External systems include our third party billing service provider and subscriber management system, banking partners (including cash management, lockbox providers and lenders) and programming providers.

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An end product of the inventory phase is a comprehensive database which allows us to review any of our business components by, among other attributes, manufacturer/supplier, geographic location, compliance status or asset class. This database allows us to electronically track the assessments for each item. Once an assessment is made on a given item, the assessment is automatically linked to the individual inventory piece. Furthermore, the database allows for the tracking of remediation efforts at the inventory level, including the date the item was ordered, the expected and actual cost, who the repair is made by, when it is made and who tests the repair. This method of item management ensures normalization of the descriptions of like items, enhancing the overall efficiency of the project.

We are also in the process of communicating with our significant suppliers and service providers to determine their position with regard to Year 2000 Issues and evaluating the potential impact on FrontierVision if those third parties fail to remediate their own Year 2000 Issues. We have received responses from approximately 50% of such significant suppliers and service providers; the majority of which are currently in their own assessment and remediation phases. Material relationships with third parties include utility companies (providing power to the cable plant), telephone companies (providing communication lines for use in customer contact, employee communications and in data transfer related to subscriber and billing management information systems) and programming and equipment vendors (providing the product distributed by FrontierVision as well as maintenance and construction materials).

Since the inventory phase was completed, the Year 2000 team has focused on assessing each business component's vulnerability to Year 2000 Issues. The assessment phase requires management to attain a high degree of confidence that

FrontierVision prevents Year 2000 problems with respect to components of mission critical business processes and minimize such problems in other non-critical areas, while controlling replacement costs. To ensure that the most at-risk components/systems are assessed first, the initial task in the Assessment stage was the prioritization of each equipment/system in the project database. Items of inventory have been reviewed for Year 2000 compatibility first by cross-referencing the project database to materials received from vendors, industry groups and other multiple systems operations, second by contacting vendors as necessary and finally, by making an "in-house" determination of compatibility where no other information is available. The end product of the assessment phase for each item is the determination of whether a given component/system is to be replaced or upgraded or whether specific contingency plans are needed.

Approximately 95% of the total inventory components in our headends, plant infrastructure and customer service infrastructure have proven to have no date sensitive components. Of the remaining 5% subject to future investigation, we have completed assessments on approximately 70% of the components and have determined that less than 1% of these to be non-compliant with respect to Year 2000 Issues.

After the assessment phase is completed for a given component and the component is found to have a Year 2000 Issue, the remediation phase begins. The remediation phase includes the following activities:

- o A decision is made as to the optimal remedy of the Year 2000 Issue.
- o A purchase order is placed for the new component or upgrade.
- o Based upon the expected delivery date, the appropriate resources are scheduled to complete the implementation.
- o After the new component is implemented, dependent testing occurs to verify that remediations do not introduce new Year 2000 problems.

If remediation is determined to be impossible with respect to a business component, the Year 2000 team will create an appropriate contingency plan.

As of March 20, 1999, our overall progress in the find and fix program for our mission critical systems as follows:

<TABLE>

| Phase | Percentage Complete of Phase | Completion Date or Expected Completion Date |
|-------------|------------------------------|---|
| Inventory | 99% | January 31, 1999 |
| Assessment | 70% | April 30, 1999 |
| Remediation | 30% | November 30, 1999 |

</TABLE>

The expected completion dates set forth above are based on our current expectations. The assessment phase is expected to be completed by April 30, 1999 which is two months behind our original estimate for completion. We are also dependent on our suppliers for timely fulfillment of purchase orders that will be made to replace non-compliant equipment and assistance in installations. In addition, the current remediation timetable does not allow for a significant amount of time for testing. Further delays in the assessment phase and/or delays in the purchasing and receipt of replacement equipment further reduces the time available for testing and places additional risk on the successful completion of the remediation phase. As a result, no assurances can be given as to whether each of the phases will be completed on schedule due to uncertainties which are inherent in the remediation of Year 2000 Issues.

As we have not yet completed the assessment of each of our mission critical systems (either internal or external), the total costs to address the Year 2000 Issue are uncertain. To date, we have expended approximately \$2,200,000 to fix components with Year 2000 Issues. Based on the assessment results to date, we plan to spend an additional \$600,000 in replacing equipment with known Year 2000 Issues. Furthermore, as of March 20, 1999, we have expended approximately \$270,000 in third-party consulting fees and expect to spend an additional \$200,000 in external fees in conjunction with the Year 2000 project team through December 31, 1999.

We have budgeted in excess of \$1,000,000 in incremental capital expenditures for fiscal year 1999 to complete the Year 2000 Compliance Plan. It is not known, at this point in time, if these budgeted amounts will be sufficient to identify and correct our Year 2000 Issues.

While management believes that the Year 2000 Compliance Plan will significantly reduce the risks associated with the transition to the year 2000 through a process of inventory, assessment and remediation, we have yet to develop or implement any significant contingency plans. There can be no assurance that we will identify all Year 2000 Issues or that we will be able to remedy each Year 2000 Issue. A failure to sufficiently correct a material Year 2000 problem could cause us to suffer an interruption or a failure of certain important business operations. Additionally, the failure of a material external (third-party) system may cause us to experience an interruption or a failure of certain important business operations. The interruption or failure by FrontierVision in an important business operation may cause a material, adverse impact on our financial position. It is not management's intention that certain information technology and technical enhancement projects planned will be deferred as a result of the cost to address Year 2000 Issues. Additionally, although management believes that a combination of cash from operations and indebtedness will fund the costs associated with correcting Year 2000 Issues, no assurances can be given that costs ultimately required to be paid to ensure the our Year 2000 readiness will not have an adverse effect on our financial position and results of operations.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In order to convert certain of the interest payable at variable rates under our Amended bank credit facility to interest at fixed rates, we have entered into interest rate exchange agreements pursuant to which we pay or receive the difference between an average fixed rate and a floating rate. During the years ended December 31, 1998, 1997 and 1996, our net payments pursuant to such agreements were approximately \$585,000, \$312,000 and \$195,000. At December 31, 1998, we would be required to pay an estimated \$8.8 million to terminate such agreements.

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We are exposed to credit losses for the periodic settlements of amounts due under interest rate exchange agreements in the event of nonperformance by the other parties to the agreements. However, the Company does not anticipate that it will incur any material credit losses because it does not anticipate nonperformance by the counterparties. Further, as of December 31, 1998, we do not anticipate material near-term losses in future earnings, fair values or cash flows resulting from derivative financial instruments. See note 6 to the accompanying financial statements for additional information regarding these interest rate exchange agreements.

At December 31, 1998, after considering the net effect of the aforementioned interest rate exchange agreements, we had \$637.5 million (or 73%) of fixed rate debt and \$234.1 million (or 27%) of variable rate debt. Our interest rate exposure is primarily due to changes in LIBOR rates. The aggregate hypothetical loss in earnings and cash flows on an annual basis on our variable rate debt as of December 31, 1998 that would have resulted from a hypothetical adverse change of 10% in the related LIBOR rates, sustained for one year, is estimated to be \$23 million.

Item 8. Financial Statements And Supplementary Data

FrontierVision's financial statements appear on page F-1 of this Form 10-K. The financial statement schedules required under Regulation S-X and of this Form 10-K, appear on page S-1 of this Form 10-K.

All other schedules are omitted as the required information is not applicable or the information is presented in the financial statements, related notes or other schedules.

Item 9. Changes In And Disagreements With Accountants On Accounting And Financial Disclosure

During 1996, we dismissed our independent public accountants, Arthur Andersen LLP and subsequently engaged KPMG LLP as our principal independent public accountants. We had no disagreements with Arthur Andersen since formation and through the date of dismissal, nor did any of Arthur Andersen's reports on our financial statements contain an adverse opinion or disclaimer of opinion, nor was any report modified as to uncertainty, audit scope, or accounting principle. The change in accountants is fully disclosed in our Form 8-K filed with the SEC on October 29, 1996.

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PART III

Item 10. Directors And Executive Officers Of The Registrant

FrontierVision Operating Partners, L.P.'s sole general partner is Holdings. Holdings' sole general partner is FrontierVision Partners (which we refer to as "FVP"). FVP's sole general partner is FVP GP, L.P. FVP GP's sole general partner is FrontierVision Inc. Information with respect to the directors and executive officers of FrontierVision Inc. and FrontierVision Capital Corporation, respectively, is set forth below:

FrontierVision Inc.

| Name | Age | Position |
|----------------------|-----|---|
| James C. Vaughn | 53 | President, Chief Executive Officer and Director |
| John S. Koo | 37 | Executive Vice President, Chief Financial Officer, Secretary and Director |
| William J. Mahon Jr. | 58 | Senior Vice President - Operations |
| David M. Heyrend | 48 | Vice President of Engineering |
| Albert D. Fosbenner | 44 | Vice President - Treasurer |
| William P. Brovsky | 42 | Vice President of Marketing and Sales |
| James W. McHose | 35 | Vice President - Finance |
| Richard G. Halle | 35 | Vice President of New Business Development |

FrontierVision Capital Corporation

| Name | Age | Position |
|---------------------|-----|---|
| James C. Vaughn | 53 | President, Chief Executive Officer and Director |
| John S. Koo | 37 | Executive Vice President, Chief Financial Officer, Secretary and Director |
| Albert D. Fosbenner | 44 | Vice President - Treasurer |

James C. Vaughn, President, Chief Executive Officer and a Director of FrontierVision Inc. and FrontierVision Capital and a founder of FrontierVision, is a cable television system operator and manager with over 30 years of experience in the cable television industry. From 1987 to 1995, he served as Senior Vice President of Operations for Triax Communications Corp., a top 40 multiple system operator, where he was responsible for managing all aspects of small and medium-sized cable television systems. These systems grew from serving 57,000 subscribers to over 376,000 subscribers during Mr. Vaughn's tenure. Prior to joining Triax Communications, Mr. Vaughn served as Director of Operations for Tele-Communications, Inc. from 1986 to 1987, with responsibility for managing the development of Chicago-area cable television systems. From 1985 to 1986, Mr. Vaughn was Division Manager for Harte-Hanks Communications. From 1983 to 1985, Mr. Vaughn served as Vice President of Operations for Bycom, Inc. From 1979 to 1983, Mr. Vaughn served as Director of Engineering for the Development Division of Cox Cable Communications Corp. From 1970 to 1979, Mr. Vaughn served as Senior Staff Engineer for Viacom, Inc.'s cable division, and a Director of Engineering for Showtime, a division of Viacom International, Inc.

John S. Koo, Executive Vice President, Chief Financial Officer, Secretary and a Director of FrontierVision Inc. and FrontierVision Capital and a founder of FrontierVision, has over eleven years of banking experience in the telecommunications industry. From 1990 to 1995, Mr. Koo served as a Vice President at Canadian Imperial Bank of Commerce, where he co-founded its Mezzanine Finance Group, targeted at emerging media and telecommunications businesses. From 1986 to 1990, Mr. Koo was a Vice President at Bank of New England specializing in media finance. From 1984 to 1986, he was a management consultant to the financial services industry.

William J. Mahon, Jr., Senior Vice President - Operations of FrontierVision Inc. since December 1995, has over fifteen years of cable television operations management experience. Prior to joining the Company, Mr. Mahon served as Vice President of Operations for United Video Cablevision, a top 50 MSO, from 1990 to 1995, where he was responsible for the day-to-day operations of approximately 130 cable systems located in

twelve states. From 1983 to 1989, Mr. Mahon served as President and General Manager of Heritage Cable Vision, a 90,000 subscriber MSO. Mr. Mahon is a member of the Society of Cable Engineers and serves on the Board of Directors of the New England Cable Television Association.

David M. Heyrend, Vice President of Engineering of FrontierVision Inc., has 24 years of cable television engineering management and operations experience. Prior to joining FrontierVision in 1996, Mr. Heyrend served from 1988 to 1995 as Director of Engineering for United Video Cablevision, where he developed technical standards, employee development programs and oversaw plant construction projects. From 1985 to 1988, as Director of Programs for Tele-Engineering Corporation, he developed and managed broadband local area network projects for clients such as Allen Bradley, Ford Motor Company and TRW. Mr. Heyrend also worked for several years with Daniels & Associates in system technical operations and engineering management.

Albert D. Fosbenner, Vice President - Treasurer of FrontierVision Inc. and Capital, has fourteen years of domestic, international and new business cable television experience and is responsible for FrontierVision's accounting, reporting, treasury and information technology activities. Prior to joining FrontierVision in early 1998, Mr. Fosbenner served as the Chief Financial Officer of a Denver-based interactive television network startup company from 1994 to 1997, where he was responsible for all finance, treasury, accounting and administrative functions. From 1991 to 1994 Mr. Fosbenner served (in Norway) as the Chief Financial Officer of Norkabel A/S, a Norwegian cable television multiple system operator (owned by United International Holdings, Inc.) serving 142,000 subscribers. While at Norkabel, Mr. Fosbenner was responsible for finance, accounting, treasury, investor relations and management information systems. From 1985 to 1991 Mr. Fosbenner worked for both United Cable Television and United Artists Entertainment in a number of financial and operations management positions, including Director of Finance & Administration and Division Business Manager. Mr. Fosbenner is a Certified Public Accountant and a Certified Management Accountant.

William P. Brovsky, Vice President of Marketing and Sales of FrontierVision Inc., has fifteen years of cable television experience and is responsible for programming and contract negotiations in addition to overseeing the sales and marketing activities of FrontierVision's operating divisions. Before joining FrontierVision in 1996, Mr. Brovsky managed day-to-day sales and marketing operations from 1989 to 1996 for Time Warner Cable of Cincinnati, serving almost 200,000 subscribers. He also served as Project Manager, supervising all aspects of system upgrades to fiber optics. From 1982 to 1989, Mr. Brovsky served as General Sales Manager for American Television and Communications, where he was responsible for sales, marketing and telemarketing operations for Denver and its suburban markets.

James W. McHose, Vice President - Finance of FrontierVision Inc. has over ten years of accounting and tax experience, including six years providing tax, accounting and consulting services to companies engaged in the cable television industry. Through early 1998, Mr. McHose served FrontierVision as the Vice President - Treasurer. Prior to joining FrontierVision in 1996, Mr. McHose was a Senior Manager in the Information, Communications, and Entertainment practice of KPMG Peat Marwick, LLP, where he specialized in taxation of companies in the cable television industry. In this capacity, Mr. McHose served multiple system operators with over 14 million subscribers in the aggregate. Mr. McHose is a member of the Cable Television Tax Professional's Institute and is a Certified Public Accountant.

Richard G. Halle', Vice President of New Business Development of FrontierVision Inc. since February 1997, is responsible for the evaluation and development of new businesses including cable modems and Internet access, digital programming delivery, distance learning and alternative telephone access. Prior to joining FrontierVision, from 1995 to 1996, Mr. Halle served as the Vice President of Operations and then as the Vice President of Development at Fanch Communications, a top 20 multiple system operator, where he was initially responsible for the management of an operating region of 100,000 subscribers and subsequently responsible for the planning and deployment of all advanced services including digital television, dial-up Internet access and high speed cable modems. Prior to that, he spent nine years in the banking industry, specializing in media and telecommunications finance.

Advisory Committee

The partnership agreement of FVP provides for the establishment of an Advisory Committee to consult with and advise FVP GP, with respect to FVP's business and overall strategy. The Advisory Committee has broad authority to review and approve or disapprove matters relating to all material aspects of FVP's business. The approval of seventy-five percent (75%) of the members of the Advisory Committee that are entitled to vote on the matter is required in order for FrontierVision to effect any cable television system acquisition.

The Advisory Committee consists of four representatives of the Attributable

Class A Limited Partners of FVP and one representative of FVP GP. Subject to certain conditions, each of the four Attributable Class A Limited Partners listed in "Principal Security Holders" is entitled to designate (directly or indirectly) one of the four Attributable Class A Limited Partner representatives on the Advisory Committee. The designees of J.P. Morgan Investment Corporation, 1818 II Cable Corp. (whose designee is selected by two affiliated individuals specified in the FVP partnership agreement), Olympus Cable Corp. and First Union Capital Partners Inc. are John W. Watkins, Richard H. Witmer, Jr., James A. Conroy and L. Watts Hamrick, III, respectively. FVP GP's designee is Mr. Vaughn.

Item 11. Executive Compensation

The following table summarizes the compensation paid to FrontierVision Inc.'s Chief Executive Officer and to each of the four remaining most highly compensated officers receiving compensation in excess of \$100,000 for services rendered during the fiscal years ended December 31, 1998, 1997 and 1996.

Summary Compensation Table

<TABLE>

| Name and Principal Position | Year | Annual Compensation | | All Other Compensation (1) |
|--|------|---------------------|---------|----------------------------|
| | | Salary | Bonus | |
| <S> | <C> | <C> | <C> | <C> |
| James C. Vaughn President and Chief Executive Officer | 1998 | \$ 361,158 | \$ - | \$ 12,877 |
| | 1997 | 305,030 | 90,000 | 11,465 |
| | 1996 | 283,986 | 120,000 | 7,882 |
| John S. Koo Executive Vice President, Chief Financial Officer and Secretary | 1998 | 196,250 | - | 6,349 |
| | 1997 | 179,745 | 150,000 | 5,241 |
| | 1996 | 170,192 | 111,618 | 4,760 |
| William J. Mahon, Jr. Senior Vice President - Operations | 1998 | 123,600 | - | 2,451 |
| | 1997 | 121,175 | 25,000 | 3,761 |
| | 1996 | 13,900 | 53,350 | - |
| David M. Heyrend Vice President of Engineering | 1998 | 114,586 | - | 2,245 |
| | 1997 | 110,000 | 22,000 | 3,597 |
| | 1996 | 45,034 | 5,000 | 1,351 |
| Richard G. Halle' Vice President of New Business Development | 1998 | 112,665 | - | 3,447 |
| | 1997 | 91,109 | 40,000 | 2,733 |
| | 1996 | - | - | - |

</TABLE>

(1) Consists of contributions to the 401(k) Plan and to a key man life insurance plan.

Deferred Compensation Plan

FVP established the FrontierVision Partners, L.P. Executive Deferred Compensation Plan effective January 1, 1996 to allow key employees the opportunity to defer the payment of compensation to a later date and to participate in any appreciation of FrontierVision's business. The deferred compensation plan is administered by FVP's Advisory Committee. Participation in the deferred compensation plan is limited to James C. Vaughn, John S. Koo and other key executives of FVP or its affiliates approved by the compensation committee of the Advisory Committee.

Under the deferred compensation plan, eligible participants may elect to defer the payment of a portion of their compensation each year up to an amount determined by the compensation committee. Any amount deferred is credited to a bookkeeping account, which is credited with interest at the rate of 12% per annum. Each participant's account also has a phantom equity component through which the account will be credited with earnings in excess of 12% per annum to the extent the net equity value of FVP appreciates in excess of 12% per annum during the term of the deferral. Net equity value of FVP is determined by multiplying each cable television system's EBITDA for the most recent fiscal quarter by the weighted average multiple of EBITDA paid by FVP to acquire each cable television system; provided that if substantially all of the assets or partnership interests of FVP are sold, net equity value shall be based upon such actual sale price adjusted to reflect any prior distributions to the partners and any payments during the term of the deferral to the holders of certain subordinated notes issued to the limited partners of FVP.

Accounts shall be paid following (1) the sale of all of FVP's partnership interests or upon liquidation of FVP, other than sales or liquidations which are part of a reorganization, or (2) the death or disability of the participant prior to termination of employment with FVP. The compensation committee may agree to pay the account in the event the participant incurs a severe financial hardship or if the participant agrees to an earlier payment. There are 20 employees currently participating in the Deferred Compensation Plan, including Messrs. Vaughn and Koo.

Compensation Committee Interlocks and Insider Participation

The compensation committee of the Advisory Committee, consisting of Messrs. Watkins and Wiltmer, as representative of J.P. Morgan Investment Corporation and 1818 II Cable Corp., respectively, sets the compensation of the executive officers of FrontierVision. See "Certain Relationships and Related Transactions."

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Item 12. Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of December 31, 1998:

- (1) the percentage of the total partnership interests of FVP beneficially owned by the directors and executive officers of FrontierVision Inc. and each person who is known to FrontierVision to own beneficially more than 5.0% of any class of FVP's partnership interests; and
- (1) the percentage of the equity securities of FrontierVision Inc., FVP GP, FVP and Holdings owned by each director or executive officer of FrontierVision Inc. named in the Summary Compensation Table and by all executive officers of FrontierVision Inc. as a group.

Holdings was formed as a Delaware limited partnership in August 1997. FVP has contributed its 99.9% general partner interest in FrontierVision Operating Partners, L.P. to Holdings. FVP has contributed its 100% interest in FVOP Inc. to Holdings, with the result that FrontierVision Operating Partners, L.P. is wholly owned, directly or indirectly, by Holdings. Holdings Capital II was incorporated in December, 1998 and is a wholly-owned subsidiary of Holdings. It has nominal assets and does not conduct any operations. For a more detailed discussion of the ownership of FrontierVision, see "Certain Relationships and Related Transactions."

<TABLE>

| Name and Address of Beneficial Owners ----- | Type of Interest ----- | % of Class ----- |
|--|---|---------------------|
| <S> | <C> | <C> |
| FrontierVision Partners, L.P. ("FVP") (1) 1777 South Harrison Street, Suite P-200 Denver, Colorado 80210 | General Partner Interest in Holdings (2) | 99.90% |
| FVP GP, L.P. (3) 1777 South Harrison Street, Suite P-200 Denver, Colorado 80210 | General Partner Interest in FVP | 1.00% |
| J.P. Morgan Investment Corporation 101 California Street, Suite 3800 San Francisco, CA 94111 | Limited Partnership Interest in FVP (Attributable Class A Limited Partner) | 22.83% |
| | Limited Partnership Interest in FVP GP | 6.57% |
| 1818 II Cable Corp. c/o Brown Brothers Harriman & Co. 59 Wall Street New York, NY 10005 | Limited Partnership Interest in FVP (Attributable Class A Limited Partner) | 23.63% |
| | Limited Partnership Interest in FVP GP | 6.57% |
| Olympus Cable Corp. Metro Center--One Station Place Stamford, CT 06920 | Limited Partnership Interest in FVP (Attributable Class A Limited Partner) | 14.77% |
| | Limited Partnership Interest in FVP GP | 6.57% |
| First Union Capital Partners, Inc. One First Union Center, 5th Floor Charlotte, NC 28288 | Limited Partnership Interest in FVP (Attributable Class A Limited Partner) | 15.05% |
| | Limited Partnership Interest in FVP GP | 3.94% |
| James C. Vaughn 1777 South Harrison Street, Suite P-200 | Stockholder of FrontierVision Inc. Limited Partnership Interest in FVP GP | 66.67% 50.24% |

John S. Koo
1777 South Harrison Street, Suite P-200
Denver, Colorado 80210

Stockholder of FrontierVision Inc.
Limited Partnership Interest in FVP GP

33.33%
25.12%

All other executive officers and directors as a group 0.00%
</TABLE>

-
- (1) FVP's limited partners (owning 99% of the partnership interests therein) are various institutional investors and accredited investors.
 - (2) Holdings' sole limited partner (owning 0.1% of the partnership interests therein) is FrontierVision Holdings, LLC.
 - (3) FVP GP's sole general partner (owning 1% of the partnership interests therein) is FrontierVision Inc., which is owned by James C. Vaughn and John S. Koo. FVP GP's limited partners (owning 99% of the partnership interests therein) consist of various institutional investors, James C. Vaughn and John S. Koo.

Item 13. Certain Relationships and Related Transactions

Our Company's sole general partner (owning 99.9% of the partnership interests therein) is Holdings. Holdings' sole general partner (owning 99.9% of the partnership interests therein) is FVP. Holdings' sole limited partner (owning 0.1% of the partnership interests therein) is FrontierVision Holdings, LLC, which is a wholly owned subsidiary of FVP. FVP's sole general partner (owning 1% of the partnership interests therein) is FVP GP. FVP's limited partners (owning 99% of the partnership interests therein) consist of J.P. Morgan Investment Corporation, an affiliate of J.P. Morgan Securities Inc., First Union Capital Partners, Inc., and various institutional investors and accredited investors. FVP GP's sole general partner (owning 1% of the partnership interests therein) is FrontierVision Inc., which is owned by James C. Vaughn and John S. Koo. See "Principal Security Holders."

As of December 31, 1998, J.P. Morgan Investment Corporation and First Union Capital Partners, Inc. had committed approximately \$44.9 million and \$30.0 million, respectively, to FVP, all of which has been contributed to FVP. As of December 31, 1998, FrontierVision Inc. had committed and contributed approximately \$19,935 to FVP, representing contributions of approximately \$13,290 and \$6,645 by James C. Vaughn and John S. Koo, respectively, who are directors of FrontierVision Inc. Such capital commitments were contributed as equity to FVOP in connection with the closing of acquisitions by FVOP, for escrow deposits for acquisitions by FVOP under contract and for FVOP working capital requirements.

J.P. Morgan Investment Corporation and First Union Capital Partners, Inc. are "Special Class A Limited Partners" of FVP. Upon the termination of FVP and in connection with distributions to its partners in respect of their partnership interests, J.P. Morgan Investment Corporation, First Union Capital Partners, Inc. and FVP GP will be entitled to receive "carried interest" distributions or will be allocated a portion of 15% of any remaining capital to be distributed by FVP after certain other distributions are made. J.P. Morgan Securities Inc. acted as placement agent for the initial offering of limited partnership interests of FVP (other than with respect to the investment made by J.P. Morgan Investment Corporation) and the placement of debt securities of FVP and in connection with those activities received customary fees and reimbursement of expenses.

J.P. Morgan Securities Inc., The Chase Manhattan Bank, an affiliate of Chase Securities Inc. and CIBC Inc., an affiliate of CIBC Wood Gundy Security Corporation, are agents and lenders under the amended bank credit facility and have received customary fees for acting in such capacities. In addition, J.P. Morgan Securities Inc. and Chase Securities Inc. received:

- (1) compensation in the aggregate of approximately \$6.0 million in connection with the issuance of the Senior Subordinated Notes;
- (2) received compensation in the aggregate of approximately \$5.3 million in connection with the issuance of the Senior Discount Notes, Series A;
- (3) received compensation in the aggregate of approximately \$1.5 million in connection with the issuance of the Senior Discount Notes, Series B.

There are no other arrangements between FVOP, J.P. Morgan Securities Inc. and Chase Securities Inc. and their affiliates and Holdings or any of its affiliates

in which J.P. Morgan Securities Inc. and Chase Securities Inc. or their affiliates will receive any additional compensation from Holdings or any of its affiliates.

PART IV

<TABLE>

Item 14. Exhibits, Financial Statement Schedules, And Reports On Form 8-K

(A) (1) Financial Statements. The following financial statements are included in Item 8 of Part II:

FrontierVision Operating Partners, L.P. and Subsidiaries

| | | |
|-----|---|-----|
| <S> | | <C> |
| | Independent Auditors' Report | F-3 |
| | Consolidated Balance Sheets as of December 31, 1998 and 1997 | F-4 |
| | Consolidated Statements of Operations for the years ended December 31, 1998, 1997 and 1996 | F-5 |
| | Consolidated Statements of Partners' Capital for the years ended December 31, 1998, 1997 and 1996 | F-6 |
| | Consolidated Statements of Cash Flows for the years ended December 31, 1998, 1997 and 1996 | F-7 |
| | Notes to Consolidated Financial Statements | F-8 |

FrontierVision Capital Corporation

| | | |
|--|--|------|
| | Independent Auditors' Report | F-18 |
| | Balance Sheets as of December 31, 1998 and 1997 | F-19 |
| | Statement of Operations for the year ended December 31, 1998, 1997 and for the period from July 26, 1996 (inception) through December 31, 1996 | F-20 |
| | Statement of Owner's Equity for the year ended December 31, 1998, 1997 and for the period from July 26, 1996 (inception) through December 31, 1996 | F-21 |
| | Statement of Cash Flows for the year ended December 31, 1998, 1997 and for the period from July 26, 1996 (inception) through December 31, 1996 | F-22 |
| | Note to the Financial Statements | F-23 |

Central Ohio Cluster (Selected Assets Acquired From Cox Communications, Inc. by FVOP)

| | | |
|--|---|------|
| | Independent Auditor's Report | F-24 |
| | Combined Statements of Net Assets as of September 30, 1997 (unaudited) and December 31, 1996 | F-25 |
| | Combined Statements of Income for the nine-month periods ended September 30, 1997 (unaudited) and September 30, 1996 (unaudited) and for the year ended December 31, 1996 | F-26 |
| | Combined Statements of Changes in Net Assets for the nine-month period ended September 30, 1997 (unaudited) and for the year ended December 31, 1996 | F-27 |
| | Combined Statements of Cash Flows for the nine-month periods ended September 30, 1997 (unaudited) and September 30, 1996 (unaudited) and for the year ended December 31, 1996 | F-28 |
| | Notes to Combined Financial Statements | F-29 |

State Cable TV Corporation and Subsidiary

| | | |
|--|--|------|
| | Independent Auditor's Report | F-36 |
| | Consolidated Balance Sheets as of September 30, 1998 (unaudited) and December 31, 1997 | F-37 |
| | Consolidated Statements of Operations and Deficit for the nine months ended September 30, 1997 and 1998 (unaudited) and the year ended December 31, 1997 | F-38 |
| | Consolidated Statements of Cash Flow for the nine months ended September 30, 1997 and 1998 (unaudited) and the year ended December 31, 1997 | F-39 |
| | Notes to Consolidated Financial Statements | F-40 |

New England Cablevision of Massachusetts, Inc.

| | | |
|--|--|------|
| | Independent Auditors' Report | F-48 |
| | Balance Sheets as of March 31, 1998 (unaudited), December 31, 1997 and 1996 | F-49 |
| | Statements of Earnings for the three months ended March 31, 1998 and 1997 (unaudited) and the years ended December 31, 1997 and 1996 | F-51 |
| | Statements of Changes in Stockholders' Equity for the three months ended March 31, 1998 (unaudited) and the years ended December 31, 1997 and 1996 | F-52 |
| | Statements of Cash Flows for the three months ended March 31, 1998 and 1997 (unaudited) and the years ended December 31, 1997 and 1996 | F-54 |
| | Notes to Financial Statements | F-56 |

(2) Financial Statement Schedules. The following Financial Statement Schedules are submitted herewith:

| | |
|--|-----|
| Independent Auditors' Report | S-2 |
| Schedule II: Valuation and Qualifying Accounts | S-3 |

(3) List of Exhibits.

- 2 Purchase Agreement dated as of February 22, 1999 among FrontierVision Partners, L.P., FVP GP, L.P., the General Partner and Certain Direct and Indirect Limited Partners of FrontierVision Partners, L.P. and Adelphia Communications Corporation.
- 3.1 Amended and Restated Agreement of Limited Partnership of FVOP. (4)
- 3.2 Certificate of Limited Partnership of FVOP. (1)
- 3.9 Certificate of Incorporation of FrontierVision Capital Corporation. (1)
- 3.10 Bylaws of FrontierVision Capital Corporation. (1)
- 4.1 Indenture dated as of October 7, 1996, among FrontierVision Operating Partners, L.P., FrontierVision Capital Corporation and Colorado National Bank, as Trustee. (3)
- 10.1 Senior Credit Facility. (1)
- 10.2 Employment Agreement of James C. Vaughn. (1)
- 10.3 Asset Purchase Agreement dated July 20, 1995 between United Video Cablevision, Inc. and FrontierVision Operating Partners, L.P. (1)
- 10.4 Asset Acquisition Agreement (July 27, 1995 Auction Sale) dated as of July 27, 1995 among Stephen S. Gray in his capacity as Receiver of Longfellow Cable Company, Inc., Carrabassett Electronics and Carrabassett Cable Company, Inc. and FrontierVision Operating Partners, L.P. (1)
- 10.5 Asset Purchase Agreement dated October 27, 1995 among C4 Media Cable Southeast, Limited Partnership, County Cable Company, L.P. and FrontierVision Operating Partners, L.P. (1)
- 10.6 Asset Purchase Agreement dated November 17, 1995 among Cox Communications Ohio, Inc., Times Mirror Cable Television of Defiance, Inc., Chillicothe Cablevision, Inc. Cox Communications Eastern Kentucky, Inc. and FrontierVision Operating Partners, L.P. (1)
- 10.7 Asset Purchase Agreement dated February 27, 1996 between Americable International Maine, Inc. and FrontierVision Operating Partners, L.P. (1)
- 10.8 Asset Purchase Agreement dated May 16, 1996 among Triax Southeast Associates, L.P., Triax Southeast General Partner, L.P. and FrontierVision Operating Partners, L.P. (1)
- 10.9 Asset Purchase and Sale Agreement dated June 21, 1996 between HPI Acquisition Co. LLC (assignee of Helicon Partners I, LP) and FrontierVision Operating Partners, L.P. (1)
- 10.10 Asset Purchase Agreement dated July 15, 1996 between American Cable Entertainment of Kentucky-Indiana, Inc. and FrontierVision Operating Partners, L.P. (1)
- 10.11 Asset Purchase Agreement dated as of July 30, 1996 between Shenandoah Cable Television Company and FrontierVision Operating Partners, L.P. (1)
- 10.12 Purchase Agreement dated as of August 6, 1996 between Penn/Ohio Cablevision, L.P. and FrontierVision Operating Partners, L.P. (1)
- 10.13 Asset Purchase Agreement dated July 19, 1996 between Phoenix Grassroots Cable Systems, L.L.C. and FrontierVision Operating Partners, L.P. (1)
- 10.14 Amendment No. 1 to Senior Credit Facility. (1)
- 10.15 Consent and Amendment No. 2 to Senior Credit Facility. (3)
- 10.16 Asset Purchase Agreement dated May 8, 1997 between A-R Cable Services--ME, Inc. and FrontierVision Operating Partners, L.P. (4)
- 10.17 Asset Purchase Agreement dated May 12, 1997 between TCI Cablevision of Vermont, Inc., Westmarc Development Joint Venture and FrontierVision Operating Partners, L.P. (4)
- 10.18 Amended bank credit facility.
- 10.19 Asset Purchase Agreement dated as of October 15, 1997 between Coxcom, Inc. and FrontierVision Operating Partners, L.P. (4)
- 10.20 Asset Purchase Agreement dated as of June 24, 1998 between State Cable TV Corporation, Better Cable TV Company and FrontierVision Operating Partners, L.P. (5)
- 12.1 Statement of Computation of Ratios.
- 16.1 Report of change in accountants. (2)
- 27.1 Financial Data Schedule as of and for the period ended December 31, 1998.

Footnote References

- (1) Incorporated by reference to the exhibits to the Registrant's Registration Statement on Form S-1, Registration No. 333-9535.
- (2) Incorporated by reference to the exhibits to the Registrant's

Current Report on Form 8-K, File No. 333-9535 dated October 22, 1996.

- (3) Incorporated by reference to the exhibits to the Registrant's Quarterly Report on Form 10-Q, File No. 333-9535 for the quarter ended September 30, 1996.
- (4) Incorporated by reference to the exhibits to Holdings and Holdings Capital's Registration Statement on Form S-4, Registration No. 333-36519.
- (5) Incorporated by reference to the exhibit to the Registrant's Current Report on Form 8-K, File No. 333-9535.

(B) Reports on Form 8-K.

1. Item 5, Form 8-K dated February 22, 1999. Filed to report announcement of Adelphia Communications agreement to acquire FVP.
2. Item 7, Form 8-K/A dated October 23, 1998 to provide the financial information and pro forma financial information for acquisition of the State Systems.

(C) Exhibits. The exhibits required by this Item are listed under Item 14(A)(3).

(D) Financial Statement Schedules. The financial statement schedules required by this Item are listed under Item 14(A)(2).

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Supplemental Information To Be Furnished
With Reports Filed Pursuant To Section 15(D) Of
The Exchange Act By Registrant's Which Have Not
Registered Securities Pursuant To Section 12 Of
The Exchange Act

Other than a copy of this Form 10-K, no annual report or proxy material has been or will be sent to security holders of FrontierVision Operating Partners, L.P. or FrontierVision Capital Corporation.

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Glossary

The following is a description of certain terms used in this Form 10-K.

Acquisition Cash Flow--Forecasted net income of an acquired system, for a period believed to be appropriate based on the facts and circumstances of a specific acquisition, calculated as of the date of acquisition of such system, before interest, taxes, depreciation, amortization and corporate administrative expenses. The Company believes that Acquisition Cash Flow is a measure commonly used in the cable television industry to analyze and compare the purchase price of cable television systems. However, Acquisition Cash Flow is not intended to be an indicator of actual operating performance and is not determined in accordance with generally accepted accounting principles.

A La Carte--The purchase of programming services on a per-channel or per-program basis.

Addressability--"Addressable" technology permits the cable operator to activate remotely the cable television services to be delivered to subscribers who are equipped with addressable converters. With addressable technology, a cable operator can add to or reduce services provided to a subscriber from the headend site without dispatching a service technician to the subscriber's home.

Basic Penetration--Basic subscribers as a percentage of the total number of homes passed in the system.

Basic Service--A package of over-the-air broadcast stations, local access channels and certain satellite-delivered cable television services (other than premium services).

Basic Subscriber--A subscriber to a cable or other television distribution system who receives the basic level of cable television service and who is

usually charged a flat monthly rate for a number of channels. A home with one or more television sets connected to a cable system is counted as one basic subscriber.

Cable Plant--A network of coaxial and/or fiber optic cables that transmit multiple channels carrying video-programming, sound and data between a central facility and an individual customer's television set. Networks may allow one-way (from a headend to a residence and/or business) or two-way (from a headend to a residence and/or business with a data return path to the headend) transmission.

Clustering--A general term used to describe the strategy of operating cable television systems in a specific geographic region, thus allowing for the achievement of economies of scale and operating efficiencies in such areas as system management, marketing and technical functions.

Coaxial Plant--Cable consisting of a central conductor surrounded by and insulated from another conductor. It is the standard material used in traditional cable systems. Signals are transmitted through it at different frequencies, giving greater channel capacity than is possible with twisted pair copper wire, but less than is possible with optical fiber.

Competitive Access Provider (CAP)--A company that provides its customers with an alternative to the local telephone company for local transport of private line, special access services and switched access services. CAPs are also referred to in the industry as alternative access vendors, alternative local telecommunications service providers (ALTS) and metropolitan area network providers (MANs).

Cost-Of-Service--A general term used to refer to the regulation of prices charged to a customer. Existing prices are set and price increases are regulated by allowing a company to earn a reasonable rate of return, as determined by the regulatory authority.

Density--A general term used to describe the number of homes passed per mile of cable plant.

Digital Compression--The conversion of the standard analog video signal into digital signal, and the compression of that signal so as to facilitate multiple channel transmission through a single channel's bandwidth.

Digital Programming System--A programming distribution system under which multiple channels of programming are digitally transmitted via satellite to a cable television system's headend and then retransmitted, using the cable system's existing distribution platform, to subscribers equipped with special digital converters. One such example is the Headend-in-the-Sky digital programming system ("HITS"). The use of the HITS system enables a cable operator to transmit from 6 to 14 digital channels using the same bandwidth as used by a single analog channel and, thus, has the potential to dramatically expand a system's channel capacity.

Direct Broadcast Satellite (DBS)--A service by which packages of satellite-delivered television programming are transmitted directly into individual homes, each serviced by a single satellite dish.

Expanded Basic Service--A package of satellite-delivered cable programming services available only for additional subscription over and above the basic level of television service.

Fiber Optics--Technology that involves sending laser light pulses across glass strands to transmit digital information; fiber is virtually immune to electrical interference and most environmental factors that affect copper wiring and satellite transmissions. Use of fiber optic technology reduces noise on the cable system, improves signal quality and increases system channel capacity and reliability.

Fiber Optic Backbone Cable--The principal fiber optic trunk lines for a cable system which is using a hybrid fiber-coaxial architecture to deliver signals to customers.

Fiber Optic Trunk Lines--Cables made of glass fibers through which signals are transmitted as pulses of light to the distribution portion of the cable television system which in turn goes to the customer's home. Capacity for a very large number of channels can be more easily provided.

Fiber-To-The-Feeder--Network topology/architecture using a combination of fiber optic cable and coaxial cable transmission lines to deliver signals to customers. Initially signals are transmitted from the headend on fiber optic trunk lines into neighborhood nodes (an individual point of origination and

termination or intersection on the network, usually where electronics are housed) and then from the nodes to the end user on a combination of coaxial cable distribution/feeder and drop lines. The coaxial feeder and drop lines typically represent the operator's "last mile" of plant to the end user.

Headend--A collection of hardware, typically including satellite receivers, modulators, amplifiers and video cassette playback machines, within which signals are processed and then combined for distribution within the cable network.

Homes Passed--Homes that can be connected to a cable distribution system without further extension of the distribution network.

HFC--Hybrid fiber optic/coaxial cable design, used in a cable television system's distribution plant.

Microwave Links--The transmission of voice, video or data using microwave radio frequencies, generally above 1 GHz, from one location to another.

MMDS--Multichannel Multipoint Distribution Service. A one-way radio transmission of programming over microwave frequencies from a fixed station transmitting to multiple receiving facilities located at fixed points.

New Product Tiers--A general term used to describe unregulated cable television services.

Over-The-Air Broadcast Stations--A general term used to describe signals transmitted by local television broadcast stations, including network affiliates or independent television stations, that can be received directly through the air by the use of a standard rooftop receiving antenna.

Pay-Per-View--Payment made for individual movies, programs or events as opposed to a monthly subscription for a whole channel or group of channels.

Premium Penetration--Premium service units as a percentage of the total number of basic service subscribers. A customer may purchase more than one premium service, each of which is counted as a separate premium service unit. This ratio may be greater than 100% if the average customer subscribes to more than one premium service unit.

Premium Service--An individual cable programming service available only for additional subscription over and above the basic or expanded basic levels of cable television service.

Premium Units--The number of subscriptions to premium services which are paid for on an individual basis.

Rebuild--The replacement or upgrade of an existing cable system, usually undertaken to improve either its technological performance or to expand the system's channel or bandwidth capacity in order to provide more services.

SMATV--Satellite Master Antenna Television System. A video programming delivery system to multiple dwelling units utilizing satellite transmissions.

Tiers--Varying levels of cable services consisting of differing combinations of several over-the-air broadcast and satellite-delivered cable television programming services.

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INDEPENDENT AUDITORS' REPORT

To the Partners of
FrontierVision Operating Partners, L.P.:

We have audited the accompanying consolidated balance sheets of FrontierVision Operating Partners, L.P. and subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements of operations, partners' capital and cash flows for each of the three years in the three year period ended December 31, 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of FrontierVision Operating Partners, L. P. and subsidiaries as of December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 1998 in conformity with generally accepted accounting principles.

Denver, Colorado
March 19, 1999

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
In Thousands

<TABLE>

| | December 31, 1998 | December 31, 1997 |
|---|----------------------|----------------------|
| ASSETS | | |
| <S> | <C> | <C> |
| Cash and cash equivalents | \$ 4,890 | \$ 3,413 |
| Accounts receivable, net of allowance for doubtful accounts of \$666 and \$640 | 12,678 | 8,071 |
| Other receivables | 174 | - |
| Prepaid expenses and other | 4,046 | 2,785 |
| Investment in cable television systems, net: | | |
| Property and equipment | 342,754 | 247,724 |
| Franchise cost and other intangible assets | 820,524 | 637,725 |
| Total investment in cable television systems, net | 1,163,278 | 885,449 |
| Deferred financing costs, net | 16,006 | 17,990 |
| Earnest money deposits | 150 | 2,000 |
| Total assets | \$ 1,201,222 | \$ 919,708 |
| LIABILITIES AND PARTNERS' CAPITAL | | |
| Accounts payable | \$ 18,233 | \$ 2,647 |
| Accrued liabilities | 17,169 | 15,126 |
| Subscriber prepayments and deposits | 3,312 | 1,828 |
| Accrued interest payable | 9,547 | 5,064 |
| Deferred income taxes | 11,856 | - |
| Debt | 871,610 | 632,000 |
| Total liabilities | 931,727 | 656,665 |
| Partners' capital: | | |
| FrontierVision Holdings, L.P. | 269,226 | 262,780 |
| FrontierVision Operating Partners, Inc. | 269 | 263 |
| Total partners' capital | 269,495 | 263,043 |
| Commitments | | |
| Total liabilities and partners' capital | \$ 1,201,222 | \$ 919,708 |

</TABLE>

See accompanying notes to consolidated financial statements.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
In Thousands

<TABLE>

| | For the Year Ended December 31, 1998 | For the Year Ended December 31, 1997 | For the Year Ended December 31, 1996 |
|--|--|--|--|
| <S> | <C> | <C> | <C> |
| Revenue | \$ 245,134 | \$ 145,126 | \$ 76,464 |
| Expenses: | | | |
| Operating expenses | 123,257 | 74,314 | 39,181 |
| Corporate administrative expenses | 6,965 | 4,418 | 2,930 |
| Depreciation and amortization | 114,155 | 65,502 | 35,724 |
| Storm related costs | 522 | - | - |
| Total expenses | 244,899 | 144,234 | 77,835 |
| Operating income/(loss) | 235 | 892 | (1,371) |
| Interest expense, net | (68,832) | (42,652) | (22,422) |
| Other expense | (526) | (57) | (8) |
| Loss before income tax benefit and extraordinary item | (69,123) | (41,817) | (23,801) |
| Income tax benefit | 2,927 | - | - |
| Loss before extraordinary item | (66,196) | (41,817) | (23,801) |
| Extraordinary item - Loss on early retirement of debt | - | (5,046) | - |
| Net loss | \$ (66,196) | \$ (46,863) | \$ (23,801) |
| Net loss allocated to: | | | |
| FrontierVision Holdings, L.P. (General Partner) | \$ (66,130) | \$ (46,816) | \$ (23,776) |
| FrontierVision Operating Partners, Inc. (Limited Partner) | (66) | (47) | (25) |
| | \$ (66,196) | \$ (46,863) | \$ (23,801) |

</TABLE>

See accompanying notes to consolidated financial statements.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF PARTNERS' CAPITAL
In Thousands

<TABLE>

| | FrontierVision Holdings, L.P. (General Partner) | FrontierVision Operating Partners, Inc. (Limited Partner) | Total |
|----------------------------|---|--|-----------|
| <S> | <C> | <C> | <C> |
| Balance, December 31, 1995 | \$ 46,361 | \$ 46 | \$ 46,407 |
| Capital contributions | 107,289 | 108 | 107,397 |
| Net loss | (23,776) | (25) | (23,801) |
| Balance, December 31, 1996 | 129,874 | 129 | 130,003 |
| Capital contributions | 179,722 | 181 | 179,903 |
| Net loss | (46,816) | (47) | (46,863) |

| | | | |
|----------------------------|------------|--------|------------|
| Balance, December 31, 1997 | 262,780 | 263 | 263,043 |
| Capital contributions | 72,576 | 72 | 72,648 |
| Net loss | (66,130) | (66) | (66,196) |
| Balance, December 31, 1998 | \$ 269,226 | \$ 269 | \$ 269,495 |

</TABLE>

See accompanying notes to consolidated financial statements.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
In Thousands

<TABLE>

| | For the Year Ended December 31, 1998 | For the Year Ended December 31, 1997 | For the Year Ended December 31, 1996 |
|--|---|---|---|
| Cash Flows From Operating Activities: | | | |
| <S> Net loss | <C> \$ (66,196) | <C> \$ (46,863) | <C> \$ (23,801) |
| Adjustments to reconcile net loss to net cash flows from operating activities: | | | |
| Extraordinary item - Loss on early retirement of debt | - | 5,046 | - |
| Depreciation and amortization | 114,155 | 65,502 | 35,724 |
| Income tax benefit | (2,927) | - | - |
| Gain on swap of assets | (2,362) | - | - |
| Amortization of deferred debt issuance costs | 2,379 | 1,492 | 999 |
| Interest expense deferred and included in long-term debt | - | 721 | 924 |
| Changes in operating assets and liabilities, net of effect of acquisitions: | | | |
| Accounts receivable | (2,556) | (582) | (1,946) |
| Receivable from seller | - | 846 | 1,377 |
| Prepaid expenses and other | (870) | (249) | (1,266) |
| Accounts payable and accrued liabilities | 15,821 | 3,029 | 3,423 |
| Subscriber prepayments and deposits | 1,086 | (1,523) | (2,393) |
| Accrued interest payable | 4,483 | (1,226) | 5,870 |
| Total adjustments | 129,209 | 73,056 | 42,712 |
| Net cash flows from operating activities | 63,013 | 26,193 | 18,911 |
| Cash Flows From Investing Activities: | | | |
| Capital expenditures | (65,570) | (32,738) | (9,304) |
| Pending acquisition costs | (22) | (146) | - |
| Cash paid for franchise costs | (12) | (406) | (2,009) |

| | | | |
|---|-----------|-----------|-----------|
| Earnest money deposits | (200) | (2,000) | (500) |
| Proceeds from disposition of cable television systems | - | - | 15,065 |
| Cash paid in acquisitions of cable television systems | (307,595) | (392,631) | (421,467) |
| | ----- | ----- | ----- |
| Net cash flows from investing activities | (373,399) | (427,921) | (418,215) |
| | ----- | ----- | ----- |
| Cash Flows From Financing Activities: | | | |
| Debt borrowings | 316,485 | 523,000 | 137,700 |
| Payments on debt borrowings | (76,875) | (289,845) | (33,600) |
| Proceeds of issuance of Senior Subordinated Notes | - | - | 200,000 |
| Principal payments on capital lease obligations | - | (70) | (16) |
| Increase in deferred financing fees | (395) | (11,357) | (3,771) |
| Offering costs related to Senior Subordinated Notes | - | (129) | (7,417) |
| Partner capital contributions | 72,648 | 179,903 | 107,397 |
| | ----- | ----- | ----- |
| Net cash flows from financing activities | 311,863 | 401,502 | 400,293 |
| | ----- | ----- | ----- |
| Net Increase in Cash and Cash Equivalents | 1,477 | (226) | 989 |
| Cash and Cash Equivalents, at beginning of period | 3,413 | 3,639 | 2,650 |
| | ----- | ----- | ----- |
| Cash and Cash Equivalents, end of period | \$ 4,890 | \$ 3,413 | \$ 3,639 |
| | ===== | ===== | ===== |
| Supplemental Disclosure of Cash Flow Information: | | | |
| Cash paid for interest | \$ 62,789 | \$ 42,226 | \$ 15,195 |
| | ===== | ===== | ===== |

</TABLE>

See accompanying notes to consolidated financial statements.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(1) THE COMPANY

Organization and Capitalization

FrontierVision Operating Partners, L.P. (the "Company" or "FVOP") is a Delaware limited partnership formed on July 14, 1995 for the purpose of acquiring and operating cable television systems. The Company owns and operates cable television systems in three primary operating clusters - New England, Ohio and Kentucky - with a fourth, smaller group of cable television systems in the Southeast. The Company was initially capitalized in November 1995 with approximately \$38 from its sole limited partner, FrontierVision Operating Partners, Inc. ("FVOP Inc."), a Delaware corporation, and approximately \$38,300 from its, at the time, sole general partner, FrontierVision Partners, L.P. ("FVP"), a Delaware limited partnership.

On September 19, 1997, FrontierVision Holdings, L.P. ("Holdings"), a Delaware limited partnership, and FrontierVision Holdings Capital Corporation ("Holdings Capital") co-issued \$237,650 aggregate principal amount at maturity of 11 7/8% Senior Discount Notes due 2007 (the "Discount Notes"). Holdings, a newly-organized holding company, was formed to be the co-issuer of the Discount Notes and to be the new general partner of FVOP. FVP contributed to Holdings, both directly and indirectly, all of the outstanding partnership interests in FVOP immediately prior to the issuance of the Discount Notes (the "Formation Transaction"), and therefore, FVOP and FrontierVision Capital Corporation ("Capital") became wholly owned-consolidated subsidiaries of Holdings. In addition, FVOP Inc., previously a wholly-owned subsidiary of FVP, is now a wholly-owned subsidiary of Holdings.

On December 2, 1998, Holdings and FrontierVision Holdings Capital II Corporation co-issued \$91,298 aggregate principal amount at maturity of Discount Notes, Series B. During the year ended December 31, 1998, the Company received additional capital contributions of approximately \$72,648 from its partners. This represents net proceeds received from the issuance of the Discount Notes, Series B, which were contributed by Holdings to FVOP as a capital contribution. The capital contribution from Holdings was used by FVOP to repay certain bank indebtedness. Prior to the Formation Transaction, FVP allocated certain administrative expenses to FVOP, which are included as capital contributions from its partners. Such expense allocations were approximately \$231 and \$735 for the years ended December 31, 1997 and 1996, respectively.

Capital, a Delaware corporation, is a wholly-owned subsidiary of the Company, and was organized on July 26, 1996 for the sole purpose of acting as co-issuer

with the Company of \$200 million aggregate principal amount of 11% Senior Subordinated Notes due 2006 (the "Notes"). Capital has nominal assets and does not have any material operations.

Allocation of Profits, Losses and Distributions

Generally, the Company's Partnership agreement provides that profits, losses and distributions will be allocated to the general partner and the limited partner pro rata based on capital contributions.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of FVOP and those of its wholly-owned subsidiaries, Capital, FrontierVision New England Cable, Inc. ("New England"), New England Cable Television of Massachusetts, Inc. ("NECMA") and FrontierVision Access Partners, LLC ("Access"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

For purposes of the financial statements, the Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are stated at cost and include the following: distribution facilities, support equipment and leasehold improvements. Replacements, renewals and improvements are capitalized and costs for repairs and maintenance are charged to expense when incurred. The Company capitalized direct labor and overhead related to installation and construction activities. Depreciation is computed on a straight-line basis using an average estimated useful life of 8 years.

Franchise Costs, Covenants not to Compete, Subscriber Lists and Goodwill

Franchise costs, covenants not to compete, subscriber lists and goodwill result from the application of the purchase method of accounting to business combinations. Such amounts are amortized on a straight-line basis over the following periods: 15 years for franchise costs (which reflects the Company's ability to renew existing franchise agreements), 5 years for covenants not to compete, 7 years for subscriber lists and 15 years for goodwill.

Impairment of Long-lived Assets

The Company periodically reviews the carrying amount of its property, plant and equipment and its intangible assets to determine whether current events or circumstances warrant adjustments to such carrying amounts. If an impairment adjustment is deemed necessary, such loss is measured by the amount that the carrying value of such assets exceeds their fair value. Considerable management judgment is necessary to estimate the fair value of assets, accordingly, actual results could vary significantly from such estimates.

Deferred Financing Costs and Deferred Bond Issue Costs

Deferred financing costs and deferred bond issue costs are being amortized using the straight line method over the life of the loans and the bonds. Accumulated amortization at December 31, 1998 and 1997 is \$3,291 and \$912, respectively.

Revenue Recognition

Revenue is recognized in the period in which the related services are provided

to the subscribers. Installation revenue is recognized in the period that installation services are provided to the extent of direct selling costs. Any remaining amount is deferred and recognized over the estimated average period that customers are expected to remain connected to the cable television system.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derivative Financial Instruments

The Company manages risk arising from fluctuations in interest rates by using interest rate swap agreements, as required by its credit agreements. These agreements are treated as off-balance sheet financial instruments. The interest rate swap agreements are being accounted for as a hedge of the debt obligation, and accordingly, the net settlement amount is recorded as an adjustment to interest expense in the period incurred.

New Accounting Standard

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities," ("SFAS 133"), which is effective for all fiscal years beginning after June 15, 1999. SFAS 133 establishes accounting and reporting standards for derivative instruments and hedging activities by requiring that all derivative instruments be reported as assets or liabilities and measured at their fair values. Under SFAS 133, changes in the fair values of derivative instruments are recognized immediately in earnings unless those instruments qualify as hedges of the (1) fair values of existing assets, liabilities, or firm commitments, (2) variability of cash flows of forecasted transactions, or (3) foreign currency exposures of net investments in foreign operations. Although management of the Company has not completed its assessment of the impact of SFAS 133 on its consolidated results of operations and financial position, management estimates that the impact of SFAS 133 will not be material.

Reclassification

Certain amounts have been reclassified for comparability.

(3) STORM RELATED COSTS

During mid-January of 1998, certain of the communities served by the Company in Maine experienced devastating ice storms. For the year ended December 31, 1998, the Company has recognized a loss due to service outages and increased labor costs of approximately \$522 due to the ice storms. Additionally, the Company has incurred approximately \$540 of capital expenditures to replace damaged subscriber drops. The Company received \$183 subsequent to December 31, 1998 related to a claim on its business interruption insurance for the storm damage.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(4) INVESTMENT IN CABLE TELEVISION SYSTEMS

The Company's investment in cable television systems is comprised of the following:

<TABLE>

| | December 31, 1998 | December 31, 1997 |
|--------------------------------|----------------------|----------------------|
| <S> | <C> | <C> |
| Property and equipment | \$ 435,531 | \$ 297,229 |
| Less--accumulated depreciation | (92,777) | (49,505) |
| Property and equipment, net | 342,754 | 247,724 |
| Franchise costs | 717,614 | 523,096 |

| | | |
|---|--------------|------------|
| Covenants not to compete | 16,856 | 14,983 |
| Subscriber lists | 146,411 | 106,270 |
| Goodwill | 53,937 | 44,702 |
| | ----- | ----- |
| | 934,818 | 689,051 |
| Less--accumulated amortization | (114,294) | (51,326) |
| | ----- | ----- |
| Franchise costs and other intangible assets, net | 820,524 | 637,725 |
| | ----- | ----- |
| Total investment in cable television systems, net | \$ 1,163,278 | \$ 885,449 |
| | ===== | ===== |

</TABLE>

(5) ACQUISITIONS AND DISPOSITIONS

Acquisitions

The Company has completed several acquisitions since its inception through December 31, 1998. All of the acquisitions have been accounted for using the purchase method of accounting, and, accordingly, the purchase price has been allocated to the assets acquired and liabilities assumed based upon the estimated fair values at the respective dates of acquisition. Such allocations are subject to adjustments as final appraisal information is received by the Company. Amounts allocated to property and equipment and to intangible assets will be respectively depreciated and amortized, prospectively from the date of acquisition based upon remaining useful lives and amortization periods. The following table lists the acquisitions and the purchase price for transactions occurring in the most recent two years.

<TABLE>

| Predecessor Owner | Primary Location of Systems | Date Acquired | Acquisition Cost (a) |
|---|------------------------------|--------------------|----------------------|
| ----- | ----- | ----- | ----- |
| <S> | <C> | <C> | <C> |
| Bluegrass Cable Partners, L.P. | Kentucky | March 20, 1997 | \$10,400 |
| Clear Cable T.V., Inc. and B&G Cable T.V. Systems, Inc. | Kentucky | March 31, 1997 | \$1,800 |
| Milestone Communications of New York, L.P. | Ohio | March 31, 1997 | \$3,000 |
| Triax Associates I, L.P. ("Triax I") | Ohio | May 30, 1997 | \$34,800 |
| Phoenix Front Row Cablevision | Ohio | May 30, 1997 | \$6,900 |
| PCI Incorporated | Michigan | August 29, 1997 | \$13,600 |
| SRW, Inc.'s Blue Ridge Cable Systems, L.P. | Tennessee and North Carolina | September 3, 1997 | \$4,100 |
| A-R Cable Services - ME, Inc. ("Cablevision") | Maine | October 31, 1997 | \$78,600 |
| Harold's Home Furnishings, Inc. | Pennsylvania and Maryland | October 31, 1997 | \$1,600 |
| TCI Cablevision of Vermont, Inc. and Westmarc Development Joint Venture ("TCI-VT/NH") | Vermont and New Hampshire | December 2, 1997 | \$34,800 |
| Cox Communications, Inc. ("Cox-Central Ohio") | Ohio | December 19, 1997 | \$204,100 |
| TVC-Sumpter Limited Partnership and North Oakland Cablevision Partners Limited Partnership | Michigan | March 6, 1998 | \$14,400 |
| TCI Cablevision of Ohio, Inc. | Ohio | April 1, 1998 | \$10,000 |
| New England Cablevision of Massachusetts, Inc. ("NECMA") | Massachusetts | April 3, 1998 | \$44,900 |
| Ohio Cablevision Network, Inc. ("TCI-Bryan") | Ohio | July 31, 1998 | \$37,400 |
| Unity Cable Television, Inc. | Maine | September 30, 1998 | \$800* |
| Appalachian Cablevision of Ohio | Ohio | September 1, 1998 | \$300 |
| State Cable TV Corporation ("State") | Maine, New Hampshire | October 23, 1998 | \$190,200* |
| Paint Valley Cable | Ohio | October 30, 1998 | \$1,900* |
| CASCO | Maine | November 30, 1998 | \$3,200* |

</TABLE>

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(5) ACQUISITIONS AND DISPOSITIONS (continued)

(a) Acquisition cost represents the purchase price allocation between tangible and intangible assets including certain purchase accounting adjustments as of December 31, 1998.

* Subject to adjustment.

The combined purchase price of certain of these acquisitions has been allocated to the acquired assets and liabilities as follows:

<TABLE>

| 1998 | 1997 | 1996 |
|------------------|------------------|------------------|
| Acquisitions (a) | Acquisitions (a) | Acquisitions (a) |

| <S> | <C> | <C> | <C> |
|---|------------|------------|------------|
| Property and equipment | \$ 79,526 | \$ 48,805 | \$ 169,240 |
| Franchise costs and other intangible assets | 244,492 | 344,490 | 268,836 |
| Subtotal | 324,018 | 393,295 | 438,076 |
| Net working capital (deficit) | 410 | (164) | (7,107) |
| Deferred income taxes | (14,783) | - | - |
| Less - Earnest money deposits applied | (2,050) | (500) | (9,502) |
| Total cash paid for acquisitions | \$ 307,595 | \$ 392,631 | \$ 421,467 |

</TABLE>

(a) The combined purchase price includes certain purchase price adjustments for acquisitions consummated prior to the respective periods.

The Company has reported the operating results of its acquired cable systems from the dates of their respective acquisition. Unaudited pro forma summarized operating results of the Company, assuming the Triax I, Cablevision, TCI-VT/NH, Cox-Central Ohio, NECMA, TCI-Bryan and State Cable acquisitions (the "Acquisitions") had been consummated on January 1, 1997, are as follows:

<TABLE>

| | Year Ended December 31, 1998 | | |
|---|------------------------------|--------------|-------------------|
| | Historical Results | Acquisitions | Pro Forma Results |
| <S> | <C> | <C> | <C> |
| Revenue | \$ 245,134 | \$ 31,842 | \$ 276,976 |
| Operating, selling, general and administrative expenses | (130,744) | (20,245) | (150,989) |
| Depreciation and amortization | (114,155) | (15,546) | (129,701) |
| Operating income (loss) | 235 | (3,949) | (3,714) |
| Interest and other expenses | (66,431) | (7,509) | (73,940) |
| Net loss | \$ (66,196) | \$ (11,458) | \$ (77,654) |

| | Year Ended December 31, 1997 | | |
|---|------------------------------|--------------|-------------------|
| | Historical Results | Acquisitions | Pro Forma Results |
| Revenue | \$ 145,126 | \$ 105,533 | \$ 250,659 |
| Operating, selling, general and administrative expenses | (78,732) | (56,312) | (135,044) |
| Depreciation and amortization | (65,502) | (47,543) | (113,045) |
| Operating income | 892 | 1,678 | 2,570 |
| Interest and other expenses | (47,755) | (34,592) | (82,347) |
| Net loss | \$ (46,863) | \$ (32,914) | \$ (79,777) |

</TABLE>

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(5) ACQUISITIONS AND DISPOSITIONS (continued)

The pro forma financial information presented above has been prepared for comparative purposes only and does not purport to be indicative of the operating results which actually would have resulted had the Acquisitions been consummated on the dates indicated. Furthermore, the above pro forma financial information does not include the effect of certain acquisitions and dispositions of cable systems because these transactions were not material on an individual or aggregate basis.

Dispositions

The Company has completed two dispositions from its inception through December 1998.

On July 24, 1996, the Company sold certain cable television system assets

located primarily in Chatsworth, Georgia to an affiliate of Helicon Partners for an aggregate sales price of approximately \$7,900.

On September 30, 1996, the Company sold certain cable television system assets located in Virginia to Shenandoah Cable Television Company, an affiliate of Shenandoah Telephone Company, for an aggregate sales price of approximately \$7,100.

On January 7, 1999, the Company sold certain cable television system assets located in the Southeast region to Helicon Partners I, LP, for an aggregate sales price of approximately \$5,220.

(6) DEBT

The Company's debt was comprised of the following:

<TABLE>

| | December 31, 1998 ---- | December 31, 1997 ---- |
|---|------------------------------|------------------------------|
| Bank Credit Facility (a) -- Revolving Credit Facility, interest based on various floating rate options | | |
| <S> (7.25% average at December 31, 1998), payable monthly | \$ 172,000 | \$ - |
| Term loans, interest based on various floating libor rate options (7.46% and 8.33% weighted average at December 31, 1998 and 1997, respectively), payable monthly | 498,125 | 432,000 |
| 11% Senior Subordinated Notes due 2006 (b) | 200,000 | 200,000 |
| Capital leases | 1,485 | - |
| | ----- | ----- |
| Total debt | \$ 871,610 | \$ 632,000 |
| | ===== | ===== |

</TABLE>

(a) Bank Credit Facility.

On December 19, 1997, the Company entered into a Second Amended and Restated Credit Agreement (the "Amended Credit Facility") increasing the available senior debt by \$535.0 million, for a total availability of \$800.0 million. The amount available under the Amended Credit Facility includes two term loans of \$250.0 million each ("Facility A Term Loan" and "Facility B Term Loan") and a \$300.0 million revolving credit facility ("Revolving Credit Facility"). The Facility A Term Loan and the Revolving Credit Facility both mature on September 30, 2005. The entire outstanding principal amount of the Revolving Credit Facility is due on September 30, 2005, with escalating principal payments due quarterly beginning December 31, 1998 under the Facility A Term Loan. The Facility B Term Loan matures March 31, 2006 with 95% of the principal being repaid in the last two quarters of the term of the facility.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(6) DEBT (continued)

Under the terms of the Amended Credit Facility, with certain exceptions, the Company has a mandatory prepayment obligation upon a change of control of the Company and the sale of any of its operating systems. This obligation may be waived with the consent of the majority of the lenders. Further, beginning with the year ending December 31, 2001, the Company is required to make prepayments equal to 50% of its excess cash flow, as defined in the Amended Credit Facility. The Company also pays commitment fees ranging from 1/2% - 3/8% per annum on the average unborrowed portion of the total amount available under the Amended Credit Facility.

The Amended Credit Facility also requires the Company to maintain compliance with various financial covenants including, but not limited to, covenants relating to total indebtedness, debt ratios, interest coverage ratio and fixed charges ratio. In addition, the Amended Credit Facility has restrictions on certain partnership distributions by the Company.

All partnership interests in the Company and all assets of the Company and its subsidiaries are pledged as collateral for the Amended Credit Facility.

(b) Senior Subordinated Notes

On October 7, 1996, the Company issued, pursuant to a public offering (the "Offering"), \$200,000 aggregate principal amount of the Notes. Net proceeds from the Offering of \$192,500, after costs of approximately \$7,500, were available to the Company on October 7, 1996.

In connection with the anticipated issuance of the Notes in connection with the Offering, the Company entered into deferred interest rate setting agreements to reduce the Company's interest rate exposure in anticipation of issuing the Notes. The cost of such agreements, amounting to \$1,390, are recognized as a component of interest expense over the term of the Notes.

The Notes are unsecured subordinated obligations of the Company (co-issued by Capital) that mature on October 15, 2006. Interest accrues at 11% per annum beginning from the date of issuance, and is payable each April 15 and October 15, commencing April 15, 1997.

The Subordinated Notes Indenture (the "Indenture") has certain restrictions on incurrence of indebtedness, distributions, mergers, asset sales and changes in control of the Company.

J.P. Morgan Investment Corporation and First Union Capital Partners, Inc. ("Equity Holders") are affiliates of the Company, owning in the aggregate, a 37.6% limited partnership interest in FVP. Affiliates of the Equity Holders received underwriting fees of approximately \$3.6 million in connection with the issuance of the Notes.

(c) Interest Rate Protection Agreements

In order to convert effectively certain of the interest payable at variable rates under the Amended Credit Facility to interest at fixed rates, the Company has entered into interest rate swap agreements for notional amounts totaling \$187,500, and maturing between November 15, 1999 and October 7, 2001. According to these agreements, the Company pays or receives the difference between (1) an average fixed rate of 5.84% and (2) a floating rate of the three month libor applied to the same \$187,500 notional amount every three months during the term of the interest rate swap agreement. On April 7, 1998, the Company terminated one of its interest rate swap agreements for a notional amount of \$82,500 and entered into a new interest rate swap agreement for \$100,000. There was no termination fee associated with this transaction.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(6) DEBT (continued)

On April 8, 1998, the Company entered into a collar interest rate swap agreement ("Collar Agreement") for a notional amount of \$100,000, maturing on January 8, 2001. The Collar Agreement provides for different exchanges between the Company and the counterparty depending on the level of the floating three month LIBOR rate (5.32% at December 31, 1998). Such exchanges occur every three months during the term of the Collar Agreement. The different exchanges are as follows:

- (1) When LIBOR is below 5.05%, the Company pays to the counterparty the difference between the fixed rate of 5.65% and the LIBOR rate, applied to the \$100,000 notional amount;
- (2) When LIBOR is between 5.65% and 6.65%, the Company receives from the counterparty the difference between the fixed rate of 5.65% and LIBOR rate, applied to the \$100,000 notional amount;
- (3) When LIBOR is in excess of 6.65% or between 5.65% and 5.05%, the Collar Agreement has no financial effect.

On October 3, 1997, in order to convert certain of the interest payable at variable rates under indebtedness, the Company entered into a forward interest rate swap agreement. This commenced on October 15, 1998, for a notional amount totaling \$150,000, maturing on October 15, 2001. According to this agreement, the Company will pay or receive the difference between (1) a fixed rate of 6.115% and (2) a floating rate based on three month libor applied to the same \$150,000 notional amount every three months during the term of the interest rate swap agreement.

For the years ended December 31, 1998 and 1997, the Company recognized an increase in interest expense of approximately \$585 and \$312, respectively, as a result of the interest rate swap agreements.

Information concerning the Company's interest rate agreements at December 31, 1998 is as follows:

| Expiration date | Interest rate to be received | Notional amount | Amount to be paid upon termination (i) |
|-------------------|------------------------------|-----------------|--|
| November 15, 1999 | 5.912% | \$ 65,000 | \$ 472.5 |
| November 15, 1999 | 5.188% | 22,500 | 12.1 |
| January 8, 2001 | 5.650% | 100,000 | 1,215.3 |
| October 7, 2001 | 5.940% | 100,000 | 2,731.9 |
| October 15, 2001 | 6.115% | 150,000 | 4,340.7 |
| | | \$ 437,500 | \$ 8,772.5 |

(i) The estimated amount that the Company would pay to terminate the agreements on December 31, 1998. This amount takes into consideration current interest rates, the current creditworthiness of the counterparties and represents the fair value of the interest rate agreements.

The debt of the Company matures as follows:

| Year Ended December 31 -- | |
|---------------------------|------------|
| 1999 | \$ 11,144 |
| 2000 | 24,575 |
| 2001 | 34,575 |
| 2002 | 44,575 |
| 2003 | 55,825 |
| Thereafter | 700,916 |
| | \$ 871,610 |

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 Amounts In Thousands

(7) GUARANTOR SUBSIDIARIES

The Indenture for the Notes has been amended to add New England and NECMA as guarantors ("Guarantor Subsidiaries") of the Notes. The guaranty is full and unconditional. Separate financial statements of the Guarantor Subsidiaries are not presented because management believes that they are not material to investors.

Following is condensed consolidating financial information for the Company:

Balance Sheet as of December 31, 1998

| | FVOP | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Entries | Consolidated FVOP |
|----------------------------|--------------|------------------------|----------------------------|-----------------------|-------------------|
| Cash | \$ 4,249 | \$ 559 | \$ 82 | \$ - | \$ 4,890 |
| Receivables | 18,330 | 287 | 288 | (6,053) | 12,852 |
| Prepaid expenses | 3,929 | 115 | 2 | - | 4,046 |
| Investment in cable | | | | | |
| Television systems | 1,137,025 | 56,574 | 4,679 | (35,000) | 1,163,278 |
| Other assets | 24,460 | - | - | (8,304) | 16,156 |
| Total assets | \$ 1,187,993 | \$ 57,535 | \$ 5,051 | \$ (49,357) | \$ 1,201,222 |
| Accounts payable and | | | | | |
| Accrued liabilities | \$ 34,021 | \$ 6,705 | \$ 729 | \$ (6,053) | \$ 35,402 |
| Subscriber prepayments and | | | | | |
| deposits | 3,320 | (8) | - | - | 3,312 |
| Accrued interest payable | 9,547 | - | - | - | 9,547 |
| Deferred income taxes | - | 11,859 | (3) | - | 11,856 |
| Debt | 871,610 | 35,000 | - | (35,000) | 871,610 |
| Partners' capital/ | | | | | |

| | | | | | |
|---|--------------|-----------|----------|-------------|--------------|
| Subsidiary equity | 269,495 | 3,979 | 4,325 | (8,304) | 269,495 |
| Total liabilities and partners' capital | \$ 1,187,993 | \$ 57,535 | \$ 5,051 | \$ (49,357) | \$ 1,201,222 |

</TABLE>

Statement of Operations for the Year Ended December 31, 1998

<TABLE>

| | FVOP | Guarantor Subsidiaries | Non-Guarantor Subsidiaries | Consolidating Entries | Consolidated FVOP |
|-----------------------------------|-------------|------------------------|----------------------------|-----------------------|-------------------|
| <S> | <C> | <C> | <C> | <C> | <C> |
| Revenue | \$ 236,728 | \$ 8,219 | \$ 187 | \$ - | \$ 245,134 |
| Operating expenses | 119,532 | 4,112 | 135 | - | 123,779 |
| Corporate administrative expenses | 6,513 | 452 | - | - | 6,965 |
| Depreciation and amortization | 106,609 | 7,494 | 52 | - | 114,155 |
| Operating income | 4,074 | (3,839) | - | - | 235 |
| Interest expense, net | (64,025) | (4,807) | - | - | (68,832) |
| Equity in losses of affiliate | (6,020) | - | - | 6,020 | - |
| Other expense | (225) | (301) | - | - | (526) |
| Income tax benefit | - | 2,927 | - | - | 2,927 |
| Net loss | \$ (66,196) | \$ (6,020) | \$ - | \$ 6,020 | \$ (66,196) |

</TABLE>

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(8) DEFERRED FINANCING COSTS

The Company refinanced its Senior Credit Facility in December, 1997. Accordingly, the deferred financing costs related to the initial debt were written off. The effect of this write-off was a \$5,046 charge to expense and was recorded as an extraordinary item. Additional costs related to the Amended Credit Facility were recorded as deferred financing costs during 1997.

(9) FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents approximate their fair value due to the nature and length of maturity of the investments.

The estimated fair value of the Company's Amended Credit Facility is based on floating market rates at December 31, 1998; therefore, there is no material difference in the fair market value and the carrying value of such debt instruments. The Notes have an aggregate principal amount of \$200,000 with a 11% coupon rate. The fair value of the Notes at December 31, 1998 is \$222,000.

(10) COMMITMENTS AND CONTINGENCIES

The Company has annual commitments under lease agreements for office space, equipment, pole rental and land upon which certain of its towers and antennae are constructed. Rent expense for the years ended December 31, 1998, 1997 and 1996 was \$5,806, \$4,065 and \$2,365, respectively.

Estimated future noncancelable lease payments under such lease obligations subsequent to December 31, 1998 are as follows:

| | |
|---------------------------|----------|
| Year Ended December 31 -- | |
| ----- | |
| 1999 | \$ 1,404 |
| 2000 | 1,104 |
| 2001 | 781 |
| 2002 | 646 |
| 2003 | 390 |
| Thereafter | 737 |
| | ----- |
| | \$ 5,062 |
| | ===== |

In October 1992, Congress enacted the Cable Television Consumer and Competition Act of 1992 (the "1992 Cable Act") which greatly expanded federal and local regulation of the cable television industry. The Federal Communications Commission ("FCC") adopted comprehensive regulations, effective September 1, 1993, governing rates charged to subscribers for basic cable and cable programming services which allowed cable operators to justify regulated rates in excess of the FCC benchmarks through cost of service showings at both the franchising authority level for basic service and at the FCC level in response to complaints on rates for cable programming services. The FCC also adopted comprehensive and restrictive regulations allowing operators to modify their regulated rates on a quarterly or annual basis using various methodologies that account for the changes in the number of regulated channels, inflation, and increases in certain external costs, such as franchise and other governmental fees, copyright and retransmission consent fees, taxes, programming fees and franchise related obligations. The FCC has also adopted regulations that permit qualifying small cable operators to justify their regulated service and equipment rates using a simplified cost-of-service formula.

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FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
Amounts In Thousands

(10) COMMITMENTS AND CONTINGENCIES (continued)

As a result of such actions, the Company's basic and tier service rates and its equipment and installation charges (the "Regulated Services") are subject to the jurisdiction of local franchising authorities and the FCC. The Company believes that it has complied in all material respects with the rate regulation provisions of the federal law. However, the Company's rates for Regulated Services are subject to review by the FCC, if a complaint has been filed, or by the appropriate franchise authority if it is certified by the FCC to regulate basic rates. If, as a result of the review process, a system cannot substantiate its rates, it could be required to retroactively reduce its rates to the appropriate benchmark and refund the excess portion of rates received. Any refunds of the excess portion of tier service rates would be retroactive to the date of complaint. Any refunds of the excess portion of all other Regulated Service rates would be retroactive to one year prior to the implementation of the rate reductions.

The Company's agreements with franchise authorities require the payment of annual fees which approximate 3% of system franchise revenue. Such franchises are generally nonexclusive and are granted by local governmental authorities for a specified term of years, generally for extended periods of up to fifteen years.

(11) YEAR 2000 COMPLIANCE

The Company has under way a project to review and modify, as necessary, its computer applications, hardware and other equipment to make them Year 2000 compliant. The Company has also initiated formal communications with third parties having a substantial relationship to its business, including significant suppliers and financial institutions, to determine the extent to which the Company may be vulnerable to such third parties' failures to achieve Year 2000 compliance.

Failure to achieve Year 2000 compliance by the Company, its principal suppliers and certain financial institutions with which it has relationship could negatively affect the Company's ability to conduct business for an extended period. There can be no assurances that all Company information technology systems and components will be fully Year 2000 compliant; in addition, other companies on which the Company's systems and operations rely may not be fully compliant on a timely basis, and any such failure could have a material adverse effect on the Company's financial position, results of operations or liquidity.

(12) SUBSEQUENT EVENT

On February 22, 1999, FVP entered into a definitive agreement with Adelphia Communications Corporation to sell all outstanding partnership interests of FVP in exchange for cash, the assumption of certain liabilities and 7,000,000 shares of Adelphia Class A common stock.

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INDEPENDENT AUDITORS' REPORT

To The Shareholder of
FrontierVision Capital Corporation:

We have audited the accompanying balance sheets of FrontierVision Capital Corporation as of December 31, 1998 and 1997 and the related statements of operations, owner's equity and cash flows for the years ended December 31, 1998 and 1997 and for the period from July 26, 1996 (inception) through December 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FrontierVision Capital Corporation as of December 31, 1998 and 1997, and the results of its operations and its cash flows for the years ended December 31, 1998 and 1997 and for the period from July 26 (inception) through December 31, 1996 in conformity with generally accepted accounting principles.

KPMG LLP

Denver, Colorado
March 15, 1999

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FRONTIERVISION CAPITAL CORPORATION
BALANCE SHEETS

<TABLE>

| | December 31, 1998 | December 31, 1997 |
|--|----------------------|----------------------|
| ASSETS | | |
| <S> | <C> | <C> |
| Cash | \$ - | \$ 143 |
| | ----- | ----- |
| Total assets | \$ - | \$ 143 |
| | ===== | ===== |
| LIABILITIES AND OWNER'S EQUITY | | |
| Payable to FVOP | \$ 100 | \$ 100 |
| Owner's equity: | | |
| Common stock, par value \$.01; 1,000 shares authorized; 100 shares issued and outstanding | 1 | 1 |
| Additional paid-in capital | 99 | 99 |
| Retained deficit | (200) | (57) |
| | ----- | ----- |
| Total owner's equity | (100) | 43 |
| | ----- | ----- |
| Total liabilities and owner's equity | \$ - | \$ 143 |
| | ===== | ===== |

</TABLE>

See accompanying note to the financial statements.

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FRONTIERVISION CAPITAL CORPORATION
STATEMENTS OF OPERATIONS

<TABLE>

| | For the Year Ended December 31, 1998 | For the Year Ended December 31, 1997 | For the Period From July 26, 1996 (Inception) through December 31, 1996 |
|-------------------------------------|---|---|---|
| <S> Revenue | <C> \$ - | <C> \$ - | <C> \$ - |
| General and administrative expenses | 143 | 45 | 12 |
| Net loss | \$ (143) | \$ (45) | \$ (12) |

</TABLE>

See accompanying note to financial statements.

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FRONTIERVISION CAPITAL CORPORATION
STATEMENTS OF OWNER'S EQUITY

<TABLE>

| | Common stock | Additional paid-in capital | Retained deficit | Total owner's equity |
|---------------------------------------|-----------------|-------------------------------|---------------------|-------------------------|
| <S> | <C> | <C> | <C> | <C> |
| Balance, at July 26, 1996 (inception) | \$ - | \$ - | \$ - | \$ - |
| Issuance of Common Stock | 1 | 99 | - | 100 |
| Net loss | - | - | (12) | (12) |
| Balance, December 31, 1996 | 1 | 99 | (12) | 88 |
| Net loss | - | - | (45) | (45) |
| Balance, December 31, 1997 | 1 | 99 | (57) | 43 |
| Net loss | - | - | (143) | (143) |
| Balance, December 31, 1998 | \$ 1 | \$ 99 | \$ (200) | \$ (100) |

</TABLE>

See accompanying note to financial statements.

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FRONTIERVISION CAPITAL CORPORATION
STATEMENTS OF CASH FLOWS

<TABLE>

For the Year For the Year For the Period
from July 26,

| | Ended December 31, 1998 | Ended December 31, 1997 | 1996 through December 31, 1996 |
|--|-------------------------------|-------------------------------|--------------------------------------|
| <S> | <C> | <C> | <C> |
| Cash flows from operating activities: | | | |
| Net loss | \$ (143) | \$ (45) | \$ (12) |
| Decrease in receivable from affiliate | - | - | 100 |
| | ----- | ----- | ----- |
| Net cash flows used in operating activities | (143) | (45) | 88 |
| | ----- | ----- | ----- |
| Cash flows from investing activities | - | - | - |
| | ----- | ----- | ----- |
| Cash flows from financing activities: | | | |
| Advance from FVOP | - | - | 100 |
| | ----- | ----- | ----- |
| Net cash flows from financing activities | - | - | 100 |
| | ----- | ----- | ----- |
| Net increase in cash and cash equivalents | (143) | (45) | 188 |
| Cash and cash equivalents, beginning of period | 143 | 188 | - |
| | ----- | ----- | ----- |
| Cash and cash equivalents, end of period | \$ - | \$ 143 | \$ 188 |
| | ===== | ===== | ===== |

</TABLE>

See accompanying note to financial statements.

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FRONTIERVISION CAPITAL CORPORATION
NOTE TO THE FINANCIAL STATEMENTS

FrontierVision Capital Corporation, a Delaware corporation, is a wholly owned subsidiary of FrontierVision Operating Partners, L.P. ("FVOP"), and was organized on July 26, 1996 for the sole purpose of acting as co-issuer with FVOP of \$200 million aggregate principal amount of the 11% Senior Subordinated Notes.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Cox Communications, Inc.

We have audited the accompanying combined statement of net assets of Cox Communications, Inc.'s ("CCI") Central Ohio Cluster as of December 31, 1996, and the related combined statements of income, changes in net assets, and cash flows

for the year then ended. These financial statements are the responsibility of CCI's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Cox Communications, Inc.'s Central Ohio Cluster at December 31, 1996, and the combined results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1, CCI sold the assets and certain liabilities of the Central Ohio Cluster.

DELOITTE & TOUCHE LLP

August 29, 1997
 (December 19, 1997 as to the second paragraph in Note 1)
 Atlanta, Georgia

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CENTRAL OHIO CLUSTER
 COMBINED STATEMENTS OF NET ASSETS

<TABLE>

| | September 30, 1997 | December 31, 1996 |
|---|------------------------|----------------------|
| | (Unaudited) | |
| | (Thousands of Dollars) | |
| ASSETS | | |
| <S> | <C> | <C> |
| Cash | \$ 28 | \$ 239 |
| Accounts receivable, less allowance for doubtful accounts of \$87 and \$66 | 2,511 | 2,310 |
| Net plant and equipment | 24,278 | 24,512 |
| Intangible assets | 148,284 | 151,263 |
| Other assets | 853 | 1,448 |
| | ----- | ----- |
| Total assets | \$175,954 | \$179,772 |
| | ===== | ===== |
| LIABILITIES AND NET ASSETS | | |
| Accounts payable and accrued expenses | \$ 667 | \$ 1,245 |
| Deferred income | 1,416 | 1,430 |
| Deferred income taxes | 62,294 | 63,442 |
| Other liabilities | 399 | 191 |
| Amounts due to Affiliates | 29,571 | 35,107 |
| | ----- | ----- |
| Total liabilities | 94,347 | 101,415 |
| Net assets | 81,607 | 78,357 |
| | ----- | ----- |
| Total liabilities and net assets | \$175,954 | \$179,772 |
| | ===== | ===== |

</TABLE>

See notes to combined financial statements.

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CENTRAL OHIO CLUSTER
COMBINED STATEMENTS OF INCOME

<TABLE>

| | Nine Months Ended September 30, 1997 ----- (Unaudited) | Nine Months Ended September 30, 1996 ----- (Unaudited) (Thousands of Dollars) | Year Ended December 31, 1996 ----- |
|-------------------------------------|--|--|---|
| <S> | <C> | <C> | <C> |
| Revenues | \$ 25,486 | \$ 23,389 | \$ 31,749 |
| Costs and expenses: | | | |
| Operating | 8,387 | 7,371 | 10,132 |
| Selling, general and administrative | 3,408 | 3,772 | 5,143 |
| Depreciation | 3,735 | 3,579 | 4,846 |
| Amortization | 2,979 | 2,979 | 3,972 |
| | ----- | ----- | ----- |
| Operating income | 6,977 | 5,688 | 7,656 |
| Interest expense with affiliates | (1,443) | (1,851) | (2,346) |
| Other, net | (25) | 6 | 5 |
| | ----- | ----- | ----- |
| Income before income taxes | 5,509 | 3,843 | 5,315 |
| Income taxes | (2,259) | (1,576) | (2,176) |
| | ----- | ----- | ----- |
| Net income | \$ 3,250 ===== | \$ 2,267 ===== | \$ 3,139 ===== |

</TABLE>

See notes to combined financial statements.

CENTRAL OHIO CLUSTER
COMBINED STATEMENTS OF CHANGES IN NET ASSETS

| ----- (Thousands of Dollars) ----- | |
|---|-----------|
| Balance at December 31, 1995 | \$ 75,218 |
| Net income | 3,139 |
| | ----- |
| Balance at December 31, 1996 | 78,357 |
| Net income (Unaudited) | 3,250 |
| | ----- |
| Balance at September 30, 1997 (Unaudited) | \$ 81,607 |
| | ===== |

See notes to combined financial statements.

CENTRAL OHIO CLUSTER
COMBINED STATEMENTS OF CASH FLOWS

<TABLE>

| | ----- Nine Months Ended September 30, 1997 ----- (Unaudited) | ----- Nine Months Ended September 30, 1996 ----- (Unaudited) | ----- Year Ended December 31, 1996 ----- |
|--|--|--|--|
| | (Thousands of Dollars) | | |
| Cash flows from operating activities | | | |
| <S> | <C> | <C> | <C> |
| Net income | \$ 3,250 | \$ 2,267 | \$ 3,139 |
| Adjustments to reconcile net income to net cash provided | | | |
| by operating activities: | | | |
| Depreciation | 3,735 | 3,579 | 4,846 |
| Amortization | 2,979 | 2,979 | 3,972 |
| Deferred income taxes | (1,148) | (1,245) | (1,849) |
| (Increase) decrease in accounts receivable | (201) | 155 | (120) |
| Decrease in other assets | 595 | 348 | 206 |

| | | | |
|--|---------|---------|---------|
| Increase (decrease) in accounts payable and accrued expenses | (592) | 289 | 803 |
| Other, net | 208 | (20) | (42) |
| | ----- | ----- | ----- |
| Net cash provided by operating activities | 8,826 | 8,352 | 10,955 |
| | ----- | ----- | ----- |
| Cash flows from investing activities | | | |
| Capital expenditures | (3,501) | (2,549) | (2,939) |
| | ----- | ----- | ----- |
| Net cash used in investing activities | (3,501) | (2,549) | (2,939) |
| | ----- | ----- | ----- |
| Cash flows from financing activities | | | |
| Decrease in amounts due to Affiliates | (5,536) | (4,933) | (7,777) |
| | ----- | ----- | ----- |
| Net cash provided by financing activities | (5,536) | (4,933) | (7,777) |
| | ----- | ----- | ----- |
| Net increase (decrease) in cash | (211) | 870 | 239 |
| Cash at beginning of period | 239 | -- | -- |
| | ----- | ----- | ----- |
| Cash at end of period | \$ 28 | \$ 870 | \$ 239 |
| | ===== | ===== | ===== |
| Cash paid during the period for: | | | |
| Interest | \$ 17 | \$ 11 | \$ 14 |
| Income taxes | 788 | 852 | 905 |

</TABLE>

See notes to combined financial statements.

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(1) ORGANIZATION AND BASIS OF PRESENTATION

The combined financial statements represent the combined operations of Cox Communications, Inc.'s ("CCI") cable television systems serving eight communities in Central Ohio (collectively referred to as the "Central Ohio Cluster"). These cable television systems were acquired by CCI, an indirect 75.3% owned subsidiary of Cox Enterprises, Inc. ("CEI"), from the Times Mirror Company ("Times Mirror") in connection with CCI's acquisition of Times Mirror Cable Television, Inc. ("TMCT") on February 1, 1995. The historical combined financial statements do not necessarily reflect the results of operations or financial position that would have existed had the Central Ohio Cluster been an independent company. All significant intercompany accounts and transactions have been eliminated in the combined financial statements of the Central Ohio Cluster.

On December 19, 1997, CCI sold the assets and certain liabilities of the Central Ohio Cluster to FrontierVision Operating Partners, L.P. for approximately \$204.0 million.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

The Central Ohio Cluster bills its customers in advance; however, revenue is recognized as cable television services are provided. Receivables are generally collected within 30 days. Credit risk is managed by disconnecting services to customers who are delinquent generally greater than 75 days. Other revenues are recognized as services are provided. Revenues obtained from the connection of customers to the cable television systems are less than related direct selling costs; therefore, such revenues are recognized as services are provided.

Plant and Equipment

Depreciation is computed using principally the straight-line method at rates based upon estimated useful lives of five to 20 years for building and building improvements, five to 12 years for cable television systems and three to 10 years for other plant and equipment.

The costs of initial cable television connections are capitalized as cable plant at standard rates for the Central Ohio Cluster's labor and at actual cost for materials and outside labor. Expenditures for maintenance and repairs are charged to operating expense as incurred. At the time of retirement, sale or other disposition of property, the original cost and related accumulated depreciation are written off.

Intangible Assets

Intangible assets consist of goodwill and cable television franchise rights recorded in connection with the acquisition of the Central Ohio Cluster from TMCT and are amortized on a straight-line basis over 40 years. The Central Ohio Cluster assesses on an on-going basis the recoverability of intangible assets based on estimates of future undiscounted cash flows for the applicable business acquired compared to net book value. The Central Ohio Cluster also evaluates the amortization period of intangible assets to determine whether events or circumstances warrant revised estimated of useful lives.

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

Effective January 1, 1996, the Central Ohio Cluster adopted Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This statement requires that long-lived assets and certain intangibles be reviewed for impairment when events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable, with any impairment losses being reported in the period in which the recognition criteria are first applied based on the fair value of the asset. Long-lived assets and certain intangibles to be disposed of are required to be reported at the lower of carrying amounts or fair value less cost to sell.

Income Taxes

The accounts of the Central Ohio Cluster are included in the consolidated federal income tax return and certain state income tax returns of CEI. Current federal and state income tax expenses and benefits have been allocated on a separate return basis to the Central Ohio Cluster based on the current year tax effects of the inclusion of its income, expenses and credits in the consolidated income tax returns of CEI or based on separate state income tax returns.

Deferred income tax assets and liabilities arise from temporary differences in the financial reporting and income tax basis of assets and liabilities. These differences primarily result from property and intangible assets.

Fees and Taxes

The Central Ohio Cluster incurs various fees and taxes in connection with the operations of its cable television systems, including franchise fees paid to various franchise authorities, copyright fees paid to the U.S. Copyright Tribunal and business and franchise taxes paid to the State of Ohio. A portion of these fees and taxes are passed through to the Central Ohio Cluster's subscribers. Amounts collected from subscribers are recorded as a reduction of operating expenses.

Pension, Postretirement and Postemployment Benefits

CCI generally provides defined pension benefits to substantially all employees based on years of service and compensation during those years. CCI also provides certain health care and life insurance benefits to substantially all retirees and employees through certain CEI plans. Expense related to the CCI and CEI plans is allocated to the Central Ohio Cluster through the intercompany account. The amount of the allocations is generally based on actuarial determinations of the effects of the Central Ohio Cluster employees' participation in the plans.

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

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The unaudited combined financial statements as of and for the nine months ended September 30, 1997 and 1996, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for this period. Operating results for nine months ended September 30, 1997 are not necessarily indicative of the results that may be expected for the entire year.

(3) CASH MANAGEMENT SYSTEM

The Central Ohio Cluster participates in CEI's cash management system, whereby the bank sends daily notification of checks presented for payment. CEI transfers funds from other sources to cover the checks presented for payment.

(4) PLANT AND EQUIPMENT

| | September 30, 1997 | December 31, 1996 |
|-------------------------------------|-----------------------|----------------------|
| (In Thousands) | | |
| Land | \$ 313 | \$ 311 |
| Buildings and building improvements | 990 | 1,033 |
| Transmission and distribution plant | 43,531 | 41,329 |
| Miscellaneous equipment | 2,343 | 1,478 |
| Construction in progress | 531 | 825 |
| | ----- | ----- |
| Plant and equipment, at cost | 47,708 | 44,976 |
| Less accumulated depreciation | (23,430) | (20,464) |
| | ----- | ----- |
| Net plant and equipment | \$ 24,278 | \$ 24,512 |
| | ===== | ===== |

(5) INTANGIBLE ASSETS

| | September 30, 1997 | December 31, 1996 |
|-------------------------------|-----------------------|----------------------|
| (In Thousands) | | |
| Goodwill | \$ 158,876 | \$ 158,876 |
| Less accumulated amortization | (10,592) | (7,613) |
| | ----- | ----- |
| Net intangible assets | \$ 148,284 | \$ 151,263 |
| | ===== | ===== |

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(6) INCOME TAXES

Current and deferred income tax expenses (benefits) are as follows:

| | ----- Nine months ended September 30, 1997 ----- | Year ended December 31, 1996 ----- |
|------------------------|---|--|
| | (In Thousands) | |
| Current: | | |
| Federal | \$ 2,906 | \$ 3,289 |
| State | 520 | 736 |
| | ----- | ----- |
| Total current | 3,426 | 4,025 |
| | ----- | ----- |
| Deferred: | | |
| Federal | (1,119) | (1,385) |
| State | (48) | (464) |
| | ----- | ----- |
| Total deferred | (1,167) | (1,849) |
| | ----- | ----- |
| Net income tax expense | \$ 2,259 | \$ 2,176 |
| | ===== | ===== |

Income tax expense differs from the amount computed by applying the U.S. statutory federal income tax rate (35%) to income (loss) before income taxes as a result of the following items:

<TABLE>

| | ----- Nine months ended September 30, 1997 ----- | Year ended December 31, 1996 ----- |
|--|---|--|
| | (In Thousands) | |
| Computed tax expense at federal statutory | | |
| <S> | <C> | <C> |
| rates on income before income taxes | \$1,928 | \$1,860 |
| State income taxes, net of federal tax benefit | 307 | 177 |
| Other, net | 24 | 139 |
| | ----- | ----- |
| Net income tax expense | \$2,259 | \$2,176 |
| | ===== | ===== |

</TABLE>

Significant components of the net deferred tax liability consist of the following:

| | ----- Nine months ended September 30, 1997 ----- | Year ended December 31, 1996 ----- |
|----------------------------|---|--|
| | (Thousands of Dollars) | |
| Plant and equipment | \$ (5,618) | \$ (5,787) |
| Franchise rights | (57,569) | (58,638) |
| Other | 893 | 983 |
| | ----- | ----- |
| Net deferred tax liability | \$ (62,294) | \$ (63,442) |
| | ===== | ===== |

(7) RETIREMENT PLANS

Qualified Pension Plan

Effective January 1, 1996, CCI established the Cox Communications, Inc. Pension Plan (the "CCI Plan"), a qualified noncontributory defined benefit pension plan for substantially all of CCI's employees including the Central Ohio Cluster's employees. Plan assets consist primarily of common stock, investment-

(7) RETIREMENT PLANS (CONTINUED)

grade corporate bonds, cash and cash equivalents and U.S. government

obligations. The CCI Plan calls for benefits to be paid to eligible employees at retirement based primarily upon years of service with CCI and compensation rates near retirement. The funded status of the portion of the CCI Plan covering the employees of the Central Ohio Cluster is not determinable. The fair value of the CCI Plan assets was greater than the projected benefit obligation as of December 31, 1996.

Total pension expense attributable to the Central Ohio Cluster employees' participation in the CCI Plan was \$33,000 for the nine month period ended September 30, 1997 and \$158,000 for the year ended December 31, 1996.

The assumptions used in the actuarial computations at December 31, 1996 were:

| | |
|--|-------|
| Discount rate | 7.75% |
| Rate of increase in compensation levels | 5.50% |
| Expected long-term rate of return on plan assets | 9.00% |

Other Retirement Plans

CEI provides certain health care and life insurance benefits to substantially all retirees of CEI and its subsidiaries. Postretirement expense allocated to the Central Ohio Cluster by CEI was \$13,000 for the nine month period ended September 30, 1997 and \$15,000 for the year ended December 31, 1996. CEI has been contributing additional amounts to the Cox Pension Plan Trust to fund health care benefits pursuant to Section 401(h) of the Internal Revenue Code. CEI is funding benefits to the extent contributions are tax deductible. In general, retiree health benefits are paid as covered expenses are incurred. The funded status of the postretirement plan covering the employees of the Central Ohio Cluster is not determinable. The accumulated postretirement benefit obligation for the postretirement plan of CEI substantially exceeded the fair value of assets held in the Cox Pension Plan Trust at December 31, 1996.

In addition, substantially all of Central Ohio Cluster's employees are eligible to participate in the savings and investment plan of CEI. Under the terms of the plan, the Central Ohio Cluster matches 50% of employee contributions up to a maximum of 6% of the employee's base salary. The Central Ohio Cluster's expense under the plan was \$57,000 for the nine-month period ended September 30, 1997 and \$83,000 for the year ended December 31, 1996.

(8) TRANSACTIONS WITH AFFILIATED COMPANIES

The Central Ohio Cluster borrows funds for working capital and other needs from CCI. Certain management services are provided to the Central Ohio Cluster by CCI and CEI. Such services include legal, corporate secretarial, tax, treasury, internal audit, risk management, benefits administration and other support services. The Central Ohio Cluster was allocated expenses for the nine months ended September 30, 1997 and for the year ended December 31, 1996 of approximately of \$604,000 and \$1,320,000, respectively, related to these services. Allocated expenses are based on management's estimate of expenses related to the services provided to the Central Ohio Cluster in relation to those provided to other divisions of CCI and CEI. Management believes that these allocations were made on a reasonable basis. However, the allocations are not necessarily indicative of the level of expenses that might have been incurred had the Central Ohio Cluster contracted directly with third parties. Management has not made a

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(8) TRANSACTIONS WITH AFFILIATED COMPANIES (CONTINUED)

study or any attempt to obtain quotes from third parties to determine what the cost of obtaining such services from third parties would have been. The fees and expenses to be paid by the Central Ohio Cluster various transactions, including those described above. At December 31, 1996 and September 30, 1997, outstanding amounts due to affiliates bear interest at fifty basis points above CCI's commercial paper borrowings. This rate as of September 30, 1997 and December 31, 1996 was 6.32% and 6.6%, respectively.

In accordance with the requirements of SFAS No. 107, "Disclosures About Fair Value of Financial Instruments," the Central Ohio Cluster has estimated the fair value of its intercompany advances and notes payable. Given the short-term nature of these advances, the carrying amounts reported in the statements of net assets approximate fair value.

(9) COMMITMENTS AND CONTINGENCIES

The Central Ohio Cluster leases office facilities and various items of equipment under noncancelable operating leases. Rental expense under operating leases amounted to \$259,000 for the nine month period ended September 30, 1997 and \$331,000 for the year ended December 31, 1996. Future minimum lease payments as of September 30, 1997 for all noncancelable operating leases are as follows:

| | |
|-------|--------|
| 1997 | \$ 18 |
| 1998 | 40 |
| 1999 | 31 |
| 2000 | 31 |
| 2001 | 31 |
| 2002 | 7 |
| | ----- |
| Total | \$ 158 |
| | ===== |

The FCC has adopted rate regulations required by the Cable Television Consumer Protection and Competition Act of 1992 (the "1992 Cable Act"). Beginning in September 1995, the FCC authorized a method of implementing rate adjustments which allows cable operators to increase rates for programming annually on the basis of proposed increases in external costs rather than on the basis of cost increases incurred in the preceding quarter. Local franchising authorities have the ability to obtain certification from the FCC to regulate rates charged by the Central Ohio Cluster for basic cable services and associated basic cable services equipment. In addition, the rates charged by the Central Ohio Cluster for cable programming services ("CPS") can be regulated by the FCC should any franchising authority of the Central Ohio Cluster file rate complaints with the FCC. To date, the local franchising authorities for the Central Ohio Cluster have not become certified by the FCC to regulate rates for basic cable service and associated basic cable services equipment and no complaints have been filed by customers with the FCC regarding rates charged for CPS. Though rates for basic and CPS are presently not regulated, management of the Central Ohio Cluster believes the rates charged for basic and CPS comply in all material respects with the 1992 Cable Act and that should such rates become regulated in the future the impact on the financial position and results of operation of the Central Ohio Cluster would not be material.

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CENTRAL OHIO CLUSTER
NOTES TO COMBINED FINANCIAL STATEMENTS
(Information as of and for the Nine Months
Ended September 30, 1997 is unaudited)

(9) COMMITMENTS AND CONTINGENCIES (CONTINUED)

On February 1, 1996, Congress passed the Telecommunications Act of 1996 (the "1996 Act"), which was signed into law by the President on February 8, 1996. Among other provisions, the 1996 Act deregulates the CPS tier of large cable television operators on March 31, 1999 and upon enactment, the CPS rates of small cable television operators, where a small cable operator serves 50,000 or fewer subscribers, revises the procedures for filing a CPS complaint and adds a new effective competition test.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To State Cable TV Corporation and Subsidiary:

We have audited the accompanying consolidated balance sheets of State Cable TV Corporation and Subsidiary as of December 31, 1997, and the related consolidated statement of operations and deficit and cash flows for the year then ended. These consolidated financial statements referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of State Cable TV Corporation and Subsidiary as of December 31, 1997, and the consolidated results of their operations and their cash flows for the year then ended, in conformity with generally accepted accounting principles.

Boston, Massachusetts
March 13, 1998

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STATE CABLE TV CORPORATION AND SUBSIDIARY

Consolidated Balance Sheets

<TABLE>

| Assets | December 31, 1997 | September 30, 1998 (Unaudited) |
|--|----------------------|--------------------------------------|
| Current Assets: | | |
| <S> | <C> | <C> |
| Cash | \$ 605,832 | \$ 915,676 |
| Subscriber receivables, net of allowance for doubtful accounts of \$706,140 at December, 31 1997 and \$1,150,567 at September 30, 1998 (unaudited) | 1,688,694 | 1,505,602 |
| Other current assets | 440,594 | 474,408 |
| Total current assets | 2,735,120 | 2,895,686 |
| Property, Plant and Equipment, at cost: | | |
| Land and building held for sale | 383,219 | 383,219 |
| Land | 235,674 | 235,674 |
| Building and building improvements | 2,317,728 | 2,386,357 |
| Cable TV equipment | 56,274,822 | 60,072,379 |
| Office equipment | 1,558,486 | 1,666,208 |
| Vehicles | 2,017,865 | 2,212,835 |
| Less-Accumulated depreciation | (40,957,381) | (44,491,861) |
| Construction in process | 21,830,413 | 22,464,811 |
| | 805,422 | - |
| | 22,635,835 | 22,464,811 |
| Notes Receivable from Affiliate (Note 8) | 10,115,617 | 11,070,626 |
| Deferred Income on Installment Sale (Note 8) | (7,291,147) | (7,684,897) |
| Total notes receivable | 2,824,470 | 3,385,729 |
| Intangible Assets, net | | |
| Franchises | 2,420,280 | 2,221,019 |
| Goodwill | 285,409 | 276,877 |
| Loan costs | 1,200,807 | 1,011,805 |
| | 3,906,496 | 3,509,701 |
| Other Assets (Note 3) | 93,543 | - |
| Total assets | \$ 32,195,464 | \$ 32,255,927 |
| Liabilities and Shareholders' Deficit | | |
| Current Liabilities: | | |
| Current maturities of long-term debt | \$ 5,254,068 | \$ 7,011,576 |
| Accounts payable | 2,845,415 | 2,438,018 |
| Accrued expenses | 1,856,008 | 1,719,585 |
| Subscriptions received in advance | 351,032 | 346,694 |
| Total current liabilities | 10,306,523 | 11,515,873 |
| Long-Term Debt, net of current maturities | 55,704,532 | 54,804,435 |
| Deferred State Tax Payable | 18,355 | - |

| | | |
|--|---------------|---------------|
| Other Long-Term Liabilities | 102,579 | 311,829 |
| Total liabilities | 66,131,989 | 66,632,137 |
| Commitments and Contingencies (Note 5) | | |
| Minority Interest | 2,082,054 | 2,665,322 |
| Shareholders' Deficit: | | |
| Common stock, par value \$1.00 per share, authorized, issued and outstanding, 1,822 shares | 1,822 | 1,822 |
| Accumulated deficit | (36,020,401) | (37,043,354) |
| Total shareholders' deficit | (36,018,579) | (37,041,532) |
| Total liabilities and shareholders' deficit | \$ 32,195,464 | \$ 32,255,927 |

</TABLE>

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

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STATE CABLE TV CORPORATION AND SUBSIDIARY
Consolidated Statements of Operations and Deficit

<TABLE>

| | Year Ended December 31, 1997 | Nine Months Ended September 30, 1997 | 1998 | Three Months Ended September 30, 1997 | 1998 |
|---|------------------------------------|--|---------------|---|--------------|
| | | (Unaudited) | | (Unaudited) | |
| Gross Service Revenue: | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> |
| Subscriber revenue | \$ 22,327,282 | \$ 16,508,075 | \$ 18,500,996 | \$ 5,736,622 | \$ 6,380,173 |
| Premium services and pay per view revenue | 3,274,880 | 2,260,703 | 2,488,962 | 826,772 | 958,136 |
| Advertising revenue | 1,441,866 | 946,370 | 981,967 | 276,455 | 376,642 |
| Installation revenue | 594,663 | 469,068 | 371,564 | 136,114 | 123,544 |
| Other revenue | 702,014 | 608,805 | 655,733 | 215,741 | 350,609 |
| | 28,340,705 | 20,793,021 | 23,126,355 | 7,191,704 | 8,089,104 |
| Programming Costs | 5,434,797 | 3,905,225 | 4,689,751 | 1,391,621 | 1,648,373 |
| Net revenue (after programming costs) | 22,905,908 | 16,887,796 | 18,436,604 | 5,800,083 | 6,440,731 |
| Operating Expenses: | | | | | |
| General and administrative | 6,009,795 | 4,652,460 | 5,248,940 | 1,569,971 | 1,824,686 |
| Production and advertising | 3,848,847 | 2,869,849 | 2,930,704 | 912,574 | 984,781 |
| Depreciation | 4,259,092 | 3,653,200 | 3,534,480 | 1,238,400 | 1,178,160 |
| Ice storm damage | - | - | 1,595,567 | - | 71,465 |
| | 14,117,734 | 11,175,509 | 13,309,691 | 3,720,945 | 4,059,092 |
| Income from Operations Before Other Expenses (Income) | 8,788,174 | 5,712,287 | 5,126,913 | 2,079,138 | 2,381,639 |
| Other Expenses (Income): | | | | | |
| Interest expense | 4,875,201 | 3,556,976 | 3,954,002 | 1,249,541 | 1,464,951 |
| Management fees to affiliated company | 687,177 | 506,039 | 566,316 | 174,000 | 188,772 |
| Amortization of intangible assets | 626,813 | 368,014 | 396,917 | 126,792 | 132,306 |
| Gain on sale of equipment | (31,051) | (6,737) | - | - | - |
| Interest income | (71,117) | (24,517) | (31,693) | (7,453) | (12,114) |
| Minority interest in income of Better Cable | 768,594 | 588,255 | 583,268 | 207,994 | 245,251 |
| TV Company | 6,855,617 | 4,988,030 | 5,126,913 | 1,750,874 | 2,019,166 |
| Income (Loss) Before State Income Taxes | 1,932,557 | 724,257 | (341,897) | 328,264 | 362,473 |
| Provision for State Income Taxes | 18,000 | - | - | - | - |
| Net income (Loss) | 1,914,557 | 640,714 | (341,897) | 328,264 | 362,473 |
| Accumulated Deficit, beginning of period | (36,780,806) | (36,780,806) | (36,020,401) | (36,384,813) | (36,724,771) |
| Distribution to Shareholders (Note 2(g)) | (1,154,152) | (1,536,000) | (681,056) | (1,536,000) | (681,056) |

| | | | | | |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accumulated Deficit, end of period | \$ (36,020,401) | \$ (37,592,549) | \$ (37,043,354) | \$ (37,592,549) | \$ (37,043,354) |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|

</TABLE>

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

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STATE CABLE TV CORPORATION AND SUBSIDIARY

Consolidated Statements of Cash Flows

<TABLE>

| | Year Ended | Nine Months Ended | |
|--|----------------------|-------------------|--------------------------------------|
| | December 31, 1997 | 1997 | September 30, 1998 (Unaudited) |
| Cash Flows from Operating Activities: | | | |
| <S> | <C> | <C> | <C> |
| Net income (loss) | \$ 1,914,557 | \$ 640,714 | \$ (341,897) |
| Adjustments to reconcile net income to net cash provided by operating activities- | | | |
| Depreciation and amortization | 4,885,905 | 3,866,493 | 3,931,397 |
| Provision for bad debts | 284,565 | 855,381 | 444,427 |
| Gain on sale of equipment | (31,051) | (6,737) | - |
| Minority interest | 386,746 | 588,255 | 583,268 |
| Deferred taxes | (1,645) | (20,000) | (18,355) |
| Changes in operating assets and liabilities, net of effects from purchase of Pegasus- | | | |
| Increase in subscriber receivables | (305,301) | (618,571) | (261,335) |
| Increase in other current assets | (536,180) | (446,422) | (33,814) |
| Increase in notes receivable | (2,024,992) | (340,836) | (561,259) |
| Decrease in other assets | 377,242 | 440,785 | 93,543 |
| Increase (decrease) in accounts payable | 551,984 | 828,584 | (407,397) |
| Increase (decrease) in accrued expenses | 223,702 | 215,148 | (136,423) |
| Increase in subscriptions received in advance | 36,526 | 118,021 | 204,912 |
| Net cash provided by operating activities | 5,762,058 | 6,120,815 | 3,497,067 |
| Cash Flows from Investing Activities: | | | |
| Acquisition of property, plant and equipment | (7,463,502) | (11,481,424) | (3,363,456) |
| Payment for purchase of Pegasus, net of cash acquired | (6,838,183) | - | - |
| Acquisition of intangible assets, exclusive of effects from purchase of Pegasus | (261,374) | (2,354,232) | (122) |
| Net cash used in investing activities | (14,563,059) | (13,835,656) | (3,363,578) |
| Cash Flows from Financing Activities: | | | |
| Repayment of long-term debt | (3,132,621) | (2,224,971) | (3,942,589) |
| Proceeds from long-term debt | 13,200,000 | 11,500,000 | 4,800,000 |
| Distributions to shareholders | (1,154,152) | (1,536,000) | (681,056) |
| Net cash provided by financing activities | 8,913,227 | 7,739,029 | 176,355 |
| Net Increase in Cash | 112,226 | 24,188 | 309,844 |
| Cash, beginning of year | 493,606 | 493,606 | 605,832 |
| Cash, end of year | \$ 605,832 | \$ 517,794 | \$ 915,676 |
| Supplemental Disclosures of Cash Flow Information: | | | |
| Cash paid during the year for- | | | |
| Interest | \$ 4,681,103 | \$ 3,423,872 | \$ 3,904,574 |
| Income taxes | 23,634 | - | - |
| Supplemental Disclosures of Noncash Investing Activities: | | | |
| Increase in promissory note receivable and deferred income on installment sale due to accrued interest | 525,000 | 393,750 | 393,750 |

</TABLE>

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

State Cable TV Corporation and Subsidiary
 Notes to Consolidated Financial Statements
 (Including Data Applicable to Unaudited Period)

(1) Organization

State Cable TV Corporation and Subsidiary (the Company) is engaged primarily in providing cable television and related services to the Maine and New Hampshire areas.

On January 31, 1997, the Company purchased substantially all of the assets and assumed current liabilities of Pegasus, a cable television company that provides service to areas in the State of New Hampshire. The total purchase price was \$7,135,000, of which \$300,000 was paid in 1996 and is included in deposits and other assets at December 31, 1996. The balance due was paid utilizing the Company's credit facility in 1997. The transaction was treated as a purchase. The fair market value of the assets approximated the purchase price. The value of the acquired franchises was approximately \$2,000,000 which is being amortized over 10 years, which represents the lives of the franchise agreements.

(2) Summary of Significant Accounting Policies

The accompanying financial statements reflect the application of accounting policies described in this note and elsewhere in the accompanying notes to consolidated financial statements.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and Better Cable TV Company, its 60%-owned subsidiary (see Note 9). Material intercompany transactions and accounts have been eliminated in consolidation. The shareholders of the Company are the partners of a partnership (the Affiliate) that owns the minority interest of \$2,082,054 as of December 31, 1997, representing a 40% interest in the subsidiary. Changes in minority interest reflect Better Cable TV Company's capital adjusted by its portion of the net gain or loss.

(b) Management Estimates

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

(c) Property, Plant and Equipment

Property, plant and equipment is carried at cost and is being depreciated under the straight-line method over the estimated useful lives of the assets which range from 5 to 33 years as described below. Repair and maintenance costs are charged to expense as incurred.

| | |
|---|-------------|
| Building and building improvements..... | 20-33 years |
| Cable TV equipment..... | 5-7 years |
| Office equipment..... | 5 years |
| Vehicles..... | 5 years |

State Cable TV Corporation and Subsidiary
 Notes to Consolidated Financial Statements
 (Including Data Applicable to Unaudited Period)
 (Continued)

Property and equipment include the following amounts held under capital leases:

| | |
|----------------------|-----------------------|
| December 31, 1997 | September 30, 1998 |
|----------------------|-----------------------|

| | | |
|------------------------------------|-------------|-------------|
| Land | \$ 169,000 | \$ 169,000 |
| Building and building improvements | 1,606,422 | 1,644,230 |
| Less--Accumulated depreciation | (160,403) | (240,544) |
| | ----- | ----- |
| | \$1,615,019 | \$1,572,686 |
| | ===== | ===== |

(d) Intangible Assets

Intangible assets are carried at cost and are being amortized under the straight-line method over the periods indicated in Note 3.

(e) Investment in an Affiliate

Investment in a 33-1/3%-owned affiliate, Pinetree Microwave Corporation, is carried under the equity method and classified in other assets in the accompanying balance sheet. The assets, liabilities and results of operations of Pinetree are not significant to the Company. During 1998, the Company reevaluated the value of the asset and wrote it down to zero.

(f) Revenue Recognition

Operating revenues for cable services are recognized as services are rendered. Revenues from services contracts are recognized in earnings over the terms of the contract.

(g) Income Taxes

The Company has elected subchapter S Corporation status for federal and the State of Maine income tax purposes. Provisions for federal and Maine income taxes have not been made as the Company's operations are included pro rata in the individual income tax returns of its shareholders. A provision for New Hampshire income taxes has been made in the accompanying consolidated financial statements due to the fact New Hampshire does not recognize the Company's S corporation status. During 1997, the Company made distributions to shareholders of \$1,154,152 to pay their estimated tax payments.

The Company provides for New Hampshire income taxes under the liability method in accordance with the provisions of Statement of Financial Accounting Standards (SFAS) No. 109, Accounting for Income Taxes. Under the liability method specified by SFAS No. 109, a deferred tax asset or liability is determined based on the difference between the financial statement and tax bases of assets and liabilities, as measured by the enacted tax rates expected to be in effect when these differences reverse. Temporary differences relate mainly to depreciation and deferred interest.

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State Cable TV Corporation and Subsidiary

Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

The components of the provision for income taxes for December 31, 1997 is as follows:

| | |
|---------------------------|----------------------|
| | December 31, 1997 |
| Current- State | \$ 20,500 |
| Deferred- State | (2,500) |
| | ----- |
| Total provision (benefit) | \$ 18,000 |
| | ===== |

(h) Cash

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(i) Concentration of Credit Risk

SFAS No. 105, Disclosure of Information About Financial Instruments with Off-Balance-Sheet Risk and Financial Instruments

with Concentrations of Credit Risk, requires disclosure of any significant off-balance-sheet and credit risk concentrations. The Company has no significant off-balance-sheet concentration of credit risks such as foreign exchange contracts, options contracts or other foreign hedging arrangements. Financial instruments that subject the Company to credit risk consist primarily of cash and accounts receivable.

(j) Long-Lived Assets

The Company has assessed the realizability of its long-lived assets in accordance with SFAS No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets To Be Disposed Of. As of December 31, 1997 and September 30, 1998, management believes there has been no impairment of long-lived assets.

(k) Interim Financial Statements (Unaudited)

The accompanying consolidated balance sheet as of September 30, 1998, is unaudited, but in the opinion of management, includes all adjustments consisting of normal recurring adjustments necessary for fair presentation of results for the interim period. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted with respect to the nine months ended, September, 30, 1998, although the Company believes that the disclosures included are adequate to make the information presented not misleading. Results for the nine months ended September 30, 1998 are not necessarily indicative of the results that may be expected for the year ending December 31, 1998.

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State Cable TV Corporation and Subsidiary
Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

(3) Intangible Assets

Intangible assets consist of the following:

<TABLE>

| | December 31, 1997 | September 30, 1998 | Amortization Period in Years |
|--------------------------------|----------------------|-----------------------|------------------------------------|
| <S> | <C> | <C> | <C> |
| Customer lists | \$ 2,858,218 | \$ 2,858,218 | 7 |
| Franchises | 4,348,947 | 4,349,069 | 10-15 |
| Restrictive covenants | 317,921 | 317,921 | 2-10 |
| Goodwill | 454,013 | 454,013 | 40 |
| Loan costs | 1,770,629 | 1,770,629 | 5-8 |
| Other | 253,476 | 253,476 | 5-10 |
| | ----- | ----- | |
| | 10,003,204 | 10,003,326 | |
| Less--Accumulated amortization | 6,096,708 | 6,493,625 | |
| | ----- | ----- | |
| | \$ 3,906,496 | \$ 3,509,701 | |
| | ===== | ===== | |

</TABLE>

(4) Long-Term Debt

Long-term debt consists of the following:

| | December 31, 1997 | September 30, 1998 |
|--------------------------|----------------------|-----------------------|
| Term loan | \$ 42,276,500 | \$ 38,363,675 |
| Revolving line of credit | 17,200,000 | 22,000,000 |
| Capital lease | 1,482,100 | 1,452,336 |
| | ----- | ----- |
| | 60,958,600 | 61,816,011 |
| Less--Current maturities | 5,254,068 | 7,011,576 |
| | ----- | ----- |
| | \$ 55,704,532 | \$ 54,804,435 |

The Company has a \$67,000,000 credit facility (the Facility) with The First National Bank of Chicago (First Chicago) as agent for the lending institutions (the Lenders) under a credit agreement (Credit Agreement). The Facility consists of a \$47,000,000 amortizing term loan maturing on December 31, 2002 and a \$20,000,000 revolving credit facility terminating on March 31, 2004. The revolving line of credit is for capital expenditures, system acquisitions and other general corporate purposes subject to limitations as defined in the agreement. The Facility is collateralized by all of the Company's assets. In addition, the shareholders pledge the stock of the Company and the partnership interest in Better Cable TV Company as collateral. The 40% minority interest in Better Cable TV Company has also been pledged as collateral. The Credit Agreement requires the Company to meet various financial covenants and as of December 31, 1997 the Company was in compliance with these covenants. The Credit Agreement limits the payments for capital expenditures, management fees and dividends. The Credit Agreement requires that the term loan be repaid by quarterly installments. The repayments are based upon a percentage of the amount outstanding as of June 30, 1997 and these percentages increase annually until 2002 when it decreases. Advances under the revolving credit facility are payable quarterly beginning March 31, 2003. In addition, mandatory prepayments of an amount equal to 50% of the excess cash flows, if positive, for the most recently ended fiscal year are required under the revolving credit facility.

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State Cable TV Corporation and Subsidiary
Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

The Credit Agreement requires the Company to pay a commitment fee of .30% and .40% for Facilities B and C, respectively, per annum on the average daily unborrowed portion of the revolving credit facility. Fees paid under this arrangement amounted to \$20,466 in 1997. In addition, the Company paid management fees associated with the agreement of \$30,000 in 1997.

The Credit Agreement requires interest based on the type of advance requested by the Company, either floating rate or Eurodollar, plus the applicable margin, as defined in the Credit Agreement. The interest rates at December 31, 1997 for the Facility ranged from 7.99% to 8.23% with a weighted average rate of 8.05%.

Maturities of long-term debt are as follows:

| Year Ending December 31, | Amount |
|--------------------------|---------------|
| 1998 | \$ 5,254,068 |
| 1999 | 7,602,643 |
| 2000 | 9,320,371 |
| 2001 | 10,410,565 |
| 2002 | 9,972,788 |
| Thereafter | 18,398,165 |
| | ----- |
| | \$ 60,958,600 |
| | ===== |

(5) Commitments and Contingencies

(a) Leases

The Company leases telephone and utility poles at a current annual rental of approximately \$914,000. The leases are one year self-renewing agreements.

The Company is also obligated under leases with an affiliate and others for microwave relay services and tower sites, the latest expiring in 2079. The Company entered into a capital lease for its current office location expiring in 2011, with aggregate monthly payments of approximately \$14,000. The minimum annual payments under the leases are approximately as follows:

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State Cable TV Corporation and Subsidiary

Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

| | Operating Leases | Capital Lease |
|---|---------------------|---------------|
| 1998 | \$ 103,678 | \$ 168,861 |
| 1999 | 26,638 | 174,642 |
| 2000 | 27,143 | 178,954 |
| 2001 | 27,672 | 184,323 |
| 2002 | 28,228 | 189,852 |
| Thereafter | 288,658 | 1,697,798 |
| | ----- | ----- |
| | \$ 502,017 | |
| | ===== | |
| Total minimum future payments | | 2,594,430 |
| Less--Amounts representing interest | | 1,112,330 |
| | | ----- |
| Present value of net minimum lease payments | | 1,482,100 |
| Less--Current maturity | | 37,147 |
| | | ----- |
| | | \$ 1,444,953 |
| | | ===== |

Rent expense, including pole attachments, charged to operations amounted to \$974,521 for the year ended, December 31, 1997 and \$763,427 for the nine months ended, September 30, 1998.

(b) Litigation

In the ordinary course of business, the Company is party to various types of litigation. The Company believes it has meritorious defenses to all claims, and, in its opinion, all litigation currently pending or threatened will not have a material adverse effect on the Company's financial position or results of operations.

(6) Due to Affiliate and Other Related Party Transactions

(a) Affiliate

Fees for management services provided by its Affiliate amounted to \$687,177 in 1997.

Included in accounts payable and accrued expenses at December 31, 1997 was approximately \$753,000 due to the Company's Affiliates.

(b) Aurora

The Company's shareholders are majority shareholders in Aurora Telecommunications, LLC (Aurora). The Company leases fiber lines to Aurora under seven-year operating leases. Lease income amounted to \$471 in 1997.

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State Cable TV Corporation and Subsidiary

Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

The Company issued a revolving credit line to Aurora with maximum borrowings of \$3,000,000 at an applicable federal mid-term rate (6.02% at December 31, 1997). The credit line expires and is due September 1, 2003. At December 31, 1997, the outstanding principle balance due from Aurora was \$1,991,002 with accrued interest of \$28,903.

Under a separate note to obtain a 5% owned investment, Aurora issued a \$5,000 note payable at an annual compounded interest rate of 7% to the Company. The note is due and payable April 30, 1998. Accrued interest on this note was \$87 at December 31, 1997.

(7) Pension

The Company adopted a defined contribution plan, which covers substantially all employees. Participants are fully vested after five

years. Annual contributions are based upon 5% of the participants' compensation earned during the plan year.

The Company also has a 401(k) plan, which substantially all employees are eligible to participate in. Participants are fully vested as to all contributions made to the plan. The Company matches 50% of employee contributions up to the first 4%. Expenses related to the plans charged to operations amounted to \$202,951 in 1997.

(8) Sale of Partnership Interest

On November 15, 1996, the Company sold 20% of their partnership interest in Better Cable TV to an affiliate for a \$7,500,000 promissory note maturing on March 31, 2004 bearing interest at 7% per annum. This sale is being treated as an installment sale for both financial reporting and income tax purposes resulting in a deferred gain of \$6,700,522. No gain was recognized during 1997. For financial reporting purposes, accrued interest of \$590,625 for the year ended, December 31, 1997 and \$984,375 for the nine months ended, September 30, 1998, is being deferred.

(9) Disclosure of Fair Market Value of Financial Instruments

The carrying amounts of cash approximate fair value because of the short maturity of these investments. The carrying amounts of the revolving notes receivable and long-term debt approximates fair value due to the variable rates of these instruments. The fair value of the 7% note receivable is estimated based on currently quoted market prices for similar types of borrowing arrangements.

The estimated fair value of the Company's financial instruments as of December 31, 1997 are as follows (dollars in thousands):

| | Carrying Value | Fair Value |
|---------------------------|----------------|------------|
| Cash | \$ 605,832 | \$ 605,832 |
| Revolving note receivable | 2,019,905 | 2,019,905 |
| 7% note receivable | 8,095,712 | 9,413,619 |
| Long-term debt | 60,958,600 | 60,958,600 |

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State Cable TV Corporation and Subsidiary

Notes to Consolidated Financial Statements
(Including Data Applicable to Unaudited Period)
(Continued)

(10) Other Events

(a) Subsequent Event

In January 1998, an ice storm severely damaged cable lines of the Company in the Maine systems. The resulting loss of \$1,595,567 reflects damages incurred.

(b) Other Developments

On February 6, 1998, the Company signed a nonbinding letter of intent with Heathrow Land Company, L.P. (HLC) whereby the Company and HLC agreed in principle to form a limited liability company (LLC) to own and operate the cable television system currently operated by Heathrow Cable in and around the private community of Heathrow, Florida. The terms of the letter of intent provide that the Company will pay \$1,350,000 for its 80% interest in the LLC. Upon HLC's contribution or sale of the system and the assets to the LLC, HLC will receive that portion of the purchase price available after payment for the Bell South assets and any necessary working capital requirements of the LLC while becoming a 20% owner of the LLC.

(c) Sale to FrontierVision Operating Partners, L.P.

On June 24, 1998, the Company signed an asset purchase agreement with FrontierVision Operating Partners, L.P. whereby the Company agreed to sell the majority of its State Cable TV and Better Cable TV assets to FrontierVision Operating Partners, L.P. for a base price of \$188,750,000. The Company closed on this sale, subject to certain purchase price adjustments, on October 22, 1998.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
New England Cablevision of Massachusetts, Inc.

We have audited the accompanying balance sheets of New England Cablevision of Massachusetts, Inc. for the years ended December 31, 1997 and 1996, and the related statements of earnings, changes in stockholders' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New England Cablevision of Massachusetts, Inc. at December 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 11, 1998
Portland, Maine

/s/ Baker Newman & Noyes
Limited Liability Company

NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

BALANCE SHEETS

ASSETS

<TABLE>

| | March 31, 1998 (Unaudited) | December 31, 1997 | December 31, 1996 |
|--|----------------------------------|----------------------|----------------------|
| <S> | <C> | <C> | <C> |
| Cash | \$ 98,861 | \$ 389,703 | \$ 345,126 |
| Investments available for sale (note 3) | 3,812,685 | 6,242,464 | 5,899,258 |
| Investments held to maturity (note 3) | 4,100,000 | 9,600,000 | 12,838,779 |
| Accounts receivable, less allowance for doubtful accounts of \$60,112 in 1998, \$76,450 in 1997 and \$51,400 in 1996 | 58,087 | 120,529 | 154,626 |
| Accrued interest receivable | 62,177 | 100,958 | 97,870 |
| Prepaid expenses | 149,190 | 79,055 | 109,665 |
| Property, plant and equipment, net: | | | |
| Property and equipment | 43,069 | 43,069 | 43,069 |
| Distribution equipment | 18,755,678 | 15,835,849 | 14,704,528 |
| Support equipment, including construction in progress | 2,097,744 | 3,573,833 | 644,679 |
| | ----- | ----- | ----- |
| | 20,896,491 | 19,452,751 | 15,392,276 |
| Less accumulated depreciation | 12,004,363 | 11,692,462 | 10,532,180 |
| | ----- | ----- | ----- |
| Property, plant and equipment, net | 8,892,128 | 7,760,289 | 4,860,096 |
| | ----- | ----- | ----- |
| | \$ 17,173,128 | \$ 24,292,998 | \$ 24,305,420 |
| | ===== | ===== | ===== |

</TABLE>

LIABILITIES AND STOCKHOLDERS' EQUITY

<TABLE>

| | March 31, 1998 (Unaudited) | December 31, 1997 | December 31, 1996 |
|--|----------------------------------|----------------------|----------------------|
| <S> | <C> | <C> | <C> |
| Accounts payable | \$ 357,213 | \$ 716,957 | \$ 445,932 |
| Accrued expenses | 49,318 | 355,311 | 263,363 |
| Unearned revenue | 141,855 | 131,740 | 147,733 |
| Deferred income taxes (note 5) | 859,000 | 855,000 | 864,000 |
| Total liabilities | 1,407,386 | 2,059,008 | 1,721,028 |
| Commitments (notes 4, 5, 7 and 8) | | | |
| Stockholders' equity: | | | |
| Common stock, par value \$1.00 per share. | | | |
| Authorized 500,000 shares; issued and outstanding 464,212 shares | 464,212 | 464,212 | 464,212 |
| Additional paid-in capital | 11,269,195 | 17,819,736 | 17,819,736 |
| Retained earnings | 4,032,335 | 3,950,042 | 4,300,444 |
| Total stockholders' equity | 15,765,742 | 22,233,990 | 22,584,392 |
| | | | |
| | \$ 17,173,128 | \$ 24,292,998 | \$ 24,305,420 |

</TABLE>

See accompanying notes.

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

STATEMENTS OF EARNINGS

<TABLE>

| | Three Months Ended | | Year Ended | |
|--|----------------------------------|---------------------|----------------------|--------------|
| | March 31, 1998 (Unaudited) | 1997 (Unaudited) | December 31, 1997 | 1996 |
| <S> | <C> | <C> | <C> | <C> |
| Revenues, net of discounts and allowances | \$ 2,575,428 | \$ 2,360,711 | \$ 9,927,773 | \$ 9,093,028 |
| Expenses: | | | | |
| Operating expenses | 916,960 | 857,368 | 3,537,001 | 3,386,515 |
| Local production | 152,958 | 120,686 | 433,493 | 370,913 |
| General and administrative (notes 2, 4 and 6) | 827,785 | 507,425 | 2,391,882 | 2,064,929 |
| Depreciation and amortization | 311,901 | 370,054 | 1,226,449 | 928,427 |
| | 2,209,604 | 1,855,533 | 7,588,825 | 6,750,784 |
| Operating earnings | 365,824 | 505,178 | 2,338,948 | 2,342,244 |
| Other income (expense): | | | | |
| Interest income | 162,957 | 251,613 | 1,017,564 | 1,203,608 |
| Massachusetts franchise tax | (10,000) | (12,500) | (50,000) | (50,000) |
| Loss on disposition of property, plant and equipment | - | (140) | (6,398) | (108,645) |
| | 152,957 | 238,973 | 961,166 | 1,044,963 |
| Earnings before income taxes | 518,781 | 744,151 | 3,300,114 | 3,387,207 |
| Income tax expense (note 5) | 24,000 | 36,900 | 149,000 | 150,000 |
| Net earnings | \$ 494,781 | \$ 707,251 | \$ 3,151,114 | \$ 3,237,207 |

</TABLE>

See accompanying notes.

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

<TABLE>

| | Common stock | | Additional | Retained | Net Unrealized | Total |
|--|--------------|------------|---------------|--------------|----------------|---------------|
| | Number of | Amount | | | | |
| | Shares | | Paid-in | Earnings | Gain on | |
| | ----- | ----- | Capital | ----- | Investments | ----- |
| | | | | | Available | |
| | | | | | for Sale | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance, December 31, | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 1995 | 464,212 | \$ 464,212 | \$ 17,819,736 | \$ 5,852,204 | \$ 2,514 | \$ 24,138,666 |
| Net earnings | - | - | - | 3,237,207 | - | 3,237,207 |
| Net change in unrealized gain on investments available for sale | - | - | - | - | (2,514) | (2,514) |
| Dividends | - | - | - | (4,788,967) | - | (4,788,967) |
| Balance, December 31, 1996 | 464,212 | 464,212 | 17,819,736 | 4,300,444 | - | 22,584,392 |
| Net earnings | - | - | - | 3,151,114 | - | 3,151,114 |
| Dividends | - | - | - | (3,501,516) | - | (3,501,516) |
| Balance, December 31, 1997 | 464,212 | \$ 464,212 | \$ 17,819,736 | \$ 3,950,042 | \$ - | \$ 22,233,990 |

</TABLE>

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (CONTINUED)

<TABLE>

| | Common stock | | Additional | Retained | Net Unrealized | Total |
|--|--------------|------------|---------------|--------------|----------------|---------------|
| | Number of | Amount | | | | |
| | Shares | | Paid-in | Earnings | Gain on | |
| | ----- | ----- | Capital | ----- | Investments | ----- |
| | | | | | Available | |
| | | | | | for Sale | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| Balance, December 31, | | | | | | |
| <S> | <C> | <C> | <C> | <C> | <C> | <C> |
| 1997 | 464,212 | \$ 464,212 | \$ 17,819,736 | \$ 3,950,042 | \$ - | \$ 22,233,990 |
| Net earnings (unaudited) | - | - | - | 494,781 | - | 494,781 |
| Dividends (unaudited) | - | - | - | (412,488) | - | (412,488) |
| Return of capital (unaudited) (note 7) | - | - | (6,550,541) | - | - | (6,550,541) |

| | | | | | | |
|---|---------|------------|---------------|--------------|------|---------------|
| Balance, March 31, 1998 (unaudited) | 464,212 | \$ 464,212 | \$ 11,269,195 | \$ 4,032,335 | \$ - | \$ 15,765,742 |
|---|---------|------------|---------------|--------------|------|---------------|

</TABLE>

See accompanying notes.

F-53

NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS

<TABLE>

| | Three Months Ended March 31, | | Year Ended December 31, | |
|--|------------------------------------|---------------------|----------------------------|--------------|
| | 1998 (Unaudited) | 1997 (Unaudited) | 1997 | 1996 |
| Cash flows from operating activities: | | | | |
| <S> Net earnings | \$ 494,781 | \$ 707,251 | \$ 3,151,114 | \$ 3,237,207 |
| Adjustments to reconcile net earnings to net cash flows from operating activities: | | | | |
| Depreciation and amortization | 311,901 | 370,054 | 1,226,449 | 928,427 |
| Accretion of discounts on investments | (38,607) | (57,210) | (100,828) | (267,861) |
| Deferred income tax expense (benefit) | 4,000 | - | (9,000) | 1,000 |
| Loss on disposition of property, plant and equipment | - | 140 | 6,398 | 108,645 |
| Changes in: | | | | |
| Accounts receivable | 62,442 | 72,740 | 34,097 | (46,361) |
| Accrued interest receivable | 38,781 | (57,909) | (3,088) | (56,270) |
| Prepaid expenses | (70,135) | 4,052 | 30,610 | (44,867) |
| Accounts payable | (359,744) | (132,773) | 271,025 | 157,267 |
| Accrued expenses | (305,993) | (53,758) | 91,948 | 41,698 |
| Unearned revenue | 10,115 | (75,126) | (15,993) | 91,647 |
| Net cash flows from operating activities | 147,541 | 777,461 | 4,682,732 | 4,150,532 |
| Cash flows from investing activities: | | | | |
| Purchases of investments available for sale | - | (501,250) | (5,544,804) | (7,699,807) |
| Proceeds from maturities of investments available for sale | 2,750,000 | 500,000 | 6,100,000 | 6,585,000 |
| Net change in investments available for sale - money market mutual funds | (2,784,793) | (44,951) | (874,795) | 928,862 |
| Purchases of investments held to maturity | (8,100,000) | (9,900,000) | (48,500,000) | (14,998,185) |
| Proceeds from maturities of investments held to maturity | 13,600,000 | 10,491,000 | 51,816,000 | 7,759,000 |
| Collection of note receivable | - | - | - | 9,200,000 |
| Additions to property, plant and equipment | (1,443,740) | (600,681) | (4,133,040) | (1,306,867) |
| Net cash flows from investing activities | 4,021,467 | (55,882) | (1,136,639) | 468,003 |
| Cash flows from financing activities: | | | | |
| Dividends paid | (412,488) | (734,169) | (3,501,516) | (4,788,967) |
| Return of capital | (4,047,362) | - | - | - |
| Net cash flows from financing activities | (4,459,850) | (734,169) | (3,501,516) | (4,788,967) |
| Net change in cash | (290,842) | (12,590) | 44,577 | (170,432) |
| Cash at beginning of period | 389,703 | 345,126 | 345,126 | 515,558 |
| Cash at end of period | \$ 98,861 | \$ 332,536 | \$ 389,703 | \$ 345,126 |

</TABLE>

F-54

NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

STATEMENTS OF CASH FLOWS
(CONTINUED)

<TABLE>

| | Three Months Ended March 31, | | Year Ended December 31, | |
|---|------------------------------------|-------------|----------------------------|------------|
| | 1998 | 1997 | 1997 | 1996 |
| | ----- | ----- | ----- | ----- |
| | (Unaudited) | (Unaudited) | | |
| Cash paid for: | | | | |
| <S> | <C> | <C> | <C> | <C> |
| Income taxes | \$ 69,614 | \$ 45,752 | \$ 213,674 | \$ 179,330 |
| | ===== | ===== | ===== | ===== |
| Noncash transactions: | | | | |
| Investments available for sale distributed to stockholders as a return of capital | \$ 2,503,179 | \$ - | \$ - | \$ - |
| Effect of changes in market value of investments available for sale: | | | | |
| Investments | - | - | - | (2,614) |
| Deferred income taxes | - | - | - | (100) |
| Net unrealized gain on investments available for sale | - | - | - | (2,514) |

</TABLE>

See accompanying notes.

F-55

NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Operations

New England Cablevision of Massachusetts, Inc. (the Company) operates cable television franchises in Massachusetts and New Hampshire.

On April 3, 1998, the Company's stock was acquired by FrontierVision Holdings, L.P. (FrontierVision) for approximately \$43,600,000.

Interim Financial Information

The accompanying interim financial statements as of March 31, 1998 and for the three-month periods ended March 31, 1998 and 1997 are unaudited but, in the opinion of management, reflect all adjustments (consisting of normal recurring accruals) necessary for a fair presentation of the results for such periods. The results of operations for any interim period are not necessarily indicative of results for the full year.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however management does not anticipate significant changes in estimates in the near term.

Statement of Cash Flows

For purposes of the statement of cash flows, the Company considers cash to consist of only cash on hand and on deposit.

Investments

Debt securities for which the Company has the ability and positive intent to hold to maturity are classified as held to maturity and reported at amortized cost. Debt securities which may be sold prior to maturity are classified as available for sale and reported at fair value, with unrealized gains and losses excluded from earnings and reported as a separate component of stockholders' equity, net of estimated income taxes.

Gains and losses on the sales of investments are based on the specific identification of the investments sold.

If a decline in the fair value below the adjusted cost basis of an investment is judged to be other than temporary, the cost basis of the investment is written down to fair value as the new cost basis and the amount of the write down is included as a charge in the statement of earnings.

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

Property, Plant and Equipment

Property, plant and equipment is carried at cost. Depreciation is provided over the estimated useful lives of the various assets by using the straight-line method.

Construction in Progress

The Company capitalizes certain operating costs incurred during the construction period of cable television systems. These costs are amortized on a straight-line basis over the estimated useful lives of the systems once transferred to their appropriate property, plant and equipment classification.

Unearned Revenue

Advance payments for cable services are credited to unearned revenue and recorded as sales when earned.

Income Taxes

Effective January 1, 1995, the Company elected to be taxed as a small business corporation (Subchapter S) under Section 1362 of the Internal Revenue Code. Accordingly, beginning in 1995, the Company does not provide for federal income taxes since such taxes are paid directly by the shareholders on their individual tax returns. The Company provides for state income taxes in its financial statements because New Hampshire does not recognize Subchapter S status, and Massachusetts imposes a corporate income tax on S Corporations with over \$6,000,000 of total receipts.

The Company accounts for income taxes under the asset and liability method. Deferred taxes are recognized for the future tax consequences attributable to the differences between the financial statement and tax basis of assets and liabilities, measured at the tax rates expected to apply to taxable income when the temporary differences are expected to be recovered or settled. Beginning in 1995, deferred tax expense consists only of state taxes.

In accordance with the Internal Revenue Code, the Company may be subject to a corporate level tax on the net built-in gains at the date of conversion to Subchapter S status that are realized during the ten-year period after the conversion. Consequently, the Company has retained its net deferred tax liability existing at the date of conversion. As such, the deferred tax liability related to the built in gains is not meant to approximate the deferred tax liability that would be required if the Company was taxed as a regular corporation. Any corporate level built-in gains tax realized in excess of the amount recorded as a deferred tax liability will be charged to earnings when and if realized.

The Company's tax status will change to a C Corporation as a result of its acquisition by FrontierVision.

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

2. Management Agreement

The Company has a Management Agreement with Diversified Communications under which Diversified Communications provides the Company with general services consisting of consulting, recordkeeping, budgeting, financial reporting, and other miscellaneous services. Diversified Communications is also providing the Company with cable management services consisting of marketing, customer service training and support, engineering, programming administration, franchise relations, general management, and refranchising, rebuild and rate regulations. The Company incurred \$376,428 in 1997 and \$350,352 in 1996 in management fee expenses. The Company is allowed, under the Management Agreement, to develop the internal capacity to provide some or all of the above services.

3. Investments

Investments held to maturity at December 31, 1997 consist of high-grade commercial paper maturing in one year or less. Investments held to maturity at December 31, 1996 consist of high-grade commercial paper and U.S. Treasury obligations. At December 31, 1997 and 1996, the market value of these investments approximates their cost.

Investments available for sale at December 31, 1997 consist of \$5,214,572 of U.S. Treasury and Agency obligations (of which \$4,714,752 matures in 1998 and \$499,820 matures in 1999) and \$1,027,892 of money market mutual funds. At December 31, 1997 the market value of the investments approximates their cost.

Investments available for sale at December 31, 1996 consist of \$5,746,161 of U.S. Treasury and Agency obligations substantially all maturing in 1997 and \$153,097 of money market mutual funds. At December 31, 1996 the market value of these investments approximates their cost.

4. Rental Expense

The Company leases property under operating leases. Rental expense related to these leases was approximately \$163,000 for 1997 and \$132,000 in 1996.

At December 31, 1997, minimum rental payments due for the next five years under remaining lease terms in excess of one year are approximately as follows:

| | |
|------|-----------|
| 1998 | \$163,000 |
| 1999 | 149,000 |
| 2000 | 109,000 |
| 2001 | 102,000 |
| 2002 | 106,000 |

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

5. Income Taxes

Income tax expense (benefit) for the periods ended December 31, 1997 and 1996 consists of the following components:

| | 1997 | 1996 |
|----------|------------|------------|
| | ---- | ---- |
| Current | \$ 158,000 | \$ 149,000 |
| Deferred | (9,000) | 1,000 |
| | ----- | ----- |
| | \$ 149,000 | \$ 150,000 |
| | ===== | ===== |

The state corporate tax rate applicable to the Company in 1997 and 1996 is approximately 4.5%.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities as of December 31, 1997 and 1996 are presented below:

1997 1996

| | | |
|--------------------------------------|------------|------------|
| Deferred tax assets: | ---- | ---- |
| Allowance for doubtful accounts | \$ 2,000 | \$ 1,000 |
| Property, plant and equipment | 4,000 | - |
| | ----- | ----- |
| | 6,000 | 1,000 |
| Deferred tax liabilities: | | |
| Property, plant and equipment | - | 4,000 |
| Built-in gains | 861,000 | 861,000 |
| | ----- | ----- |
| Total gross deferred tax liabilities | 861,000 | 865,000 |
| | ----- | ----- |
| Net deferred tax liability | \$ 855,000 | \$ 864,000 |
| | ===== | ===== |

6. 401(k) Plan

The Company has a 401(k) Plan that covers all employees over the age of 21 and who have completed one year of service. Participants may defer up to 14% of their compensation. The Company may make a matching contribution as well as a discretionary contribution as determined by its Board of Directors. Participants become fully vested in the employer's discretionary contributions upon seven years of participation. The expense incurred for this Plan was approximately \$70,000 for 1997 and \$71,000 in 1996.

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NEW ENGLAND CABLEVISION OF MASSACHUSETTS, INC.

NOTES TO FINANCIAL STATEMENTS

7. Sale of the Company

On December 12, 1997, the Company's stockholders entered into a purchase and sale agreement to sell 100% of the Company's stock to an unrelated party. The Company was permitted to distribute cash and investments to its stockholders prior to the consummation of the sale. These distributions are shown as a return of capital and charged to additional paid-in capital.

The transaction was consummated on April 3, 1998. Substantially all of the remaining cash and investments was distributed to stockholders immediately prior to the sale.

8. Commitments

The Company has committed to rebuild the Cape Ann and Amesbury regional cable systems to comply with its franchise agreements. At December 31, 1997, the estimated costs to complete the rebuild were approximately \$5.6 million.

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FINANCIAL STATEMENT SCHEDULES

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INDEPENDENT AUDITORS' REPORT

Under date of March 19, 1999, we reported on the consolidated balance sheets of FrontierVision Operating Partners, L.P. and subsidiaries (the "Company") as of December 31, 1998 and 1997, and the related consolidated statements of operations, partners' capital and cash flows for each of the years in the three year period ended December 31, 1998, as contained in this annual report on Form 10-K for the year 1998. In connection with our audits of the aforementioned financial statements, we also audited the related financial statement schedule on Page S-3. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG LLP

Denver, Colorado
March 19, 1999

S-2

FRONTIERVISION OPERATING PARTNERS, L.P. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
Amounts in Thousands

<TABLE>

| | Beginning of Period ----- | Costs and Expenses ----- | Charge to Deductions/ Writeoffs ----- | Balance at End of Period --- |
|---|---------------------------------|--------------------------------|--|------------------------------------|
| Allowance for uncollectible trade receivables: | | | | |
| <S> Year ended December 31, 1996 | <C> \$ 40 | <C> 1,072 | <C> (345) | 767 |
| Year ended December 31, 1997 | \$ 767 | 1,761 | (1,888) | 640 |
| Year ended December 31, 1998 | \$ 640 | 3,076 | (3,050) | 666 |

</TABLE>

See accompanying independent auditors' report.

S-3

FrontierVision Operating Partners, L.P.
 Computation of Ratio of Earnings to Fixed Charges
 (Dollars in thousands)

<TABLE>

| | For the Year Ended December 31, 1998 ----- | For the Year Ended December 31, 1997 ----- | For the Period From Inception For the Year Ended December 31, 1996 ----- |
|--|--|--|--|
| <S> | <C> | <C> | <C> |
| Net Loss | \$ (66,196) | \$ (46,863) | \$ (23,801) |
| Add (Deduct): | | | |
| Income Tax Provision (Benefit) | 2,927 | -- | -- |
| Less: Minority Interest | | | |
| | ----- | ----- | ----- |
| Pre Tax Income (Loss) | (63,269) | (46,863) | (23,801) |
| Add: Fixed Charges | | | |
| Interest | 70,767 | 44,007 | 23,210 |
| | ----- | ----- | ----- |
| | \$ 7,498 | \$ (2,856) | \$ (591) |
| | ===== | ===== | ===== |
| Fixed Charges | \$ 70,767 | 44,007 | \$ 23,210 |
| | ===== | ===== | ===== |
| Ratio of Earnings to Fixed Charges | N/A | N/A | N/A |
| Deficiency of Earnings to Fixed Charges | \$ 63,269 | 46,863 | \$ 23,801 |

</TABLE>

<TABLE> <S> <C>

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM BALANCE SHEETS AND STATEMENTS OF OPERATIONS AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS CONTAINED IN THE FORM 10-K.

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<F1> PP&E IS SHOWN NET OF ACCUMULATED DEPRECIATION.

</FN>

</TABLE>

PURCHASE AGREEMENT
DATED AS OF FEBRUARY 22, 1999
AMONG
FRONTIERVISION PARTNERS, L.P.,
AND
FVP GP, L.P., the GENERAL PARTNER, and
CERTAIN DIRECT AND INDIRECT LIMITED PARTNERS
OF FRONTIERVISION PARTNERS, L.P.,
as Sellers,
AND
ADELPHIA COMMUNICATIONS CORPORATION,
as Buyer

PURCHASE AGREEMENT
DATED AS OF FEBRUARY 22, 1999

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| Section 3.8 | Franchises, Licenses, Contracts |
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| Section 3.18 | Broker |
| Section 4.2 | Sellers Conflicts; Consents |
| Section 4.3 | Title to Purchased Interests |
| Section 6.1 | Post-Signing Covenants |
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TABLE OF EXHIBITS

| Exhibit | Description |
|-----------|--|
| Exhibit A | Form of Noncompetition Agreement |
| Exhibit B | Form of Post-Closing Escrow Agreement |
| Exhibit C | Form of Opinion of FVP's Counsel |
| Exhibit D | Form of Opinion of Buyer's Counsel |
| Exhibit E | Addresses of Sellers |
| Exhibit F | Closing Net Liabilities Example Calculation |
| Exhibit G | Form of Seller Release |
| Exhibit H | Form of Management Release |
| Exhibit I | Post-Closing Escrow Agreement Release Provisions Example |

PURCHASE AGREEMENT

THIS PURCHASE AGREEMENT (this "Agreement") is entered into as of February 22, 1999, by and among FrontierVision Partners, L.P., a Delaware limited partnership ("FVP"), FVP GP, L.P., a Delaware limited partnership (the "General Partner"), each party named as a "Limited Partner Seller" on the signatures pages hereto, each party named as an "SPC Seller" on the signature pages hereto, and Adelphia Communications Corporation, a Delaware corporation ("Buyer").

RECITALS

The General Partner owns all of the general partnership interests in FVP and certain Subordinated Notes issued by FVP. The Limited Partner Sellers are each limited partners of FVP and own limited partnership interests in FVP and certain Subordinated Notes issued by FVP. Each SPC Seller owns all of the capital stock of an SPC, which in turn is a limited partner of FVP and owns a limited partnership interest in FVP and certain Subordinated Notes issued by FVP. The SPC Sellers also hold certain Subordinated Notes issued by FVP. Collectively, the Limited Partner Sellers and the SPCs own all of the limited partnership interests in FVP, and collectively the General Partner, the Limited Partner Sellers, the SPC Sellers and the SPCs own all of the Subordinated Notes issued by FVP. Buyer desires to acquire from the General Partner and the Limited Partner Sellers all of their partnership interests in FVP and Subordinated Notes issued by FVP and desires to acquire from the SPC Sellers all of their stock in the SPCs and Subordinated Notes issued by FVP. The General Partner, Limited Partner Sellers and SPC Sellers (collectively, the "Sellers" and individually a "Seller") desire to sell to Buyer all of their partnership interests in FVP or stock in the SPCs, as described above and all of their Subordinated Notes issued by FVP as described above, in each case for the consideration and on the terms and conditions set forth in this Agreement.

AGREEMENTS

In consideration of the above recitals and of the mutual agreements and covenants contained in this Agreement, the parties to this Agreement, intending to be bound legally, agree as follows:

ARTICLE 1

CERTAIN DEFINITIONS

1.1 Terms Defined in this Section.

The following terms, as used in this Agreement, have the meanings set forth in this Section:

"ACC Class A Common Stock" means the Class A Common Stock, par value \$.01 per share, of Buyer that is authorized and designated as such in Buyer's Certificate of Incorporation as in effect on the date of this Agreement.

"Accounts Receivable" means all rights of the FrontierVision Companies to payment for goods or services provided prior to the Adjustment Time, including rights to payment for cable services to customers of the Systems, the sale of advertising, the leasing of channels, and other goods and services and rentals.

"Adjustment Time" means (A) with respect to Adjustment Assets and Adjustment Liabilities and other items that primarily relate to the FrontierVision Companies as a whole, 11:59 p.m., local Denver time, on the day immediately preceding the Closing Date, and (B) with respect to Adjustment Assets and Adjustment Liabilities and other items that primarily relate to a particular System, 11:59 p.m. local time for that System, on the day immediately preceding the Closing Date.

"Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with the specified Person.

"Assets" means all of the tangible and intangible assets that are owned, leased or held by the FrontierVision Companies and that are used in connection with the conduct of the business or operations of the Systems other than the Excluded Assets and less any such Assets that are sold, transferred, or otherwise conveyed by the FrontierVision Companies to third Persons prior to the Closing in accordance with the provisions of this Agreement, provided that with respect to any assets that are leased by the FrontierVision Companies or otherwise not owned by the FrontierVision Companies, "Assets" includes only the interest, title and rights in such assets held by the FrontierVision Companies.

"Basic Subscriber" means, with respect to any System as of any date, each residential customer or resident of a multiple dwelling unit served by such System who subscribes to at least broadcast basic service (either alone or in combination with any other service and including subscribers who receive regularly offered discounts), and who has rendered payment for one month's service at such System's regular basic monthly subscription rate without discount (excluding regularly offered discounts) and who does not have more than \$10.00 (excluding late charges and fees and amounts subject to a bona fide dispute) that is two months or more past due from and including the last day of the period to which any outstanding bill relates.

"Bulk Subscriber" means, with respect to any System, any commercial establishment (e.g., any hotel or motel) or multiple dwelling unit establishment (e.g., any apartment, condominium or cooperative building) served by such System

that subscribes to at least broadcast basic service (either alone or in combination with any other service), and who has rendered payment for one month's service

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at such customer's regular basic monthly subscription rate and who does not have more than \$10.00 (excluding late charges and fees and amounts subject to a bona fide dispute) that is two months or more past due from and including the last day of the period to which any outstanding bill relates.

"Cable Act" means Title VI of the Communications Act of 1934, as amended, 47 U.S.C. Section 151 et seq., and all other provisions of the Cable Communications Policy Act of 1984, the Cable Television Consumer Protection and Competition Act of 1992, and the provisions of the Telecommunications Act of 1996 amending Title VI of the Communications Act of 1934, in each case as amended and in effect from time to time.

"Capital Stock" means any and all shares, interests, or other equivalent interests (however designated) in the equity of any Person, including capital stock, partnership interests, and membership interests, and including any rights, options or warrants with respect thereto.

"Charter Documents" means the articles or certificate of incorporation, bylaws, certificate of limited partnership, partnership agreement, certificate of formation, limited liability company operating agreement, and all other organizational documents of any Person other than an individual.

"Closing" means the consummation of the purchase and sale of the Purchased Interests pursuant to this Agreement in accordance with the provisions of Article 8.

"Closing Date" means the date on which the Closing occurs.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, as amended and in effect from time to time.

"Consents" means the consents, permits, approvals and authorizations of Governmental Authorities and other Persons necessary to transfer the Purchased Interests to Buyer or otherwise to consummate the transactions contemplated by this Agreement.

"Contracts" means all leases, easements, rights-of-way, rights of entry, programming agreements, pole attachment and conduit agreements, customer agreements, and other agreements, written or oral (including any amendments and other modifications thereto) to which any FrontierVision Company is a party or which are binding upon any FrontierVision Company and that relate to any of the Assets or the business or operations of any of the Systems or any of the

FrontierVision Companies and (A) which are in effect on the date hereof, or (B) which are entered into by any FrontierVision Company between the date hereof and the Closing Date.

"Copyright Act" means the Copyright Act of 1976, as amended and in effect from time to time.

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"Credit Agreement" means the Second Amended and Restated Credit Agreement dated as of December 19, 1997 among FrontierVision Operating Partners, L.P., as Borrower, The Chase Manhattan Bank, as Administrative Agent, J.P. Morgan Securities Inc., as Syndication Agent, CIBC Inc., as Documentation Agent, and each of the other Lenders party thereto, as amended and in effect from time to time.

"Debt Documents" means each of the loan or credit agreements, notes, bonds, indentures and other agreements and instruments pursuant to which any indebtedness for borrowed money or any capital lease obligation of any FrontierVision Company (and any guarantee by a FrontierVision Company of indebtedness for borrowed money or any capitalized lease obligation of another Person that is not a FrontierVision Company) in an aggregate principal amount in excess of \$250,000 is outstanding or committed to.

"Deposit Escrow Agreement" means the Escrow Agreement executed concurrently herewith by FVP, Buyer and the Escrow Agent.

"Deposit Registration Rights Agreement" means the Registration Rights Agreement between Buyer and FVP, relating to the registration of the Escrow Registrable Securities constituting the Deposit Escrow Property, which agreement shall be executed on the date of this Agreement.

"Employee Plan" means any pension, retirement, profit-sharing, deferred compensation, vacation, severance, bonus, incentive, medical, vision, dental, disability, life insurance or any other employee benefit plan as defined in Section 3(3) of ERISA to which any FrontierVision Company or any ERISA Affiliate of any FrontierVision Company contributes or which any FrontierVision Company or any such ERISA Affiliate sponsors or maintains, or by which any FrontierVision Company or any such ERISA Affiliate is otherwise bound.

"Encumbrances" means any pledge, claim, mortgage, lien, charge, encumbrance, or security interest of any kind or nature whatsoever. Notwithstanding the foregoing, "Encumbrances" does not include any restriction on transfer or assignment.

"Environmental Claim" means any written claim or notice or any proceeding before a Governmental Authority arising under or pertaining to any Environmental Law or Hazardous Substance.

"Environmental Law" means any Legal Requirement pertaining to land use, air, soil, surface water, groundwater (including the protection, cleanup, removal, remediation or damage thereof), or to the protection of public health and safety, or any other environmental matter, including the following laws as amended and in effect from time to time: (A) Clean Air Act (42 U.S.C. ss. 7401, et seq.); (B) Clean Water Act (33 U.S.C. ss. 1251, et seq.); (C) Resource Conservation and Recovery Act (42 U.S.C. ss. 6901, et seq.); (D) Comprehensive Environmental Response, Compensation and Liability Act (42

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U.S.C. ss. 9601, et seq.); (E) Safe Drinking Water Act (42 U.S.C. 300f, et seq.); and (F) Toxic Substances Control Act (15 U.S.C. ss. 2601, et seq.).

"Equivalent Subscribers" means, with respect to any System as of any date, the sum of: (A) the number of Basic Subscribers served by such System as of such date; (B) the number of Basic Subscribers represented by the Bulk Subscribers served by such System as of such date, which number shall be calculated for each class of service provided by such System by dividing (1) the monthly billings attributable to such System's Bulk Subscribers for each such class of service provided by such System for the calendar month immediately preceding the date on which such calculation is made, by (2) the full, non-discounted monthly rate charged by such System for such class of service, respectively (excluding pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and other similar line-itemized charges); and (C) the number of equivalent Basic Subscribers represented by the "Seasonal Subscribers" of the FrontierVision Companies as of the date of determination, which number will be determined as set forth in Section 1.1 of FrontierVision's Disclosure Schedule. For purposes of the foregoing, monthly billings shall exclude billings for a la carte or digital service tiers and for premium services, pass-through charges for sales taxes, line-itemized franchise fees, fees charged by the FCC and other similar line-itemized charges, and nonrecurring charges or credits which include those relating to installation, connection, relocation and disconnection fees and miscellaneous rental charges for equipment such as remote control devices and converters.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations thereunder, as amended and in effect from time to time.

"ERISA Affiliate" means a trade or business affiliated within the meaning of Sections 414(b), (c) or (m) of the Code.

"Escrow Agent" means Bank of Montreal Trust Company.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as in effect from time to time.

"Excluded Assets" means the assets listed as "Excluded Assets" in Section 1.1 of FrontierVision's Disclosure Schedule.

"FCC" means the Federal Communications Commission.

"FCC Regulations" means the rules, regulations and published policies of the FCC promulgated by the FCC with respect to the Cable Act, as in effect from time to time.

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"Franchise Area" means any geographic area in which a FrontierVision Company is authorized to provide cable television service pursuant to a Franchise or provides cable television service in which a Franchise is not required pursuant to applicable Legal Requirements.

"Franchise" means any cable television franchise and related agreements, ordinances, permits or other authorizations issued or granted to a FrontierVision Company by any Franchising Authority.

"Franchising Authorities" means all Governmental Authorities that have issued or granted any Franchises relating to the operation of a System.

"FrontierVision Companies" means FVP and each of the other entities listed as "FrontierVision Companies" in Section 3.3 of FrontierVision's Disclosure Schedule, each of which may be referred to herein individually as a "FrontierVision Company." None of Main Security Surveillance, Inc., The Maine InternetWorks, Inc., or Landmark NetAccess, Inc. is a "FrontierVision Company" as used in this Agreement, except that for the limited purposes of determining "Adjustment Assets" and "Adjustment Liabilities" of the FrontierVision Companies in accordance with Section 2.5, Main Security Surveillance, Inc. shall be treated as a FrontierVision Company.

"FrontierVision's Disclosure Schedule" means FrontierVision's Disclosure Schedule referred to in this Agreement and delivered to Buyer by FVP and Sellers concurrently with the execution of this Agreement.

"FrontierVision Inc." means FrontierVision Inc., a Delaware corporation.

"FrontierVision Liabilities" means, with respect to the FrontierVision Companies on a consolidated basis, without duplication, all liabilities of the FrontierVision Companies (as defined and determined in accordance with GAAP), including, without limitation the following: (A) all obligations of the FrontierVision Companies for borrowed money; (B) all obligations of the FrontierVision Companies evidenced by bonds, debentures, notes, indentures, mortgages, or similar instruments; and (C) all capital lease obligations of the

FrontierVision Companies. Notwithstanding the foregoing, "FrontierVision Liabilities" shall not include: (A) any amounts in respect of performance bonds issued by any of the FrontierVision Companies in the ordinary course of business; (B) any amounts in the nature of prepayment penalties or premiums resulting from the consummation of the transactions contemplated by this Agreement or satisfaction of the Indentures, which prepayment penalties and premiums with respect to the Debt Documents are set forth in Section 1.1 of FrontierVision's Disclosure Schedule; and (C) the Subordinated Notes. No liability that would otherwise be included within the meaning of "FrontierVision Liability" as defined above shall be excluded from the definition solely because: (A) the liability relates to an item or matter that constitutes a Permitted Encumbrance; or (B) the liability relates to an item or matter that is disclosed to Buyer in this Agreement or FrontierVision's Disclosure Schedule.

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"GAAP" means generally accepted accounting principles as in effect in the United States from time to time.

"General Partnership Interest" means the general partnership interest in FVP held by the General Partner.

"Governmental Authority" means any federal, state, or local governmental authority, including any court or administrative or regulatory agency.

"Hazardous Substance" means any pollutant, contaminant, hazardous or toxic substance, material, constituent or waste or any pollutant or any release thereof that is labeled or regulated as such by any Governmental Authority pursuant to an Environmental Law, including, without limitation, petroleum or petroleum compounds, radioactive materials, asbestos or any asbestos-containing material, or polychlorinated biphenyls.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, and the regulations promulgated by the Federal Trade Commission with respect thereto, as amended and in effect from time to time.

"Indentures" means: (A) the Indenture dated as of October 7, 1996, between FrontierVision Operating Partners, L.P. and FrontierVision Capital Corporation, as Issuers, and U.S. Bank National Association, as Trustee, relating to the 11% Senior Subordinated Notes due 2006 (the "1996 Indenture"); (B) the Indenture dated as of September 19, 1997 between FrontierVision Holdings, L.P. and FrontierVision Holdings Capital Corporation, as Issuers, and U.S. Bank National Association, as Trustee, relating to the 11 7/8% Senior Discount Notes due 2007 (the "1997 Indenture"); and (C) the Indenture dated as of December 9, 1998 between FrontierVision Holdings, L.P. and FrontierVision Holdings Capital II Corporation, as Issuers, and U.S. Bank National Association, as Trustee, relating to the 11 7/8% Senior Discount Notes due 2007, Series B

(the "1998 Indenture"), in each case as amended and in effect from time to time, each of which may be referred to herein individually as an "Indenture."

"Intangibles" means all copyrights, trademarks, trade names, service marks, service names, patents, permits, proprietary information, technical information and data, machinery and equipment warranties, and other similar intangible property rights and interests issued to or owned by any of the FrontierVision Companies.

"Legal Requirements" means applicable common law and any applicable statute, ordinance, code or other law, rule, regulation, order, technical or other standard, requirement or procedure enacted, adopted, promulgated or applied by any Governmental Authority, including any applicable decree or judgment of a court of competent jurisdiction, all as in effect from time to time.

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"Licenses" means all domestic satellite, business radio and other FCC licenses, and all other licenses, authorizations and permits issued by any Governmental Authority that is held by a FrontierVision Company in the business and operations of the Systems, excluding the Franchises.

"Limited Partnership Interests" means the limited partnership interests in FVP held by the Limited Partner Sellers.

"Loss" means any claim, loss, liability, damages, penalties, costs and expenses (excluding any and all consequential, incidental and special damages).

"Management Release" means the "Agreement of Release" substantially in the form of Exhibit H to be delivered to Buyer by the Persons designated on Exhibit H at the Closing.

"Material Contract" means the Debt Documents, the Material Leases, and any other Contract that requires payments by one of the FrontierVision Companies (or entitles one of the FrontierVision Companies to payments) in the aggregate of more than \$100,000 during the current term of such Contract, but "Material Contract" specifically excludes all subscription agreements with customers and specifically excludes all pole attachment and conduit agreements.

"Material Lease" means all headend, tower and microwave site leases, fiber leases, and any other lease designated as a "Material Lease" in Section 3.9 of FrontierVision's Disclosure Schedule.

"Noncompetition Agreement" means either of the Noncompetition Agreements between Buyer and each of the two Persons designated on Exhibit A, substantially in the form of Exhibit A with respect to such Person, which agreements shall be executed and delivered on the Closing Date.

"Permitted Encumbrances" means each of the following: (A) liens for current taxes and other governmental charges that are not yet delinquent; (B) liens for taxes, assessments, governmental charges or levies, or claims the non-payment of which is being diligently contested in good faith or liens arising out of judgments or awards against the FrontierVision Companies with respect to which at the time there shall be a prosecution for appeal or there shall be a proceeding to review or the time limit has not yet run for such an appeal or review with respect to such judgment or award; provided that with respect to the foregoing liens in this clause (B), adequate reserves shall have been set aside on the FrontierVision Companies' books, and no foreclosure, distraint, sale or similar proceedings shall have been commenced with respect thereto that remain unstayed for a period of 60 days after their commencement; (C) liens of carriers, warehousemen, mechanics, laborers, and materialmen and other similar statutory liens incurred in the ordinary course of business for sums not yet due or being diligently contested in good faith, and for which adequate reserves have been set aside on the FrontierVision Companies' books; (D) liens incurred in the ordinary course of business in connection with worker's compensation and unemployment insurance or similar laws; (E) statutory landlords' liens; (F) with respect to the Real Property, leases, easements, rights to access, rights-of-way, mineral rights

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or other similar reservations and restrictions and defects of title which are either of record or set forth in FrontierVision's Disclosure Schedule or in the deeds or leases to such Real Property or which (except in the case of owned Real Property, and which), either individually or in the aggregate, do not materially and adversely affect or interfere with the ownership or use or marketability of any such Real Property in the business and operations of the Systems as presently conducted; and (G) any other claims or encumbrances that are described in Section 3.9 of FrontierVision's Disclosure Schedule and that relate to Assumed Liabilities that are not discharged in full at the Closing or that will be removed prior to or at Closing.

"Person" means an individual, corporation, association, partnership, joint venture, trust, estate, limited liability company, limited liability partnership, Governmental Authority, or other entity or organization.

"Post-Closing Escrow Agreement" means the Post-Closing Escrow Agreement among Buyer, Sellers, and the Escrow Agent, substantially in the form of Exhibit B but subject to Section 10.3, which agreement shall be executed and delivered on the Closing Date.

"Purchased Interests" means the General Partnership Interest, the Limited Partnership Interests, the SPC Stock, the Subordinated Notes held by the General Partner, the Subordinated Notes held by the Limited Partner Sellers, and the Subordinated Notes held by the SPC Sellers.

"Rate Regulatory Matter" shall mean, with respect to any cable television system, any matter or any effect on such system or the business or operations thereof, arising out of or related to the Cable Act, any FCC Regulations heretofore adopted thereunder, or any other present or future Legal Requirement dealing with, limiting or affecting the rates which can be charged by cable television systems to their customers (whether for programming, equipment, installation, service or otherwise).

"Real Property" means all of the fee and leasehold estates and, to the extent of the interest, title, and rights of the FrontierVision Companies in the following, buildings and other improvements thereon, easements, licenses, rights to access, rights-of-way, and other real property interests that are owned or held by any of the FrontierVision Companies and used or held for use in the business or operations of the Systems, plus such additions thereto and less such deletions therefrom arising between the date hereof and the Closing Date in accordance with this Agreement.

"SEC" means the U.S. Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as in effect from time to time.

"Seller Release" means the "Agreement of Release" substantially in the form of Exhibit G to be delivered to Buyer by each Seller at the Closing.

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"SPC" means any corporation that is a limited partner of FVP, the Capital Stock of which corporation is being sold to Buyer pursuant to this Agreement.

"SPC Notes" means certain promissory notes issued by certain of the SPCs to the SPC Seller which owns all of the Capital Stock of such SPC.

"SPC Stock" means the Capital Stock of the SPCs held by the SPC Sellers.

"Stock Consideration Registration Rights Agreement" means the Registration Rights Agreement among Buyer and Sellers, relating to the registration of the Stock Consideration Registrable Securities constituting the Stock Consideration, which agreement shall be executed on the date of this Agreement.

"Subordinated Notes" means certain Subordinated Notes issued by FVP to the General Partner, the Limited Partner Sellers, the SPC Sellers, and the SPCs in connection with their investments in FVP.

"Subsidiary" means, with respect to any Person, any other Person of

which the outstanding voting Capital Stock sufficient to elect at least a majority of its board of directors or other governing body (or, if there are no such voting interests, of which 50% or more of the Capital Stock) is owned (beneficially or otherwise) directly or indirectly by such first Person or any Subsidiary thereof.

"Systems" means the cable television systems owned and operated by any FrontierVision Company or any combination of any of them, each of which may be referred to herein individually as a "System."

"Tangible Personal Property" means all of the equipment, tools, vehicles, furniture, leasehold improvements, office equipment, plant, converters, spare parts, and other tangible personal property which are owned or leased by any of the FrontierVision Companies and used or held for use in the conduct of the business or operations of the Systems, plus such additions thereto and less such deletions therefrom arising between the date hereof and the Closing Date in accordance with this Agreement.

"Tax" means any federal, state, local, or foreign income, gross receipts, windfall profits, severance, property, production, sales, use, license, excise, franchise, capital, transfer, employment, withholding, or other tax or governmental assessment, together with any interest, additions, or penalties with respect thereto and any interest in respect of such additions or penalties.

"Tax Return" means any tax return, declaration of estimated tax, tax report or other tax statement, or any other similar filing required to be submitted to any Governmental Authority with respect to any Tax.

"Transaction Documents" means this Agreement, the Deposit Escrow Agreement, the Post-Closing Escrow Agreement, the Noncompetition Agreements, the Deposit Registration Rights

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Agreement, the Stock Consideration Registration Rights Agreement, the Seller Releases, the Management Releases, and the other documents, agreements, certificates and other instruments to be executed, delivered and performed by the parties in connection with the transactions contemplated by this Agreement.

"Upset Date" means the one year anniversary of the date of this Agreement, as such date may be extended pursuant to the provisions of this Agreement, including, without limitation, Sections 8.1, 9.2 and 9.3.

"Weighted Average Trading Price" means the price determined by a fraction, the numerator of which is the sum of the results obtained by multiplying, for each of the trading days in the period of measurement, (A) the total number of shares of ACC Class A Common Stock or other security traded on each of said trading days on the principal U.S. trading market (whether stock exchange, the NASDAQ National Market System, or otherwise) on which such stock

or other security is traded, by (B) the closing sale price of such stock or other security (as published in the Northeast Edition of The Wall Street Journal) for each of said trading days, and the denominator of which is the total number of shares of such stock or other security traded on the trading days in the period of measurement.

1.2 Terms Defined Elsewhere in this Agreement.

For purposes of this Agreement, the following terms have the meanings set forth in the sections indicated:

| Term | Section |
|------------------------------|----------------------|
| ---- | ----- |
| 120-Day Period | Section 7.1(d)(1)(A) |
| Adjustment Assets | Section 2.5(b)(1) |
| Adjustment Liabilities | Section 2.5(b)(2) |
| Agent | Section 11.8 |
| Assumed Employees | Section 6.9(a) |
| Assumed Liabilities | Section 2.2 |
| Audited Financial Statements | Section 3.5(a) |
| Buyer | First Paragraph |
| Buyer's 10-K | Section 5.6(a) |
| Buyer's 10-Q | Section 5.6(a) |
| Cash Consideration | Section 2.3(a)(1) |

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|---|-------------------|
| Claimant | Section 10.6(a) |
| Closing Cash Payment | Section 2.6 |
| Closing Equivalent Subscribers | Section 2.5(a) |
| Closing Net Liabilities | Section 2.5(b) |
| Deposit Escrow Property | Section 2.4(a) |
| Designated Material Consent Franchise | Section 6.4(b) |
| Designated Non-Material Consent Franchise | Section 6.4(b) |
| Escrow Registrable Securities | Section 2.4(b) |
| Financial Statements | Section 3.5(a) |
| Final Closing Statement | Section 2.7(b) |
| FVP | First Paragraph |
| GECC | Section 6.7(c) |
| GECC Facility Consent | Section 6.7(c) |
| General Partner | First Paragraph |
| Indemnifying Party | Section 10.6(a) |
| Limited Partner Seller | First Paragraph |
| Material Consent Franchise | Section 7.1(d)(1) |
| Material Renewal Franchise | Section 6.4(c) |

| | |
|---------------------------------|-------------------|
| Net Closing Cash Payment | Section 2.7(a) |
| Post-Closing Adjustments Escrow | Section 2.7(a) |
| Post-Closing Adjustment Funds | Section 2.7(a) |
| Post-Closing Indemnity Escrow | Section 10.3 |
| Post-Closing Indemnity Property | Section 10.3 |
| Preliminary Closing Statement | Section 2.6 |
| Purchase Consideration | Section 2.3(a) |
| Renewal Franchises | Section 6.1(a)(1) |

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|--|-------------------|
| Renewal Window | Section 6.4(d) |
| Seller | Recitals |
| SPC Seller | First Paragraph |
| Stock Consideration | Section 2.3(a)(2) |
| Stock Consideration Registrable Securities | Section 6.17 |
| Unaudited Financial Statements | Section 3.5(a) |
| Warn Act | Section 9(a) |

1.3 Rules of Construction.

Words used in this Agreement, regardless of the gender and number specifically used, shall be deemed and construed to include any other gender and any other number as the context requires. As used in this Agreement, the word "including" is not limiting, and the word "or" is not exclusive. Except as specifically otherwise provided in this Agreement in a particular instance, a reference to a Section is a reference to a Section of this Agreement, a reference to an Exhibit is a reference to an Exhibit to this Agreement, and the terms "hereof," "herein," and other like terms refer to this Agreement as a whole, including the Disclosure Schedules and the Exhibits to this Agreement, and not solely to any particular part of this Agreement. The descriptive headings in this Agreement are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

ARTICLE 2

SALE AND PURCHASE OF PURCHASED INTERESTS; ASSUMPTION OF LIABILITIES; ADDITIONAL PURCHASE CONSIDERATION

2.1 Agreement to Sell and Buy.

Subject to the terms and conditions set forth in this Agreement, each Seller hereby agrees to sell, transfer, and deliver to Buyer at the Closing, and Buyer hereby agrees to purchase at the Closing, the Purchased Interests held by

2.2 Assumption of Obligations.

In consideration of the sale of the Purchased Interests, concurrently with the Closing, Buyer shall assume all obligations and liabilities associated with the Purchased Interests purchased by Buyer, whether such obligations and liabilities arose prior to the Closing or arise after the Closing, including (and notwithstanding any provision of applicable partnership law to the contrary) all obligations and liabilities arising out of the ownership of the General Partnership Interest (collectively, the "Assumed Liabilities"). After the Closing Buyer shall cause the FrontierVision Companies to discharge all of their obligations and liabilities, whether such obligations and liabilities arose prior to the Closing or arise after the Closing, including all obligations and liabilities relating to the business and operations of the Systems; provided that Buyer shall not be deemed to have assumed directly any obligations and liabilities of the FrontierVision Companies vis-a-vis any Person that is not a party to this Agreement or entitled to indemnification under this Agreement. In addition, nothing in this Section 2.2 shall impair Buyer's rights under Sections 2.5, 2.8 and 2.9 or Buyer's indemnification rights under Article 10 after the Closing (subject in each case to the limitations provided therein).

2.3 Additional Purchase Consideration for Purchased Interests.

(a) In addition to assuming the Assumed Liabilities, Buyer shall pay and deliver to Sellers as consideration for the sale of the Purchased Interests (the "Purchase Consideration"):

(1) A cash payment equal to Six Hundred Million Dollars (\$600,000,000), subject to adjustment in accordance with this Article 2 (the "Cash Consideration");

(2) 7,000,000 shares of ACC Class A Common Stock, together with the kind and amounts of securities, cash and other property that Sellers would have held or been entitled to receive as of the Closing (whether resulting from a stock split, subdivision, combination or reclassification of the outstanding capital stock of Buyer, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which Buyer may be a party or otherwise) had Sellers held such shares of ACC Class A Common Stock as of the date of this Agreement and retained such shares, and all securities, cash and other property distributed or issued with respect to or in substitution or exchange therefor, during the period from the date of this Agreement through (and including) the Closing Date (collectively, the "Stock Consideration"). To the extent Adelphia pays cash to the Sellers pursuant to Section 8.1(a)(4) in lieu of delivering the ACC Class A Common Stock (or other securities, cash and property described in the preceding sentence), the term

"Stock Consideration" shall include all such cash as the context requires.

(b) The Cash Consideration (and any adjustments thereto) and the Stock Consideration shall be allocated among the Purchased Interests and the Sellers as determined by the Sellers and delivered to Buyer in writing at least two days prior to the Closing. Not more than 44% of

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the aggregate Purchase Consideration shall be allocated to the purchase and sale of the Purchased Interests held by the SPC Sellers.

2.4 Escrow Deposit; Registration Rights.

(a) Deposit of ACC Class A Shares. Simultaneously with the execution of this Agreement, and as a material inducement to FVP and Sellers to enter into this Agreement, Buyer shall cause 1,000,000 shares of ACC Class A Common Stock to be issued in the name of FVP and delivered to the Escrow Agent to be held in escrow pursuant to the terms of the Deposit Escrow Agreement, which is to be executed concurrently herewith by Buyer, FVP, and the Escrow Agent. The "Deposit Escrow Property" means, collectively, the 1,000,000 shares of ACC Class A Common Stock deposited pursuant to this Section 2.4(a), together with the kind and amounts of securities, cash and other property that Sellers would have held or been entitled to receive as of the date the Deposit Escrow Property is released in accordance with this Agreement (whether resulting from a stock split, subdivision, combination or reclassification of the outstanding capital stock of Buyer, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which Buyer may be a party or otherwise) had Sellers held such shares of ACC Class A Common Stock as of the date of this Agreement and retained such shares, and all securities, cash and other property distributed or issued with respect to or in substitution or exchange therefor, during the period from the date of this Agreement through (and including) the date the Deposit Escrow Property is released in accordance with this Agreement, and also includes, to the extent relevant, all cash deposited with the Escrow Agent pursuant to Section 2.4(b) and all earnings thereon.

(b) Deposit Registration Rights Agreement. Simultaneously with the execution of this Agreement, and as a material inducement to FVP and Sellers to enter into this Agreement, Buyer shall execute and deliver the Deposit Registration Rights Agreement, pursuant to which Buyer will grant FVP certain rights as provided therein in respect of the shares of ACC Class A Common Stock or other securities constituting the Deposit Escrow Property (the "Escrow Registrable Securities"). As soon as practicable after the execution of this Agreement, Buyer shall file an appropriate registration statement under the Securities Act covering the registration of all of such Escrow Registrable Securities. Buyer shall then use commercially reasonable efforts to cause such registration statement to be declared effective under the Securities Act as soon as practicable thereafter and kept effective in accordance with the provisions

of the Deposit Registration Rights Agreement, and Buyer shall otherwise comply with the provisions of the Deposit Registration Rights Agreement. If a registration statement covering the registration of all of such Escrow Registrable Securities has not been declared effective under the Securities Act (and such registration statement shall not be subject to any stop order or proceeding seeking a stop order) on the earlier of (1) the date FVP terminates this Agreement in accordance with Section 9.2 as a result of a willful breach of this Agreement by Buyer (including a willful breach as described in the first sentence of Section 9.4(c)), and (2) May 31, 1999, Buyer shall deposit with the Escrow Agent, on the next business day, cash in an amount equal to the aggregate fair market value of the shares of ACC Class A Common Stock or other securities constituting the Deposit Escrow Property

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(computed on the basis of the Weighted Average Trading Price of such shares of ACC Class A Common Stock or other securities for the ten day trading period beginning on the thirteenth trading day prior to the date on which Buyer deposits such cash amount pursuant to this sentence). Upon such payment by Buyer to the Escrow Agent, all of such shares of ACC Class A Common Stock or other securities constituting the Deposit Escrow Property shall be released and paid over to Buyer but all cash funds, if any, included in the Deposit Escrow Property and previously held by the Escrow Agent shall be retained by the Escrow Agent as part of the Deposit Escrow Property.

(c) Release of Deposit Escrow Property. At the Closing, all of the Deposit Escrow Property shall be released from escrow and returned to Buyer. Upon termination of this Agreement prior to the Closing in accordance with Article 9, all of the Deposit Escrow Property shall be released from escrow and returned to Buyer except as provided in the following sentence. If FVP terminates this Agreement in accordance with Section 9.2 as a result of a willful breach of this Agreement by Buyer (including a willful breach as described in the first sentence of Section 9.4(c)), all of the Deposit Escrow Property shall be released from escrow and paid over to FVP on the next business day, provided that FVP shall be entitled to receive all cash if the condition specified in the last sentence of Section 2.4(b) is applicable, and FVP shall be entitled to enforce this Section 2.4 against Buyer notwithstanding any provision to the contrary in Section 9.4(c). On the day of the occurrence of any of the foregoing events, FVP and Buyer will execute and deliver to the Escrow Agent joint written instructions containing appropriate disbursement instructions consistent with this Section 2.4(c) and the Deposit Escrow Agreement.

2.5 Cash Consideration Adjustments.

(a) Closing Equivalent Subscribers. The Cash Consideration shall be decreased by the number, if any, by which the number of Closing Equivalent Subscribers is less than 700,000, multiplied by \$2,928. For purposes of this Agreement, "Closing Equivalent Subscribers" means the total number of Equivalent Subscribers for all of the Systems as of the Adjustment Time;

provided, however, that if the systems exchange transactions between the FrontierVision Companies and InterMedia Partners of Kentucky, L.P. referred to in Section 6.1 of FrontierVision's Disclosure Schedule are consummated prior to the Closing hereunder, none of the subscribers served by the InterMedia systems acquired in such transactions shall be included in Closing Equivalent Subscribers but the number of Closing Equivalent Subscribers represented by the subscribers served by the Systems sold to InterMedia (determined as if the effective time of the consummation of the respective InterMedia transactions were the Adjustment Time hereunder) shall be included in Closing Equivalent Subscribers; and provided further, however, that the provisions of Section 6.4(e) shall apply to the extent relevant.

(b) Closing Net Liabilities. The Cash Consideration shall be decreased by the amount, if any, by which the Closing Net Liabilities exceed \$1,150,000,000 and shall be increased by the amount, if any, by which the Closing Net Liabilities are less than \$1,150,000,000. For purposes of

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this Agreement, "Closing Net Liabilities" means Adjustment Liabilities as of the Adjustment Time, decreased by Adjustment Assets as of the Adjustment Time.

(1) Subject to the other provisions of this Section 2.5(b), "Adjustment Assets" means, as of any date, the sum of: (A) cash and cash equivalents, (B) prepaid expenses, deposits, and other current assets (other than inventory); (C) Accounts Receivable and other receivables; (D) tax refunds due to any of the FrontierVision Companies for any tax period ending prior to the Adjustment Time; (E) the amount of Reimbursable Capital Expenditures; (F) the amount of the cash consideration paid by the FrontierVision Companies in connection with the systems exchange transactions, if consummated prior to the Closing hereunder, with InterMedia Partners of Kentucky L.P. referred to in Section 6.1 of FrontierVision's Disclosure Schedule; (G) the aggregate amount of any cash investments made by the FrontierVision Companies in The Maine Internet Works, Inc. and Landmark Net Access, Inc. after the date of this Agreement and prior to the Adjustment Time (provided that any such investments shall not be included unless Buyer consented to such investments); (H) the amount of the net asset, if applicable, referred to in Section 6.7(e); and (I) the amount of the insurance premiums paid by the FrontierVision Companies prior to the Adjustment Time as contemplated by Section 6.13, in each case of clauses (A) through (D) computed for the FrontierVision Companies on a consolidated basis and without duplication in accordance with GAAP and in each case of clauses (E) through (I) as agreed above. Exhibit F referred to below in Section 2.5(c) identifies and describes the "other receivables" referenced in clause (C) above that would be included in Adjustment Assets if the Closing Date were the date of this Agreement. The disclosure made pursuant to the immediately preceding sentence is for informational purposes only.

(2) Subject to the other provisions of this

Section 2.5(b), "Adjustment Liabilities" means, as of any date, the sum of: (A) accounts payable; (B) expenses of the FrontierVision Companies relating to the consummation of the transactions contemplated by this Agreement, including fees and expenses of attorneys, accountants, financial advisors and broker fees, if such fees and expenses are paid by the FrontierVision Companies after the Closing Date, but excluding any expenses that Buyer agrees to pay or is obligated to pay pursuant to this Agreement; (C) accrued and unpaid expenses; (D) subscriber's prepayments and deposits; (E) Tax payments due and payable by any of the FrontierVision Companies to any Governmental Authority for all Tax periods ending on or prior to the Adjustment Time; (F) all other FrontierVision Liabilities as of the Adjustment Time; (G) subject to Section 6.18, \$5,500,000 (which represents the amount by which the amount of rebuild/upgrade capital expenditures of the FrontierVision Companies budgeted for the period beginning October 23, 1998 and ending December 31, 1998 with respect to the Systems acquired pursuant to the State Cable Acquisition Agreement exceeded the amount of capital expenditures actually made by the FrontierVision Companies for such period with respect to such Systems); (H) \$2,000,000 (which represents the amount by which the amount of rebuild/upgrade capital expenditures of the FrontierVision Companies budgeted for the period beginning July 1, 1998 and ending December 31, 1998 with respect to the Systems other than the Systems acquired pursuant to the State Cable Acquisition Agreement exceeded the amount of capital expenditures actually made by the FrontierVision Companies for such period with respect to

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such other Systems); (I) the cash amount required to pay off vehicle leases held by the FrontierVision Companies, if any; (J) the amount as illustrated in Section 2.5 of FrontierVision's Disclosure Schedule as the "Net Carriage Adjustment" and as updated for activity through the Closing Date; (K) the amount of cash and other monetary purchase price consideration (net of reasonable out-of-pocket transaction costs and expenses) received by the FrontierVision Companies in connection with the sale of systems to Helicon Partners I, L.P. consummated on January 7, 1999, plus the amount of cash and other monetary purchase price consideration (net of reasonable out-of-pocket transaction costs and expenses) received by the FrontierVision Companies in connection with the sale of other systems and assets, including without limitation, the sale of the Rockland, Maine office site real estate parcel referenced in Section 3.8 of FrontierVision's Disclosure Schedule, if any, consummated after the date of this Agreement and prior to the Closing Date; (L) the amount of cash and other monetary purchase price consideration payable by the FrontierVision Companies under the purchase contract for the Chillicothe, Ohio real estate parcel referenced in Section 3.8 of FrontierVision's Disclosure Schedule, but only to the extent to which such amount has not been paid by the FrontierVision Companies prior to the Closing Date; (M) the FrontierVision Companies' share of any out-of-pocket costs and expenses incurred in connection with relocating the Luckey headend site referred to in Section 3.6 (Item A.2) of FrontierVision's Disclosure Schedule, but only to the extent to which such costs and expenses have not been paid by the FrontierVision Companies prior to the Closing; (N)

\$3,937,500.00; (O) \$200,000.00 (representing the amount payable in connection with the matter disclosed in Section 3.6 (Item A.1) of FrontierVision's Disclosure Schedule that is not covered by clause (F) above); (P) the aggregate amount of any cash distributions received by the FrontierVision Companies from The Maine Internet Works, Inc. and Landmark Net Access, Inc. after December 31, 1998 and prior to the Adjustment Time; (Q) the amount paid by Buyer at the Closing with respect to FVP's Executive Deferred Compensation Plan as contemplated by Section 6.9(f); (R) the amount, if any, required to be included as an Adjustment Liability pursuant to Section 6.4(e); (S) the amount of the net liability, if applicable, referred to in Section 6.7(e); (T) \$10,000,000, reduced by the aggregate amount of capital expenditures actually made by the FrontierVision Companies during the period beginning January 1, 1999 and ending on the Closing Date with respect to the Waterville, Ohio and Bedford, Michigan Systems upgrade and rebuild projects listed in Section 2.5 of FrontierVision's Disclosure Schedule; and (U) the aggregate amount of the programming costs savings to the FrontierVision Companies as a result of the Programming Supply Agreement with Buyer, in each case of clauses (A) through (F) computed for the FrontierVision Companies on a consolidated basis and without duplication in accordance with GAAP and in each case of clauses (G) through (U) as agreed above. The parties agree that to the extent any liability qualifies as an Adjustment Liability pursuant to more than one clause of this paragraph, it shall be included only once and without duplication.

(3) The amount of "Reimbursable Capital Expenditures" equals the amount by which (A) the aggregate amount of capital expenditures actually made by the FrontierVision Companies during the period beginning January 1, 1999 and ending on the Closing Date with respect to any of the Systems upgrade and rebuild projects listed in Section 2.5 of FrontierVision's Disclosure Schedule (it being understood that in no event will any capital expenditures made to complete the New

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Philadelphia retrofit, Bangor, Amesbury, and Ironton/Ashland upgrade and rebuild projects to the point of completion described in Section 2.5(D) of FrontierVision's Disclosure Schedule or any capital expenditures made by the FrontierVision Companies with respect to the Waterville, Ohio and Bedford, Michigan Systems upgrade and rebuild projects listed in Section 2.5 of FrontierVision's Disclosure Schedule be included in the amount for this clause (A) exceeds (B) the amount, if any, by which (1) the amount of Budgeted Other Capital Expenditures exceeds (2) the amount of Actual Other Capital Expenditures; provided that if the amount in clause (B)(2) exceeds the amount in clause (B)(1), the amount for clause (B) shall be zero. As used in this subsection (3), the following terms have the following meanings:

(A) "Budgeted Other Capital Expenditures" means the aggregate cumulative amount of capital expenditures budgeted for all of the capital expenditures categories included in all categories other than "Upgrade/Rebuild" on the Capital Expenditures Budget for the period beginning January 1, 1999 and ending on the Closing Date (the amount budgeted for the

month in which the Closing occurs to be prorated in the event the Closing Date occurs on a day other than the first or last day of a month).

(B) "Actual Other Capital Expenditures" means the aggregate amount of capital expenditures actually made by the FrontierVision Companies during the period beginning January 1, 1999 and ending on the Closing Date with respect to all of the capital expenditure categories included in all categories other than "Upgrade/Rebuild" on the Capital Expenditures Budget, computed on a basis consistent with the accounting methodologies used to compute the Budgeted Other Capital Expenditures, which in turn was prepared on a basis consistent with the accounting procedures used to prepare the Financial Statements.

(C) "Capital Expenditures Budget" means the monthly capital expenditures budget for the FrontierVision Companies for calendar year 1999 that is included in Section 2.5 of FrontierVision's Disclosure Schedule.

(4) To the extent consistent with GAAP, revenues and expenses shall be treated as prepaid or accrued so as to reflect the principle that revenues and expenses attributable to the period prior to the Adjustment Time shall be for the account of Sellers and revenues and expenses attributable to the period after the Adjustment Time shall be for the account of Buyer.

(5) Deferred income Taxes of any FrontierVision Company shall not be treated as Adjustment Assets or Adjustment Liabilities.

(6) To the extent any liability that would be an Adjustment Liability but for the fact that all or any portion of such liability is transferred by a FrontierVision Company (including Main Security Surveillance, Inc. for this purpose) to and assumed by The Maine Internet Works, Inc.

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or Landmark Net Access, Inc. prior to the Adjustment Time, such liability shall be treated as an Adjustment Liability (but without duplication) in any event.

(c) Example Calculation. Attached hereto as Exhibit F is an example calculation of Closing Net Liabilities for illustrative purposes only, prepared on the basis of good faith estimates of Adjustment Assets and Adjustment Liabilities made by FVP as if the Closing Date were January 31, 1999. FVP makes no representation and warranty to any other party with respect to the accuracy of Exhibit F.

2.6 Payment at Closing.

No later than seven business days prior to the date scheduled for the

Closing, FVP shall prepare and deliver to Buyer a written report (the "Preliminary Closing Statement") setting forth FVP's estimates of Closing Net Liabilities and Closing Equivalent Subscribers, determined in accordance with Section 2.5 and this Section 2.6. The Preliminary Closing Statement shall be prepared by FVP in good faith and shall be certified by FVP to be its good faith estimate of the Closing Net Liabilities and Closing Equivalent Subscribers as of the date thereof. FVP shall make available to Buyer such information as Buyer shall reasonably request relating to the matters set forth in the Preliminary Closing Statement. If Buyer does not agree with any estimated amount set forth in the Preliminary Closing Statement, then on or prior to the third business day prior to the date scheduled for the Closing, Buyer may deliver to FVP a written report setting forth in reasonable detail its good faith estimates (supported by substantial evidence) of any amount set forth in the Preliminary Closing Statement with which Buyer disagrees. In the case of any such estimated amount as to which Buyer delivers its own estimate on or before such third business day, FVP and Buyer will endeavor in good faith to agree prior to the Closing on the appropriate amount of such estimate to be used for calculating the Closing Cash Payment (as defined below). At the Closing Buyer shall pay to Sellers the amount of the Cash Consideration, as adjusted at Closing on the basis of the Preliminary Closing Statement, with any changes thereto mutually agreed to between Buyer and FVP (the "Closing Cash Payment") in accordance with the provisions of Section 8.3(a)(2). In the case of any such estimated amount as to which Buyer delivers its own estimate on or before such third business day and as to which FVP and Buyer do not so agree prior to the Closing, at the Closing the difference (if any) between the amount of the Closing Cash Payment that would be determined using the estimates set forth in FVP's Preliminary Closing Statement (with any changes thereto mutually agreed to between Buyer and FVP) and the amount of the Closing Cash Payment that would be determined using the estimates of Buyer that remain in dispute will be transferred by Buyer to the Escrow Agent, to be held in the Post-Closing Adjustments Escrow and disbursed in accordance with the provisions of Section 2.7.

2.7 Post-Closing Payment of Cash Consideration Adjustments.

(a) Post-Closing Adjustments Escrow. At the Closing, Buyer, Sellers and the Escrow Agent shall execute the Post-Closing Escrow Agreement, in accordance with which, on the

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Closing Date, in addition to any deposit to be made pursuant to Section 2.6, Buyer will deposit \$5,000,000 with the Escrow Agent to hold in escrow on behalf of Sellers solely in order to provide a fund for any payment to which Buyer may be entitled in accordance with Section 2.7(c) (such escrow, the "Post-Closing Adjustments Escrow," and such \$5,000,000, together with any amounts deposited in the Post-Closing Adjustments Escrow pursuant to Section 2.6, and any earnings thereon, the "Post-Closing Adjustment Funds"). None of the Post-Closing Adjustment Funds will be available for any purpose other than as described above and as described in Section 2.9 and shall not be available to satisfy any

obligation of Sellers under Article 10. The Post-Closing Adjustments Escrow will be administered, and the Post-Closing Adjustment Funds will be held and disbursed, in accordance with the provisions of this Section 2.7 and the Post-Closing Escrow Agreement. The Closing Cash Payment less the amounts deposited in the Post-Closing Adjustments Escrow pursuant to Sections 2.6 and this 2.7(a) shall be referred to as the "Net Closing Cash Payment."

(b) Final Closing Statement. Within one hundred twenty days after the Closing Date, Buyer shall prepare and deliver to the General Partner a written report (the "Final Closing Statement") setting forth Buyer's final estimates of Closing Net Liabilities and Closing Equivalent Subscribers, determined in accordance with Section 2.5. The Final Closing Statement shall be prepared by Buyer in good faith and shall be certified by Buyer to be, as of the date prepared, its good faith estimate of the Closing Net Liabilities and Closing Equivalent Subscribers. Buyer shall allow the General Partner and its agents access at all reasonable times after the Closing Date to copies of the books, records and accounts of the FrontierVision Companies and make available to the General Partner such information as the General Partner reasonably requests to allow the General Partner to examine the accuracy of the Final Closing Statement. Within thirty days after the date that the Final Closing Statement is delivered by Buyer to the General Partner, the General Partner shall complete its examination thereof and may deliver to Buyer a written report setting forth any proposed adjustments to any amounts set forth in the Final Closing Statement. If the General Partner notifies Buyer of its acceptance of the amounts set forth in the Final Closing Statement, or if the General Partner fails to deliver its report of any proposed adjustments within the thirty day period specified in the preceding sentence, the amounts set forth in the Final Closing Statement shall be conclusive, final, and binding on the parties as of the last day of such thirty day period. Buyer and the General Partner shall use good faith efforts to resolve any dispute involving the amounts set forth in the Final Closing Statement. If the General Partner and Buyer fail to agree on any amount set forth in the Final Closing Statement within fifteen days after Buyer receives the General Partner's report pursuant to this Section 2.7, then the General Partner shall retain a national independent accounting firm which is approved by Buyer to make the final determination, under the terms of this Agreement, of any amounts under dispute. Buyer hereby approves the appointment of any of the "Big Five" accounting firms selected by the General Partner so long as such firm does not then serve as the independent auditor of any of the FrontierVision Companies or the General Partner or Buyer. The selected accounting firm shall endeavor to resolve the dispute as promptly as practicable and such firm's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. All of the costs and expenses of the selected accounting firm and its services rendered pursuant to this Section 2.7 shall be borne by Buyer, on the

one hand, and Sellers, on the other hand, as nearly as possible in the

proportion to the amount by which the determination of all matters related to such costs and expenses varies from the positions of Buyer and the General Partner on all such matters. Any fees to be borne by Sellers pursuant to the preceding sentence shall be paid out of the Post-Closing Adjustment Funds in accordance with the provisions of Section 2.7(c).

(c) Payment of Cash Consideration Adjustments.

(1) Within three business days after the General Partner delivers to Buyer its proposed adjustments to the Final Closing Statement, the amounts not in dispute shall be determined and the Escrow Agent shall release and pay over to Buyer and/or Sellers, as the case may be, the appropriate amount of the Post-Closing Adjustment Funds not in dispute; provided, however, that out of any amounts payable to Sellers an amount equal to the greater of \$25,000 or one percent (1%) of the amount in dispute shall continue to be held in the Post-Closing Adjustments Escrow to cover (A) the fees, if any, payable by Sellers pursuant to the last sentence of Section 2.7(b) with respect to the final determination of the Cash Consideration and (B) the fees payable by Sellers to the Escrow Agent pursuant to the Post-Closing Escrow Agreement. For example, if (i) the Closing Cash Payment was determined to be \$600,000,000; (ii) the Net Closing Cash Payment was determined to be \$594,000,000; (iii) the Cash Consideration determined on the basis of Buyer's Final Closing Statement was \$595,000,000; and (iv) the Cash Consideration determined on the basis of Buyer's Final Closing Statement (with any adjustments proposed by the General Partner pursuant to Section 2.7(b)) was \$597,000,000; then \$3,000,000 (i.e., \$600,000,000 less \$597,000,000) would be paid by the Escrow Agent to Buyer, and \$1,000,000 (i.e., \$595,000,000 less \$594,000,000) less the amount of the reserve for Sellers' fees would be paid to Sellers. The balance in the Post-Closing Adjustments Escrow would be held by the Escrow Agent until the amount of the Cash Consideration is finally determined pursuant to Section 2.7(b) (whether by agreement of the parties or by final resolution of any accounting firm). Upon and within three business days after such final determination, the Escrow Agent shall release and pay over to Buyer and/or Sellers, as the case may be, the appropriate amount of the Post-Closing Adjustment Funds based upon such final determination; provided, however, that any payments to be made to Sellers shall be reduced by the fees and expenses to be paid by Sellers if not already reserved. To the extent there are not sufficient monies in the Post-Closing Adjustments Escrow to distribute the amount determined to be payable to Sellers pursuant to this Section 2.7, Buyer will pay to Sellers in cash the amount of such deficiency within three business days of the date of such determination. To the extent there are not sufficient monies in the Post-Closing Adjustments Escrow to distribute the amounts determined to be payable to Buyer pursuant to this Section 2.7, the amount of such deficiency will be paid to Buyer from the Post-Closing Indemnity Escrow to the extent of any Post-Closing Indemnity Property therein within three business days of the date of such determination.

(2) If Buyer has not delivered the Final Closing Statement to the General Partner within twenty days after the end of the 120-day period referred to in Section 2.7(b), the Escrow Agent shall release and pay

(3) If the General Partner has not delivered its report of any proposed adjustments to the Final Closing Statement within the thirty day period following its receipt of the Final Closing Statement, the Escrow Agent shall release and pay out the Post-Closing Adjustment Funds based upon the Final Closing Statement delivered by Buyer.

(4) Notwithstanding the above provisions, if Buyer has provided notice of a claim to the General Partner pursuant to Section 2.9(b), a portion of the Post-Closing Adjustment Funds sufficient to reimburse Buyer for any such claim and to pay Sellers' share of any fees and expenses under Section 2.9(b) shall be retained in the Post-Closing Adjustments Escrow and shall not be distributed until such claims are finally resolved in accordance with Section 2.9(b).

(5) All earnings attributable to each portion of the Post-Closing Adjustment Funds shall be paid to the party entitled to such portion of the Post-Closing Adjustment Funds in accordance with this Section 2.7 or Section 2.9 to the extent applicable (except all earnings attributable to the portion of the Post-Closing Adjustment Funds, if any, used to pay the Sellers' share of any fees and expenses payable out of the Post-Closing Adjustment Funds pursuant to said Sections shall be paid to Sellers).

(6) Any amount which becomes payable pursuant to this Section 2.7 will constitute an adjustment to the Cash Consideration for all purposes.

(7) All payments to be made to Sellers under this Section 2.7 shall be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Sellers by written notice to the Escrow Agent or Buyer, as applicable.

(8) All payments to be made to Buyer under this Section 2.7 shall be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Buyer by written notice to the Escrow Agent or Sellers, as applicable.

(9) No later than the close of business on the first business day after it is determined in accordance with this Section 2.7 and Section 2.9 that Buyer and/or Sellers are entitled to all or any portion of the Post-Closing Adjustment Funds, the General Partner and Buyer will execute and deliver to the Escrow Agent joint written instructions containing appropriate disbursement instructions consistent with this Section 2.7 and Section 2.9 and the Post-Closing Escrow Agreement.

2.8 Seller Specific Liabilities.

(a) If it is determined at the Closing (based upon a good faith showing by Buyer supported by substantial evidence and that is agreed to by the SPC Seller that owns the Capital Stock of the SPC in question) that any of the SPCs has any indebtedness or liability (other than any

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indebtedness or liability disclosed in Section 4.3 or in Section 4.3 of FrontierVision's Disclosure Schedule) that will not otherwise be discharged at the Closing, then the amount of Cash Consideration payable to such SPC Seller shall be decreased by the dollar amount of such indebtedness or liability as agreed to by such SPC Seller and Buyer. If it is determined at the Closing (based upon a good faith showing by Buyer supported by substantial evidence and that is agreed to by the Seller in question) that any of the Purchased Interests held by a Seller is subject to an Encumbrance and that will not otherwise be discharged and released at the Closing, then the amount of Cash Consideration payable to such Seller shall be decreased by the dollar amount necessary to discharge and release such Encumbrance as agreed to by such Seller and Buyer. Buyer agrees to notify the appropriate Seller promptly upon becoming aware of any matter that could give rise to a claim under this Section 2.8 that was not disclosed in this Agreement or in FrontierVision's Disclosure Schedule. If such Seller and Buyer cannot agree on the appropriate amount of the decrease in Cash Consideration payable to such Seller by the time scheduled for the Closing, then Buyer shall deposit a portion of the Closing Cash Payment equal to the amount of Buyer's claim (together with an amount equal to the greater of \$25,000 or one percent (1%) of the amount of Buyer's claim to cover the fees, if any, payable by such Seller pursuant to Section 2.8(b) with respect to an accounting firm's final determination) with the Escrow Agent to hold in a separate escrow on behalf of such Seller solely in order to provide a fund for any payment to which Buyer may be entitled in accordance with this Section 2.8 (each such escrow, a "Post-Closing Section 2.8 Escrow," and such deposit, together with any earnings thereon, the "Post-Closing Section 2.8 Funds"), and the amount of the Closing Cash Payment payable to such Seller shall be decreased by the amount so deposited. None of the Post-Closing Section 2.8 Funds will be available for any purpose other than as described above and shall not be available to satisfy any obligation of Sellers under Article 10. The Post-Closing Section 2.8 Escrow will be administered, and the Post-Closing Section 2.8 Funds will be held and disbursed, in accordance with the provisions of this Section 2.8 and the Post-Closing Escrow Agreement.

(b) After the Closing, Buyer and such Seller shall use good faith efforts to resolve any dispute involving the validity and amount of any claim made by Buyer pursuant to this Section 2.8. If such Seller and Buyer fail to agree on the validity and amount of any such claim within fifteen days after the Closing, then such Seller shall retain a national independent accounting firm which is approved by Buyer to make the final determination, under the terms of this Agreement, regarding the validity and amount of any such claim. Buyer hereby approves the appointment of any of the "Big Five" accounting firms

selected by such Seller so long as such firm does not then serve as the independent auditor of any of the FrontierVision Companies or the General Partner or Buyer. The selected accounting firm shall endeavor to resolve the dispute as promptly as practicable and such firm's resolution of the dispute shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction. All of the costs and expenses of the selected accounting firm and its services rendered pursuant to this Section 2.8 shall be borne by Buyer, on the one hand, and such Seller, on the other hand, as nearly as possible in the proportion to the amount by which the determination of all matters related to such costs and expenses varies from the positions of Buyer and such Seller on all such matters.

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(c) Within three business days after any matter governed by this Section 2.8 is finally resolved (whether by agreement of the parties or by final resolution of an accounting firm), the amount of Post-Closing Section 2.8 Funds payable to Buyer and/or such Seller shall be released and paid over to Buyer and/or such Seller in accordance with such final resolution. To the extent there are not sufficient monies in the Post-Closing Section 2.8 Escrow to distribute the amounts determined to be payable to Buyer pursuant to this Section 2.8, the amount of such deficiency will be paid to Buyer from the Post-Closing Indemnity Escrow to the extent of any Post-Closing Indemnity Property therein within three business days of the date of such determination. All payments to be made to such Seller or Buyer, as the case may be, under this Section 2.8 shall be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by such Seller or Buyer, as the case may be, by written notice to the Escrow Agent. No later than the close of business on the first business day after it is determined in accordance with this Section 2.8 that Buyer and/or a Seller is entitled to all or any portion of the Post-Closing Section 2.8 Funds being held in a Post-Closing Section 2.8 Escrow for the benefit of Buyer and such Seller, such Seller and Buyer will execute and deliver to the Escrow Agent joint written instructions containing appropriate disbursement instructions consistent with this Section 2.8 and the Post-Closing Escrow Agreement.

(d) All earnings attributable to each portion of the Post-Closing Section 2.8 Funds shall be paid to the party entitled to such portion of the Post-Closing 2.8 Funds in accordance with this Section 2.8 (except all earnings attributable to the portion of the Post-Closing Section 2.8 Funds, if any, used to pay a Seller's share of any fees and expenses payable out of the Post-Closing Section 2.8 Funds pursuant to this Section 2.8 shall be paid to such Seller).

(e) Any amount which becomes payable pursuant to this Section 2.8 will constitute an adjustment to the Cash Consideration for all purposes.

2.9 Additional Cash Consideration Adjustments.

(a) If, at any time prior to the Closing, Buyer becomes aware of any fact, event, circumstance, or action, the existence or occurrence of which, if not corrected or remedied prior to the Closing, would, in Buyer's good faith and reasonable belief, and supported by substantial evidence, require the Sellers to indemnify Buyer pursuant to Section 10.2(a) as a result of an untrue representation or a breach of warranty by FVP contained in Sections 3.9 (with respect to any rearrangements or rehabilitations of cable trunk only as specified in the penultimate sentence of Section 3.9), 3.11(g) (with respect to payment of copyright fees only), 3.11(k), 3.11(l) (with respect to payment of pole attachment fees only), or 3.14 or as a result of the existence of an Encumbrance on the Assets of the FrontierVision Companies that is not a Permitted Encumbrance, Buyer shall immediately give notice to FVP of such fact, event, circumstance or action. If Buyer desires to seek an adjustment to the Cash Consideration in respect of such matter, Buyer shall so state in its notice and specify in reasonable detail the factual basis for the claim and the amount thereof. Buyer shall certify in such notice that the basis and amount

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of the claim were determined in good faith by Buyer and such claim must be supported by substantial evidence. Buyer agrees to make available to FVP and its authorized representatives the information relied upon by Buyer to substantiate the claim. If the matter is cured prior to the Closing, Buyer shall not be entitled to any adjustment to the Cash Consideration pursuant to this Section 2.9 in respect of such matter. If Buyer and FVP agree at or prior to the Closing to the validity and amount of such claim, the Cash Consideration shall be reduced by such amount. If Buyer and FVP do not agree to the validity or the amount of the claim at or prior to the Closing, then Buyer shall deposit a portion of the Closing Cash Payment equal to the amount of Buyer's claim with the Escrow Agent to hold in escrow on behalf of Sellers solely in order to provide a fund for any payment to which Buyer may be entitled in respect of a claim made under this Section 2.9(a) (such escrow, the "Post-Closing Section 2.9 Escrow," and such deposit, together with any earnings thereon, the "Post-Closing Section 2.9 Funds"). None of the Post-Closing Section 2.9 Funds will be available for any purpose other than as described above and shall not be available to satisfy any obligation of Sellers under Article 10. The Post-Closing Section 2.9 Escrow will be administered, and the Post-Closing Section 2.9 Funds will be held and disbursed, in accordance with the provisions of this Section 2.9 and the Post-Closing Escrow Agreement.

(b) If, at any time after the Closing and prior to end of the 120-day period following the Closing, Buyer becomes aware of any fact, event, circumstance, or action that existed or occurred prior to the Closing and, because it was not corrected or remedied prior to the Closing, requires, in Buyer's good faith and reasonable belief, and supported by substantial evidence, the Sellers to indemnify Buyer pursuant to Section 10.2(a) as a result of an untrue representation or a breach of warranty by FVP contained in Sections 3.9 (with respect to any rearrangements or rehabilitations of cable trunk only as

specified in the penultimate sentence of Section 3.9), 3.11(g) (with respect to payment of copyright fees only), 3.11(k), 3.11(l) (with respect to payment of pole attachment fees only), or 3.14 or as a result of the existence of an Encumbrance on the Assets of the FrontierVision Companies that is not a Permitted Encumbrance, and Buyer desires to seek an adjustment to the Cash Consideration in respect of such matter, Buyer shall promptly give notice to the General Partner of such fact, event, circumstance or action and specify in reasonable detail the factual basis for the claim and the amount thereof. Buyer shall certify in such notice that the basis and amount of the claim were determined in good faith by Buyer and such claim must be supported by substantial evidence. An amount of Post-Closing Adjustment Funds sufficient to reimburse Buyer for any claim made in accordance with this Section 2.9(b) and to pay Sellers' share of any fees and expenses under Section 2.9 shall be retained in the Post-Closing Adjustments Escrow and shall not be distributed until such claim is finally resolved in accordance with this Section 2.9. Buyer agrees to make available to FVP and its authorized representatives the information relied upon by Buyer to substantiate the claim. If Buyer and FVP agree to the validity and amount of such claim, the Cash Consideration shall be reduced by such amount and a portion of the Post-Closing Adjustment Funds equal to such amount shall be released and paid over to Buyer.

(c) Buyer and the General Partner shall use good faith efforts to resolve any dispute involving the validity and amount of any claim made by Buyer pursuant to this Section 2.9. If the

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General Partner and Buyer fail to agree on the validity and amount of any such claim within fifteen days after the Closing (with respect to a claim made pursuant to Section 2.9(a)) or the date the claim is made by Buyer (with respect to a claim made pursuant to Section 2.9(b)), then the General Partner shall retain a national independent accounting firm which is approved by Buyer to make the final determination, under the terms of this Agreement, regarding the validity and amount of any such claim. The selection of an accounting firm, the resolution of a dispute submitted to an accounting firm, and responsibility for the resulting costs and expenses with respect to any claims subject to this Section 2.9 shall be governed by the provisions of Section 2.7(b) that govern such matters.

(d) If the General Partner or Buyer believes any such claim is not an appropriate matter to be determined by an accounting firm, the General Partner or Buyer may submit the matter to binding arbitration under the Commercial Arbitration Rules of the American Arbitration Association. Such arbitration shall take place in Washington, D.C. unless the parties select a different site by mutual agreement. All of the costs and expenses of arbitration pursuant to this Section 2.9 shall be borne by Buyer, on the one hand, and Sellers, on the other hand, as nearly as possible in the proportion to the amount by which the determination of all matters related to such costs and expenses varies from the positions of Buyer and the General Partner on all such

matters, unless the arbitrator finds that the position asserted by either party is without merit, in which case such party shall bear the entire expenses of arbitration, including reasonable attorney's fees of the other party. The arbitration determination shall be final and binding on the parties, and a judgment may be entered thereon in any court of competent jurisdiction.

(e) Within three business days after any matter governed by this Section 2.9 is finally resolved (whether by agreement of the parties, by final resolution of an accounting firm, or by final resolution by an arbitrator), the amount of Post-Closing Section 2.9 Funds or Post-Closing Adjustment Funds, as applicable, payable to Buyer, on the one hand, and/or Sellers, on the other hand, shall be released and paid over to Buyer and/or Sellers in accordance with such final resolution. To the extent there are not sufficient monies in the Post-Closing Section 2.9 Escrow or the Post-Closing Adjustments Escrow, as applicable, to distribute the amounts determined to be payable to Buyer pursuant to this Section 2.9, the amount of such deficiency will be paid to Buyer from the Post-Closing Indemnity Escrow to the extent of any Post-Closing Indemnity Property therein within three business days of the date of such determination. All payments to be made to Sellers or Buyer, as the case may be, under this Section 2.9 shall be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Sellers or Buyer, as the case may be, by written notice to the Escrow Agent. No later than the close of business on the first business day after it is determined in accordance with this Section 2.9 that Buyer and/or Sellers are entitled to all or any portion of the Post-Closing Section 2.9 Funds and/or Post-Closing Adjustment Funds, the General Partner and Buyer will execute and deliver to the Escrow Agent joint written instructions containing appropriate disbursement instructions consistent with this Section 2.9 and the Post-Closing Escrow Agreement.

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(f) All earnings attributable to each portion of the Post-Closing Section 2.9 Funds shall be paid to the party entitled to such portion of the Post-Closing Section 2.9 Funds in accordance with this Section 2.9 (except all earnings attributable to the portion of the Post-Closing Section 2.9 Funds, if any, used to pay the Sellers' share of any fees and expenses payable out of the Post-Closing Section 2.9 Funds pursuant to this Section 2.9 shall be paid to the Sellers).

(g) Any amount which becomes payable pursuant to this Section 2.9 will constitute an adjustment to the Cash Consideration for all purposes.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF FVP

Subject to any provisions of this Agreement limiting, qualifying or

excluding any of the representations or warranties made herein, FVP represents and warrants to Buyer as set forth in this Article 3.

3.1 Organization and Authority of FVP.

FVP is a limited partnership duly formed, validly existing, and in good standing under the laws of the State of Delaware. FVP has the requisite partnership power and authority to own, lease, and operate its properties, to carry on its business in the places where such properties are now owned, leased, or operated and such business is now conducted, and to execute, deliver and perform this Agreement and the other Transaction Documents to which FVP is a party according to their respective terms.

3.2 Authorization and Binding Obligation.

The execution, delivery, and performance by FVP of this Agreement and the other Transaction Documents to which FVP is a party have been duly authorized by all necessary partnership action on the part of FVP. This Agreement and the other Transaction Documents to which FVP is a party have been duly executed and delivered by FVP (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of FVP, enforceable against FVP in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally or by judicial discretion in the enforcement of equitable remedies, and as rights to indemnification may be limited by federal or state securities laws or the public policies embodied therein.

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3.3 Organization and Ownership of FrontierVision Companies.

(a) Section 3.3 of FrontierVision's Disclosure Schedule sets forth the name of each FrontierVision Company, including the jurisdiction of incorporation or formation of each, as the case may be. Each FrontierVision Company that is a corporation is a corporation duly incorporated, validly existing, and in good standing under the laws of the jurisdiction of its incorporation. Each FrontierVision Company that is a limited partnership is a limited partnership duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation. Each FrontierVision Company that is a limited liability company is a limited liability company duly formed, validly existing, and in good standing under the laws of the jurisdiction of its formation. Each FrontierVision Company is duly qualified and in good standing as a foreign corporation, limited partnership, or limited liability company, as the case may be, in each jurisdiction listed in Section 3.3 of FrontierVision's

Disclosure Schedule, which are all jurisdictions in which such qualification is required, except where such failure to be so qualified would not have a material adverse effect on the conduct of such FrontierVision Company's business. Except as disclosed in Section 3.3 of FrontierVision's Disclosure Schedule, no FrontierVision Company, directly or indirectly, owns, of record or beneficially, any outstanding securities or other interest in any Person (each such Person, an "Investment Person") or has the right or obligation to acquire, any outstanding securities or other interest in any Person. The FrontierVision Company that owns the Capital Stock of each such Investment Person owns such Capital Stock free and clear of all Encumbrances.

(b) Section 3.3 of FrontierVision's Disclosure Schedule sets forth the authorized, issued and outstanding Capital Stock of FVP and each other FrontierVision Company and the record and beneficial owner of the issued and outstanding Capital Stock of each of them. All of such issued and outstanding Capital Stock of the FrontierVision Companies has been duly authorized, validly issued, and has not been issued in violation of any federal or state securities laws. Except as set forth in Section 3.3 of FrontierVision's Disclosure Schedule, the owner of the Capital Stock of each FrontierVision Company owns such Capital Stock free and clear of all Encumbrances (except that no representation is made in this Article 3 as to any partnership interests in FVP held by any Seller or any SPC or as to any Capital Stock of any SPC held by any SPC Seller). Except as disclosed in Section 3.3 of FrontierVision's Disclosure Schedule, there are no outstanding securities, options, warrants, calls, rights, commitments, agreements, arrangements or undertakings of any kind to which any FrontierVision Company is a party or by which any of them is bound obligating such FrontierVision Company to issue, deliver or sell, or cause to be issued, delivered or sold, any additional Capital Stock of such FrontierVision Company or obligating such FrontierVision Company to issue, grant, extend or enter into any such security, option, warrant, call, right, commitment, agreement, arrangement or undertaking. FVP has delivered to Buyer complete and correct copies of the Charter Documents of each FrontierVision Company as in effect on the date hereof. Section 3.3 of FrontierVision's Disclosure Schedule describes the Capital Stock or other investment interests held and beneficially owned by the FrontierVision Companies with respect to the Investment Persons.

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3.4 Absence of Conflicting Agreements; Consents.

Except for the expiration or termination of any applicable waiting period under the HSR Act, the filing by FVP, any other FrontierVision Company, and/or the Sellers with the SEC of any reports required to be filed in connection with the consummation of the transactions contemplated hereby, or as set forth in Section 3.4 of FrontierVision's Disclosure Schedule, the execution, delivery and performance by FVP of this Agreement and the other Transaction Documents to which FVP is a party (with or without the giving of notice, the lapse of time, or both): (A) do not require the Consent of, notice to, or filing

with any Governmental Authority or any other Person under any Franchise, FCC License or Material Contract; (B) will not conflict with any provision of the Charter Documents of FVP or any other FrontierVision Company, each as currently in effect; (C) assuming receipt of all Consents, will not conflict with, result in a breach of, or constitute a default under any Legal Requirement to which FVP or any of the other FrontierVision Companies is bound; (D) assuming receipt of all Consents, will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any Franchise, FCC License, or Material Contract; and (E) will not result in the creation of any Encumbrance upon the Assets. Notwithstanding the foregoing, FVP does not make any representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or as a result of any other facts that specifically relate to the business or activities in which Buyer is or proposes to be engaged other than the cable television business.

3.5 Financial Statements.

(a) FVP has furnished Buyer with true and complete copies of the audited financial statements listed in Section 3.5 of FrontierVision's Disclosure Schedule (collectively, the "Audited Financial Statements") and of the unaudited financial statements listed in Section 3.5 of FrontierVision's Disclosure Schedule (collectively, the "Unaudited Financial Statements," and collectively with the Audited Financial Statements, the "Financial Statements"), and such Financial Statements are by this reference incorporated into and deemed a part of FrontierVision's Disclosure Schedule.

(b) Except as disclosed in Section 3.5 of FrontierVision's Disclosure Schedule and except, in the case of the Unaudited Financial Statements, for the omission of footnotes and changes resulting from customary and recurring year-end adjustments, the Financial Statements: (1) have been prepared from the books and records of the FrontierVision Companies to which they relate, with no material difference between such Financial Statements and the financial records maintained, and the accounting methods applied, by the FrontierVision Companies for tax purposes; (2) have been prepared in accordance with GAAP consistently applied and maintained throughout the periods indicated (except as indicated in the notes thereto); and (3) present fairly in all material respects the financial condition of the FrontierVision Companies to which they relate as at their respective dates and the results of operations for the periods then ended.

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3.6 Absence of Undisclosed Liabilities.

None of the FrontierVision Companies has any indebtedness, liability, or obligation except for: (a) indebtedness, liabilities and obligations that are reflected or reserved against in the latest balance sheet of such FrontierVision

Company included in the Financial Statements; (b) indebtedness, liabilities and obligations under the Debt Documents, Contracts, Franchises, Licenses, or Employee Plans; (c) indebtedness, liabilities and obligations that were incurred after the date of the latest balance sheet of such FrontierVision Company included in the Financial Statements either in the ordinary course of business or in compliance with the covenants of FVP set forth in Section 6.1 or that (to the extent not discharged prior to the Closing) will be included as Adjustment Liabilities in the computation of Closing Net Liabilities (none of which indebtedness, liabilities or obligations results from a claim or lawsuit relating to a breach of contract, breach of warranty, tort or infringement that, if adversely determined, would have a material adverse effect on the business, financial condition, assets or liabilities of the FrontierVision Companies, taken as a whole; and (d) contingent asserted and unasserted liabilities and obligations set forth in Section 3.6 of FrontierVision's Disclosure Schedule.

3.7 Absence of Certain Changes.

(a) Since December 31, 1997, except as disclosed in the Quarterly Reports on Form 10-Q of FrontierVision Operating Partners, L.P. for any of the quarters ended March 31, 1998, June 30, 1998 and September 30, 1998, or as disclosed in the Quarterly Reports on Form 10-Q of FrontierVision Holdings, L.P. for any of the quarters ended March 31, 1998, June 30, 1998 and September 30, 1998, or as disclosed in any public document filed by FrontierVision Operating Partners, L.P. or FrontierVision Holdings, L.P. with the SEC after September 30, 1998, or as disclosed in Section 3.7 of FrontierVision's Disclosure Schedule and except for matters occurring after the date hereof that are permitted by the provisions of this Agreement or consented to by Buyer, no FrontierVision Company has: (1) made any sale, assignment, lease, or other transfer of assets other than in the ordinary course of business with suitable replacements being obtained therefor (unless such assets were obsolete); or (2) issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money other than pursuant to the Debt Documents listed in Section 1.1 of FrontierVision's Disclosure Schedule.

(b) Since December 31, 1998, except as disclosed in Section 3.7 of FrontierVision's Disclosure Schedule and except for matters occurring after the date of this Agreement that are permitted by the provisions of this Agreement or consented to by Buyer, no FrontierVision Company has made or promised any material increase in compensation payable or to become payable to any of the employees (including executive officers) of any FrontierVision Company other than in the ordinary course of business or as contemplated under any employment arrangement currently in effect.

3.8 Franchises, Licenses, Material Contracts.

Section 3.8 of FrontierVision's Disclosure Schedule contains a list of the Franchises (including the Franchising Authority which granted each Franchise and the stated expiration date of each Franchise), FCC Licenses and Material Contracts in effect on the date hereof, which list is true, correct and complete in all material respects. Without material exception and subject to the last sentence of this Section 3.8, the Franchises and the Licenses constitute all of the authorizations of Governmental Authorities necessary or required for the construction, maintenance and operations of the Systems as currently conducted. FVP has delivered to Buyer true and complete copies of all Franchises, FCC Licenses and Material Contracts as in effect on the date hereof. Subject to the last sentence of this Section 3.8, the Franchises, FCC Licenses and Material Contracts are in full force and effect (subject to expiration at the end of their current term) and are valid, binding and enforceable upon the FrontierVision Company that is a party thereto and, to FVP's knowledge, the other parties thereto in accordance with their terms, except to the extent such enforceability may be affected by bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by judicial discretion in the enforcement of equitable remedies. Except as disclosed in Section 3.8 of FrontierVision's Disclosure Schedule, the FrontierVision Companies are in material compliance with the terms of the Franchises, Licenses and Material Contracts, and as of the date of this Agreement none of the FrontierVision Companies has received any written notice (or to FVP's knowledge after due inquiry of the regional managers of the Systems, oral notice) from a Franchising Authority to the effect that any of the FrontierVision Companies are not currently in material compliance with the terms of the Franchise granted by such Franchising Authority. Except as set forth in Section 3.4 or 3.8 of FrontierVision's Disclosure Schedule, none of the Franchises grants to any Franchising Authority or any other Person any right of first refusal or right to purchase the assets of any System that would be triggered by the consummation of the purchase and sale of the Purchased Interests. Except as set forth in Section 3.8 of FrontierVision's Disclosure Schedule, a valid request for renewal has been timely filed under Section 626(a) of the Cable Act with the proper Franchising Authority with respect to each Franchise in respect of which the statutory time period for making such filing has expired. Subject to the provisions of Sections 6.1 and 6.4, FVP shall not have any obligation to renew or extend any Franchises, Licenses or Material Contracts as a condition to Buyer's obligations under this Agreement.

3.9 Title to and Condition of Real Property and Tangible Personal Property.

Section 3.9 of FrontierVision's Disclosure Schedule lists all Real Property parcels owned in fee by any of the FrontierVision Companies as of the date of this Agreement (excluding easements, rights-of-way, and similar authorizations) and describes the current use thereof. Except as disclosed in Section 3.9 of FrontierVision's Disclosure Schedule, a copy of each deed pursuant to which any of the FrontierVision Companies acquired a fee estate in a Real Property parcel that is currently owned by it (including any title

insurance policies issued to such FrontierVision Company that are related to such parcels) have been delivered to Buyer by FVP. Section 3.9 of FrontierVision's Disclosure Schedule lists the Real Property leased by any of the FrontierVision Companies as of the date of this Agreement and

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describes the current use thereof and indicates the stated expiration date of the current term of such leases. Except as disclosed in Section 3.9 of FrontierVision's Disclosure Schedule: (a) the FrontierVision Company that owns a fee estate in a Real Property parcel has good and marketable title thereto; (b) the FrontierVision Company that owns any material item of Tangible Personal Property has good and valid title thereto; (c) the FrontierVision Company that leases Real Property pursuant to any of the Material Leases has a valid leasehold interest therein (subject to expiration of such Material Lease in accordance with its terms); and (d) the FrontierVision Company that leases any material item of Tangible Personal Property has a valid leasehold interest therein (subject to expiration of such lease in accordance with its terms), in each case of (a), (b), (c) and (d) above, free and clear of all Encumbrances other than Permitted Encumbrances. The FrontierVision Companies own, lease or otherwise have rights to use all real property (excluding easements, rights-of-way and similar authorizations) and tangible personal property necessary to operate the Systems as presently conducted by the FrontierVision Companies in all material respects. Notwithstanding the express language of this Section 3.9 or as may otherwise be provided in this Agreement, no representation or warranty is being made as to title to the internal wiring, house drops, and unrecorded dwelling-unit easements, rights of entry or rights-of-way held or used by the FrontierVision Companies. Except for such rearrangements or rehabilitations of a System's cable trunk as may be necessary in the ordinary course of business for that System taken as a whole, the FrontierVision Companies have no obligation to rearrange or rehabilitate any of such cable trunk. Buyer acknowledges that, except as expressly warranted in this Section 3.9 and Sections 3.14, 3.15 and 3.16, all Real Property, all improvements thereon, and all other Tangible Personal Property are being sold or assigned "as is-where is" and Buyer shall not be entitled to make any claim against FVP or Sellers arising out of or relating to the condition thereof.

3.10 Intangibles.

Section 3.10 of FrontierVision's Disclosure Schedule contains a description of the material Intangibles (exclusive of those required to be listed in Section 3.8 of FrontierVision's Disclosure Schedule), that are owned or leased by any of the FrontierVision Companies and that are necessary for the conduct of the business or operations of the Systems. To FVP's knowledge, except as to potential copyright liability arising from the performance, exhibition or carriage of any music on the Systems or as disclosed in Section 3.10 of FrontierVision's Disclosure Schedule, it is not infringing upon any trademarks, trade names, copyrights or similar intellectual property rights of others.

(a) Subscribers. Section 3.11 of FrontierVision's Disclosure Schedule sets forth the approximate number of Equivalent Subscribers as of the date indicated therein (including the approximate number of Equivalent Subscribers served in each Franchise Area and served by each headend, in each case as of the date indicated therein).

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(b) Operating Revenue. Section 3.11 of FrontierVision's Disclosure Schedule sets forth the approximate "Operating Revenue" of the Systems on a consolidated basis as of the date indicated therein, as "Operating Revenue" is defined therein.

(c) Certain Systems Information. Section 3.11 of FrontierVision's Disclosure Schedule sets forth the approximate number of plant miles for each System, the approximate bandwidth capability of each System, the channel lineup for each System, and the monthly rates charged for each class of service offered by each System, which information is true and correct in all material respects, in each case as of the applicable dates specified therein and subject to any qualifications set forth therein.

(d) Franchise and FCC Matters. All material reports required to be filed by any of the FrontierVision Companies with any of the Franchising Authorities or the FCC have been duly filed and were materially correct when filed. The FrontierVision Companies are permitted under all applicable Franchises and FCC Regulations to distribute the television broadcast signals distributed by the Systems (except for any inadvertent failure by the Systems to comply with the FCC's nonduplication and syndex rules) and to utilize all carrier frequencies generated by the operations of the Systems, and are licensed in all material respects to operate all the facilities required by Legal Requirements to be licensed (except where the failure to be so authorized or licensed would not materially impair the operation of the Systems as presently conducted).

(e) Request for Signal Carriage. Except for nonduplication and blackout notices received in the ordinary course of business, none of the FrontierVision Companies has received any FCC order requiring any System to carry a television broadcast signal or to terminate carriage of a television broadcast signal with which it has not complied, and to FVP's knowledge, except as disclosed in Section 3.11 of FrontierVision's Disclosure Schedule, the FrontierVision Companies have complied with all written and bona fide requests or demands received from television broadcast stations to carry or to terminate carriage of a television broadcast signal on a System.

(f) Rate Regulatory Matters. Section 3.11 of FrontierVision's Disclosure Schedule sets forth a list of all Governmental Authorities that are

certified to regulate rates of the Systems pursuant to the Cable Act and FCC Regulations as of the date of this Agreement and all Franchise Areas in which a complaint regarding rates has been filed with the FCC as of November 12, 1998 (other than those that have been rejected by the FCC or have been withdrawn). As of the date of this Agreement, none of the FrontierVision Companies has received any written notice from any Governmental Authority that it has any obligation or liability to refund to subscribers of the Systems any portion of the revenue received by such FrontierVision Company from subscribers of the Systems (excluding with respect to deposits for converters, encoders, decoders and related equipment and other prepaid items). Buyer acknowledges that, except as expressly warranted in this Section 3.11(f), FVP is not making any representation or warranty regarding any Rate Regulatory Matter and, except as expressly provided in

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Section 10.2(c), Buyer shall not be entitled to make any claim against FVP or Sellers arising out of or relating to any Rate Regulatory Matter.

(g) Copyright. To the extent necessary to operate the Systems, the FrontierVision Companies are entitled to hold and do hold the compulsory copyright license described in Section 111 of the Copyright Act, which compulsory copyright license is in full force and effect and has not been revoked, canceled, encumbered or adversely affected in any material respect except relating to any immaterial disputes which may arise after the date hereof with respect to copyright fees payable with respect to the operation by the FrontierVision Companies of the Systems. The FrontierVision Companies have paid all material copyright fees that are due and payable with respect to the operation by the FrontierVision Companies of the Systems (or have accrued a liability with respect thereto which will be included as an Adjustment Liability in the computation of Closing Net Liabilities) and have set aside an adequate reserve on their books for the payment of all copyright fees that are required to be accrued but are not yet due and payable.

(h) Insurance. The Systems and Assets are insured against claims, loss or damage in amounts generally customary in the cable television industry and consistent with the FrontierVision Companies' past practices.

(i) Purchase and Sale Agreements. Section 3.11 of FrontierVision's Disclosure Schedule lists all definitive purchase and sale agreements pursuant to which the Systems were acquired. A copy of each such agreement has been delivered to Buyer. The FrontierVision Companies have not collected any payment as of the date of this Agreement from any "seller" under any of such purchase and sale agreements in respect of any indemnification claim made against any such "seller" by the FrontierVision Companies for a breach of any representation or warranty by any such "seller" regarding the condition of any of the Systems acquired from any such "seller." Except as disclosed in Section 3.11 of FrontierVision's Disclosure Schedule, no FrontierVision Company is bound by any contractual noncompete or similar restrictive covenant. The

FrontierVision Companies have paid all amounts that are due and payable under the purchase and sale agreements referred to above (or have accrued a liability with respect thereto which will be included as an Adjustment Liability in the computation of Closing Net Liabilities).

(j) Overbuilds. To FVP's knowledge, as of the date of this Agreement, except as disclosed in Section 3.11 of FrontierVision's Disclosure Schedule, the Systems are the only cable television systems presently servicing the Franchise Areas (other than any cable television system owned, operated or managed by Buyer or any Subsidiary or Affiliate of Buyer).

(k) Franchise Fees. The FrontierVision Companies have paid all franchise fees that are due and payable with respect to the operation by the FrontierVision Companies of the Systems (or have accrued a liability with respect thereto which will be included as an Adjustment Liability in the computation of Closing Net Liabilities).

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(l) Pole Attachments. The FrontierVision Companies have paid all pole attachment fees that are due and payable with respect to the operation by the FrontierVision Companies of the Systems (or have accrued a liability with respect thereto which will be included as an Adjustment Liability in the computation of Closing Net Liabilities). As of the date of this Agreement, except as disclosed in Section 3.11 of FrontierVision's Disclosure Schedule, no pole attachment audits are pending and the FrontierVision Companies have not received written notice of any pending pole attachment audit.

3.12 Taxes.

The FrontierVision Companies have filed or caused to be filed all required federal Tax Returns and all other material required Tax Returns with the appropriate Governmental Authorities in all jurisdictions in which such Tax Returns are required to be filed by the FrontierVision Companies (except Tax Returns for which the filing date has been extended and such extension period has not expired), and all Taxes shown on such Tax Returns have been properly accrued or paid to the extent such Taxes have become due and payable. FVP has delivered to Buyer true, correct and complete copies of the Tax Returns (in the form filed) listed in Section 3.12 of FrontierVision's Disclosure Schedule. The Financial Statements reflect an adequate reserve for all material unpaid Taxes payable by the FrontierVision Companies for all Tax periods and portions thereof through the date of such Financial Statements. Any unpaid Taxes of the FrontierVision Companies for all periods ending prior to the Closing Date and not reflected on such Financial Statements will be included as an Adjustment Liability in the computation of Closing Net Liabilities. Except as disclosed in Section 3.12 of FrontierVision's Disclosure Schedule, none of the FrontierVision Companies has executed any waiver or extensions of any statute of limitations on the assessment or collection of any Tax or with respect to any liability arising

therefrom. Except as disclosed in Section 3.12 of FrontierVision's Disclosure Schedule, none of the federal, state or local income Tax Returns filed by the FrontierVision Companies has been audited by any taxing authority. Except as set forth in Section 3.12 of FrontierVision's Disclosure Schedule, there are no Tax audits pending and no outstanding agreements or waiver extending the statutory period of limitations applicable to any federal, state or local Tax Return of any of the FrontierVision Companies for any period.

3.13 Employee Plans.

(a) Employee Plans. Section 3.13 of FrontierVision's Disclosure Schedule contains a list of all Employee Plans (true and correct copies of which have been delivered to Buyer). None of the FrontierVision Companies or any of their ERISA Affiliates is or has been required to contribute to any "multiemployer plan," as defined in ERISA Section 3(37), nor has any FrontierVision Company or any such ERISA Affiliate (or any former ERISA Affiliate with respect to the period in which such entity was an ERISA Affiliate) experienced a complete or partial withdrawal, within the meaning of ERISA Section 4203 or 4205, from such a "multiemployer plan." Except as required under Code

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Section 4980B or ERISA Sections 601-609, no Employee Plan provides health or medical coverage to former employees of the FrontierVision Companies. As of the Adjustment Time the FrontierVision Companies will have accrued in accordance with GAAP a liability for all health benefit claims filed as of such time and all claims incurred but not reported as of such time.

(b) Qualified Plans. Except as disclosed in Section 3.13 of FrontierVision's Disclosure Schedule, with respect to each Employee Plan, and after taking into consideration the effect of the payments to be made with respect to the Employee Plans: (1) each such Employee Plan that is intended to be tax-qualified is the subject of a favorable determination letter except as described in Section 3.13 of FrontierVision's Disclosure Schedule; (2) no material liability to the Pension Benefit Guaranty Corporation is expected by FVP to be incurred by the FrontierVision Companies or any of their ERISA Affiliates (or any former ERISA Affiliate with respect to the period in which such entity was an ERISA Affiliate) with respect to any Employee Plan; (3) no non-exempt prohibited transaction, within the definition of Section 4975 of the Code or Title 1, Part 4 of ERISA, has occurred which would subject the FrontierVision Companies or any of their ERISA Affiliates (or any former ERISA Affiliate with respect to the period in which such entity was an ERISA Affiliate) to any material liability; (4) there is no accumulated funding deficiency, termination or partial termination, or requirement to provide security with respect to any Employee Plan; (5) the fair market value of the assets of any Employee Plan would exceed the value of all liabilities and obligations of such Employee Plan if such plan were to terminate on the Closing Date; and (6) the transactions contemplated by this Agreement will not result in

liability under ERISA to FVP or the FrontierVision Companies or Buyer, or any of their respective ERISA Affiliates.

(c) Labor Unions. As of the date of this Agreement, other than as disclosed in Section 3.13 of FrontierVision's Disclosure Schedule, none of the FrontierVision Companies is party to or bound by any collective bargaining agreement. As of the date of this Agreement, other than as disclosed in Section 3.13 of FrontierVision's Disclosure Schedule, to the knowledge of FVP, (1) none of the employees of the FrontierVision Companies is presently a member of any collective bargaining unit related to his or her employment and (2) no collective bargaining unit has filed a petition for representation of any of the employees of the FrontierVision Companies.

3.14 Environmental Laws.

Except as disclosed in Section 3.14 of FrontierVision's Disclosure Schedule: (a) the FrontierVision Companies' operations with respect to the Systems comply in all material respects with all applicable Environmental Laws as in effect on the date of this Agreement; (b) none of the FrontierVision Companies has used the Real Property for the manufacture, transportation, treatment, storage or disposal of Hazardous Substances except for gasoline and diesel fuel and such use of Hazardous Substances (in cleaning fluids, solvents and other similar substances) customary in the construction, maintenance and operation of a cable television system and in amounts or under circumstances that would not reasonably be expected to give rise to material liability for remediation;

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and (c) to FVP's knowledge, the Real Property complies and has complied in all material respects with all applicable Environmental Laws. Except as disclosed in Section 3.14 of FrontierVision's Disclosure Schedule, as of the date of this Agreement, no Environmental Claim has been filed or issued against the FrontierVision Companies.

3.15 Claims and Litigation.

Except as disclosed in Section 3.15 of FrontierVision's Disclosure Schedule, as of the date of this Agreement, there is no claim, legal action, arbitration or other legal, administrative or tax proceeding, nor any order, decree or judgment, in progress or pending, or to FVP's knowledge threatened in writing, against or relating to the FrontierVision Companies, the Assets or the business or operations of any of the Systems (other than FCC and other proceedings generally affecting the cable television industry and not specific to the FrontierVision Companies and other than rate complaints or certifications filed by customers or Franchising Authorities) that would have a material adverse effect on FVP's ability to perform its obligations under this Agreement or that would have a material adverse effect on the business, financial condition, assets or liabilities of any of the FrontierVision Companies.

3.16 Compliance With Laws.

Except as disclosed in Section 3.16 of FrontierVision's Disclosure Schedule and except for any such noncompliance as has been remedied, each of the FrontierVision Companies has complied in all material respects with, and the Systems and the Assets are in compliance in all material respects with, all applicable Legal Requirements (including, without limitation, the Code, ERISA, the National Labor Relations Act, the Cable Act, FCC Regulations, and the Copyright Act). Notwithstanding the foregoing or any other provision of this Agreement to the contrary, and without limiting the provisions of Section 6.14, FVP does not make any representation or warranty with respect to compliance with any Legal Requirements dealing with, limiting or affecting the rates which can be charged by cable television systems to their customers (whether for programming, equipment, installation, service or otherwise) or any other Rate Regulatory Matter.

3.17 Transactions with Affiliates.

Except as disclosed in the Financial Statements or Section 3.17 of FrontierVision's Disclosure Schedule, none of the FrontierVision Companies has been involved in any business arrangement or business relationship with any Affiliate of any of the FrontierVision Companies (other than another FrontierVision Company), and no Affiliate of any of the FrontierVision Companies (other than another FrontierVision Company) owns any property or right, tangible or intangible, that is used in the business of the FrontierVision Companies (other than in its capacity as a direct or indirect equity or debt holder of the FrontierVision Companies).

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3.18 Broker.

Neither FVP nor any of the other FrontierVision Companies or any Person acting on their behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement except as described in Section 11.1 or disclosed in Section 3.18 of FrontierVision's Disclosure Schedule.

3.19 Securities Law Matters.

(a) FVP represents that it is an "accredited investor" as that term is defined in Regulation D under the Securities Act and that it has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquisition of the Escrow Registrable Securities and of making an informed investment decision with respect thereto, and understands all risks of holding the Escrow Registrable Securities for an indefinite period of time.

(b) FVP acknowledges receipt of copies of Buyer's 10-K and Buyer's 10-Q.

(c) FVP is aware that the Escrow Registrable Securities are not currently registered under the Securities Act or under any state securities laws.

(d) FVP agrees that it will not transfer the Escrow Registrable Securities without compliance with the registration and other provisions of all applicable securities laws and acknowledges that each certificate representing the Escrow Registrable Securities which it receives will be marked with an appropriate legend to such effect (which legend will be removed in accordance with the provisions of the Deposit Registration Rights Agreement).

(e) FVP is purchasing the Escrow Registrable Securities solely for investment purposes, with no present intention to sell the Escrow Registrable Securities (other than pursuant to an effective registration statement).

(f) FVP understands that it must bear the economic risk of the investment represented by the purchase of the Escrow Registrable Securities for an indefinite period.

(g) FVP agrees not to offer, sell, or otherwise dispose of the shares of the Escrow Registrable Securities at any time prior to the second anniversary of the date FVP acquires the Escrow Registrable Securities, unless such offer, sale, or other disposition is (1) registered under the Securities Act, or (2) in compliance with an opinion of counsel of FVP, delivered to Buyer and reasonably acceptable to it, to the effect that such offer, sale, or other disposition thereof does not violate the Securities Act.

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(h) FVP acknowledges that the certificate(s) representing the Escrow Registrable Securities delivered hereunder shall bear the following legend (which legend will be removed in accordance with the provisions of the Deposit Registration Rights Agreement):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE FEDERAL

OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN A REGISTRATION RIGHTS AGREEMENT, A COPY OF WHICH MAY BE OBTAINED FROM THE CORPORATION.

3.20 Cure.

For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of FVP (including without limitation FrontierVision's Disclosure Schedule) on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF SELLERS

Subject to any provisions of this Agreement limiting, qualifying or excluding any of the representations or warranties made herein, each Seller severally represents and warrants to Buyer (with respect to such Seller and not with respect to any other Seller) as set forth in this Article 4.

4.1 Authority of Sellers; Authorization and Binding Obligation.

Such Seller has the requisite corporate, partnership, limited liability company or other applicable power, authority and legal capacity to execute, deliver and perform this Agreement and the other Transaction Documents to which such Seller is a party according to their respective terms. The execution, delivery, and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party have been duly authorized by all necessary action on the part

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of such Seller. This Agreement and the other Transaction Documents to which such Seller is a party have been duly executed and delivered by such Seller (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of such Seller, enforceable against such Seller in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by bankruptcy, insolvency, or similar laws

affecting creditors' rights generally or by judicial discretion in the enforcement of equitable remedies, and as rights to indemnification may be limited by federal or state securities laws or the public policies embodied therein.

4.2 Absence of Conflicting Agreements; Consents.

Except for the expiration or termination of any applicable waiting period under the HSR Act, the filing by FVP, any other FrontierVision Company and/or the Sellers with the SEC of any reports required to be filed in connection with the consummation of the transactions contemplated hereby, or as set forth in Section 4.2 of FrontierVision's Disclosure Schedule, the execution, delivery and performance by such Seller of this Agreement and the other Transaction Documents to which such Seller is a party (with or without the giving of notice, the lapse of time, or both): (A) do not require the Consent of, notice to, or filing with any Governmental Authority or any other Person that has not been obtained; (B) will not conflict with any provision of the Charter Documents of such Seller (and, in the case of the SPC Sellers, the Charter Documents of the SPC owned by such Seller) as currently in effect; (C) assuming receipt of all Consents, will not conflict with, result in a breach of, or constitute a default under any Legal Requirement to which such Seller (and, in the case of the SPC Sellers, to which the SPC owned by such Seller) is bound; (D) assuming receipt of all Consents, will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any material agreement or instrument to which such Seller (and, in the case of the SPC Sellers, to which the SPC owned by such Seller) is bound; and (E) will not result in the creation of any Encumbrance upon the Purchased Interests held by such Seller (and, in the case of the SPC Sellers, upon the limited partnership interest in FVP held by the SPC owned by such Seller). Notwithstanding the foregoing, no Seller makes any representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of Buyer or as a result of any other facts that specifically relate to the business or activities in which Buyer is or proposes to be engaged other than the cable television business.

4.3 Title to Purchased Interests.

(a) The General Partner represents that it holds of record and owns beneficially the General Partnership Interest and the Subordinated Notes set forth by its name in Section 4.3 of FrontierVision's Disclosure Schedule, free and clear of all Encumbrances.

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(b) Each Limited Partner Seller represents that it holds of record and owns beneficially the Limited Partnership Interest and the Subordinated Notes set forth by its name in Section 4.3 of FrontierVision's

Disclosure Schedule, free and clear of all Encumbrances.

(c) Each SPC Seller represents that it holds of record and owns beneficially the Subordinated Notes listed next to its name in Section 4.3 of FrontierVision's Disclosure Schedule and that the SPC listed next to its name in Section 4.3 of FrontierVision's Disclosure Schedule holds of record and owns beneficially the limited partnership interest in FVP and the Subordinated Notes set forth by such SPC's name in Section 4.3 of FrontierVision's Disclosure Schedule, free and clear of all Encumbrances. Each SPC Seller represents that it holds of record and owns beneficially 100% of the issued and outstanding Capital Stock of the SPC listed next to such SPC Seller's name in Section 4.3 of FrontierVision's Disclosure Schedule, free and clear of all Encumbrances. All of the issued and outstanding Capital Stock of the SPC owned by such SPC Seller has been duly authorized, validly issued, fully paid and nonassessable, and has not been issued in violation of any federal or state securities laws. Each SPC Seller represents that the SPC owned by such SPC Seller has not and does not own any assets or other properties (other than the respective limited partnership interests in FVP and the Subordinated Notes held by such SPC, and, in the case of 1818 II Cable Corp. and Olympus Cable Corp., the respective limited partnership interests in the General Partner held by such SPC, which interests in the General Partner shall be distributed, directly or indirectly, to the SPC Seller which owns such SPC immediately prior to the Closing) or conduct any business or have any indebtedness, liabilities or obligations other than rights, obligations, and liabilities arising under this Agreement and the partnership agreement of FVP, the SPC Notes (which SPC Notes shall be canceled by the SPC Seller that holds such SPC Note concurrently with the Closing) or as disclosed in Section 4.3 of FrontierVision's Disclosure Schedule.

(d) Except as disclosed in Section 4.3 of FrontierVision's Disclosure Schedule and except for this Agreement and rights granted under the partnership agreement of FVP, such Seller (and, in the case of the SPC Sellers, the SPC owned by such Seller) (1) is not party to, and has not granted to any other Person, any options, warrants, subscription rights, rights of first refusal or any other rights providing for the acquisition or disposition of partnership interests or other equity interests in the FVP (and, in the case of the SPC Sellers, in the SPC owned by such Seller), and (2) is not a party to any voting agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any of the Purchased Interests or the Capital Stock of any of the FrontierVision Companies.

4.4 Broker.

Neither such Seller nor any Person acting on its behalf has incurred any liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement except as described in Section 11.1.

4.5 Taxes.

There are no Tax audits pending and no outstanding agreements or waiver extending the statutory period of limitations applicable to any federal, state, or local Tax Return of the SPC the capital stock of which is owned by such SPC Seller for any period.

4.6 Securities Law Matters.

(a) Each such Seller who is an "Accredited Investor" represents that the information provided in such Seller's "Accredited Investor Questionnaire" delivered herewith is true, correct and complete.

(b) Such Seller, either individually or together with his representatives and advisors, has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of acquisition of the Stock Consideration Registrable Securities and of making an informed investment decision with respect thereto, and understands all risks of holding the Stock Consideration Registrable Securities for an indefinite period of time.

(c) Such Seller acknowledges receipt of copies of Buyer's 10-K and Buyer's 10-Q.

(d) Such Seller has carefully considered and has, to the extent such Seller believes such discussion necessary discussed with such Seller's professional legal, tax, accounting and financial advisors the suitability of an investment in the Stock Consideration Registrable Securities for such Seller's particular tax and financial situation and has determined that the Stock Consideration Registrable Securities is a suitable investment for such Seller.

(e) Such Seller agrees that it will not transfer the Stock Consideration Registrable Securities without compliance with the registration and other provisions of all applicable securities laws.

(f) Such Seller is purchasing the Stock Consideration Registrable Securities solely for investment purposes, with no present intention to sell the Stock Consideration Registrable Securities (other than pursuant to an effective registration statement).

(g) Such Seller understands that it must bear the economic risk of the investment represented by the purchase of the Stock Consideration Registrable Securities for an indefinite period.

(h) Such Seller agrees not to offer, sell, or otherwise dispose of the shares of the Stock Consideration Registrable Securities at any time prior to the second anniversary of the date such Seller acquires the Stock Consideration Registrable Securities, unless such offer, sale, or other

disposition is (1) registered under the Securities Act, or (2) in compliance with an opinion of counsel

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of the Seller, delivered to Buyer and reasonably acceptable to it, to the effect that such offer, sale, or other disposition thereof does not violate the Securities Act.

(i) Such Seller acknowledges that the certificate(s) representing the Stock Consideration Registrable Securities delivered hereunder shall be issued to such Seller with the following legend (which legend will be removed in accordance with the provisions of the Stock Consideration Registration Rights Agreement):

THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE FEDERAL OR STATE SECURITIES LAWS AND MAY NOT BE OFFERED FOR SALE, SOLD OR OTHERWISE TRANSFERRED OR ASSIGNED FOR VALUE, DIRECTLY OR INDIRECTLY, NOR MAY THE SECURITIES BE TRANSFERRED ON THE BOOKS OF THE CORPORATION, WITHOUT REGISTRATION OF SUCH SECURITIES UNDER ALL APPLICABLE FEDERAL OR STATE SECURITIES LAWS OR COMPLIANCE WITH AN APPLICABLE EXEMPTION THEREFROM.

THE SECURITIES REPRESENTED HEREBY ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN A REGISTRATION RIGHTS AGREEMENT, A COPY OF WHICH MAY BE OBTAINED FROM THE CORPORATION.

4.7 Cure.

For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of such Seller (including without limitation FrontierVision's Disclosure Schedule) on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to FVP and each Seller as set forth in this Article 5.

5.1 Organization; Authorization and Binding Obligation.

Buyer is a corporation duly incorporated, validly existing, and in good

standing under the laws of the State of Delaware. Buyer has the requisite corporate power and authority to own, lease, and

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operate its properties, to carry on its business in the places where such properties are now owned, leased, or operated and such business is now conducted, and to execute, deliver and perform this Agreement and the other Transaction Documents to which Buyer is a party according to their respective terms. Buyer is duly qualified and in good standing as a foreign corporation in each jurisdiction in which such qualification is required.

5.2 Authorization and Binding Obligation.

The execution, delivery, and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party have been duly authorized by all necessary corporate, shareholder or other action on the part of Buyer. This Agreement and the other Transaction Documents to which Buyer is a party have been duly executed and delivered by Buyer (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will be duly executed and delivered) and constitute (or, in the case of Transaction Documents to be executed and delivered at Closing, when executed and delivered will constitute) the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with their terms, except as the enforceability of this Agreement and such other Transaction Documents may be limited by bankruptcy, insolvency, or similar laws affecting creditors' rights generally or by judicial discretion in the enforcement of equitable remedies, and as rights to indemnification may be limited by federal or state securities laws or the public policies embodied therein.

5.3 Absence of Conflicting Agreements; Consents.

Except for the expiration or termination of any applicable waiting period under the HSR Act and the filing by Buyer with the SEC of any reports required to be filed in connection with the consummation of the transactions contemplated hereby, the execution, delivery and performance by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party (with or without the giving of notice, the lapse of time, or both): (a) do not require any Consent, declaration to, or filing with any Governmental Authority or any other Person; (b) will not conflict with any provision of the Charter Documents of Buyer, as currently in effect; (c) will not conflict with, result in a breach of, or constitute a default under any Legal Requirement to which Buyer is bound; and (d) will not conflict with, constitute grounds for termination of, result in a breach of, constitute a default under, or accelerate or permit the acceleration of any performance required by the terms of any material agreement or instrument to which Buyer is a party or bound. Notwithstanding the foregoing, Buyer does not make any representation or warranty regarding any of the foregoing that may result from the specific legal or regulatory status of any Seller or any FrontierVision Company or as a result of any other facts that

specifically relate to the business or activities in which any Seller or any FrontierVision Company is or proposes to be engaged other than the cable television business.

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5.4 Capital Structure; ACC Class A Common Stock.

(a) All of the shares of ACC Class A Stock deposited into escrow in accordance with the Deposit Escrow Agreement as contemplated by Section 2.4(a): (1) have been duly authorized and validly issued, fully paid and nonassessable, not subject to, or issued in violation of, any preemptive rights and have not been issued in violation of any federal or state securities laws; and (2) have the same rights and powers as all other shares of ACC Class A Common Stock issued and outstanding as of the date of this Agreement. If released to FVP in accordance with this Agreement, on the date of such release, all of the securities constituting the Deposit Escrow Property: (1) shall have been duly authorized and validly issued, fully paid and nonassessable, not subject to, or issued in violation of, any preemptive rights and not issued in violation of any federal or state securities laws; and (2) shall have the same rights and powers as all other shares of ACC Class A Common Stock (or, if any of the securities constituting the Deposit Escrow Property are not shares of ACC Class A Stock, as all other securities of the same class and series) issued and outstanding as of the date of this Agreement.

(b) On the Closing Date, all of the shares of ACC Class A Common Stock constituting the Stock Consideration (or, if applicable, all of the securities of any other class or series constituting the Stock Consideration): (1) shall have been duly authorized and validly issued, fully paid and nonassessable, not subject to, or issued in violation of, any preemptive rights and not issued in violation of any federal or state securities laws; and (2) shall have the same rights and powers as all other shares of ACC Class A Common Stock (or, if any of the securities constituting the Stock Consideration are not shares of ACC Class A Stock, as all other securities of the same class and series) issued and outstanding as of the date of this Agreement.

5.5 Claims and Litigation.

As of the date of this Agreement, there is no claim, legal action, arbitration, governmental investigation or other legal, administrative or tax proceeding, nor any order, decree or judgment, in progress or pending, or to Buyer's knowledge threatened in writing, against or relating to Buyer or the assets or business of Buyer or its Subsidiaries (other than FCC and other proceedings generally affecting the cable television industry and not specific to Buyer or its Subsidiaries and other than rate complaints or certifications filed by customers or franchising authorities), that would have a material adverse effect on Buyer's ability to perform its obligations under this Agreement or that could reasonably be expected to have a material adverse effect

on the business, financial condition, assets or liabilities of Buyer and its Subsidiaries, taken as a whole.

5.6 SEC Reports.

(a) Buyer's financial statements contained in its Annual Report on Form 10-K for the fiscal year ended March 31, 1998 ("Buyer's 10-K") present fairly the consolidated financial operations of Buyer for the fiscal year then ended, in conformity with GAAP. Buyer's interim financial

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statements contained in its Quarterly Report on Form 10-Q for the quarter ended September 30, 1998 ("Buyer's 10-Q") reflect all adjustments which are, in Buyer's management's opinion, necessary to a fair statement of the results for the interim period presented and necessary to present fairly Buyer's consolidated financial position as of September 30, 1998 and its consolidated results of operations for the quarter ended September 30, 1998 and cash flows from consolidated operations for the quarter ended September 30, 1998.

(b) Except as set forth in Buyer's 10-Q or in any public document filed by Buyer with the SEC after September 30, 1998, Buyer's capitalization (including for this purpose, all outstanding options, warrants and other rights to acquire Capital Stock or other securities of Buyer) is as set forth in Buyer's 10-K to the extent required to be set forth in Buyer's 10-K. The ACC Class A Common Stock is not subject to any preemptive right, claim or other interest of any Person.

(c) Except as set forth in any public document filed by Buyer or Hyperion Telecommunications, Inc. or Olympus Communications, L.P. with the SEC after September 30, 1998: (1) there has not been, since September 30, 1998, any material adverse change in the financial condition, results of operations of Buyer, or any damage, destruction or loss which materially and adversely affects the financial condition, results of operations or future prospects of Buyer; and (2) as of the date of this Agreement, Buyer has not entered into any commitment or transaction material to Buyer's business.

(d) No statement made in Buyer's 10-K or Buyer's 10-Q or any public document filed by Buyer or Hyperion Telecommunications, Inc. or Olympus Communications, L.P. with the SEC after September 30, 1998, nor any statement, representation or warranty made by Buyer in this Agreement or the other Transaction Documents (including schedules and exhibits), contains any untrue statement of any material fact or omits a material fact necessary to make the statements contained herein or therein, in light of the circumstances in which they were made, not misleading.

5.7 Broker.

Neither Buyer nor any Person acting on behalf of Buyer has incurred any

liability for any finders' or brokers' fees or commissions in connection with the transactions contemplated by this Agreement except as described in Section 11.1.

5.8 Investment Purpose; Investment Company.

Buyer is acquiring the Purchased Interests for investment for its own account and not with a view to the sale or distribution of any part thereof within the meaning of the Securities Act. Buyer is not an "investment company" as defined in the Investment Company Act of 1940, as amended.

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5.9 Cure.

For all purposes under this Agreement, the existence or occurrence of any events or circumstances which constitute or cause a breach of a representation or warranty of Buyer on the date such representation or warranty is made shall be deemed not to constitute a breach of such representation or warranty if such event or circumstance is cured on or prior to the Closing Date or the earlier termination of this Agreement.

ARTICLE 6

SPECIAL COVENANTS AND AGREEMENTS

The parties covenant and agree as follows, provided that, except with respect to express agreements and covenants of a Seller contained in this Article 6 (including Sections 6.5, 6.12 and 6.15), no Seller shall have any obligation or liability prior to the Closing with respect to any agreement or covenant of FVP set forth in this Article 6 (it being understood and agreed by each Seller that nothing in this sentence shall impair or diminish the indemnification obligations of Sellers under Article 10 after the Closing, including with respect to any covenant of FVP set forth in this Article 6).

6.1 Operation of Business Prior to Closing.

Except as required by applicable Legal Requirements or as contemplated in FrontierVision's Disclosure Schedule or Section 6.1(c), without the consent of Buyer (which consent shall not be unreasonably withheld), between the date hereof and the Closing Date, FVP will operate and cause the FrontierVision Companies to operate the Systems in the ordinary course of business (subject to, and except as modified by, compliance with the following negative and affirmative covenants) and abide by the following negative and affirmative covenants:

(a) Negative Covenants. The FrontierVision Companies shall not do any of the following:

(1) Franchises. Fail to use commercially reasonable efforts to renew on substantially the same or on other commercially reasonable terms any Franchise that has expired or will expire after the date hereof and prior to the Closing Date in accordance with its terms; provided, however, the FrontierVision Companies shall not agree to any material changes to the terms of any Franchise without Buyer's prior written consent and provided further that FVP shall not be required to take any steps necessary to obtain renewals of any Franchise earlier than such steps are required to be taken by applicable FCC Regulations, and obtaining renewals of any Franchise shall not be a condition precedent to Buyer's obligations hereunder except as provided in the immediately following sentence). The parties agree that the obligations of the FrontierVision Companies with respect to the renewal of the Franchises referred to in Section 3.8(F) of FrontierVision's Disclosure Schedule (Renewal Letters

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Not Timely Filed), exclusive of the Penobscot Indian Nation (ME) and Town of Friendsville (MD) Franchises (the "Renewal Franchises") are governed solely by Section 6.4 and 7.1(d) and not this Section 6.1(a)(1).

(2) Contracts. Modify or amend in any material respect, except in the ordinary course of business, any Contract that shall survive the Closing; or enter into any new Contracts that will be binding on the FrontierVision Companies following the Closing except: (A) agreements for the provision of cable television services to residential customers; (B) the renewal or extension of any existing Contract on its existing terms, in all material respects, in the ordinary course of business; (C) contracts or commitments entered into in the ordinary course of business that are terminable on not more than sixty days prior notice or that do not involve post-Closing obligations in excess of Twenty-Five Thousand Dollars (\$25,000) in any one case or in excess of Five Hundred Thousand Dollars (\$500,000) in the aggregate; or (D) with respect to utility pole attachment agreements, Contracts with terms as customarily required by the utility whose poles are utilized, and except in any event, subject to their legal obligations and constraints, the FrontierVision Companies will not enter into a new collective bargaining agreement without providing Buyer a reasonable opportunity to review and approve the proposed terms of such agreement, which approval shall not be unreasonably withheld by Buyer.

(3) Disposition of Assets. Sell, assign, lease, swap, or otherwise transfer or dispose of any of the Assets, except as set forth in Section 6.1 of FrontierVision's Disclosure Schedule and except for assets consumed or disposed of in the ordinary course of business or assets (other than any System as a whole) that are replaced by replacement property of substantially equivalent kind and use.

(4) Encumbrances. Create, assume or permit to exist any Encumbrance upon the Assets, except for Permitted Encumbrances or other Encumbrances disclosed in FrontierVision's Disclosure Schedule.

(5) Indebtedness. Permit the FrontierVision Companies to incur any additional indebtedness for borrowed money except pursuant to the Debt Documents listed in Section 3.8 of FrontierVision's Disclosure Schedule and that (if not repaid at or prior to the Closing) is included in Adjustment Liabilities in the computation of Closing Net Liabilities.

(6) Marketing Programs. Implement any new marketing plans that are materially different from marketing plans previously implemented by the FrontierVision Companies.

(7) Channel Lineups; Rate Changes. Make channel additions or channel substitutions or change the channel lineup for any System or change the customer rates charged by any System or enter into any new carriage agreements, except as set forth in Section 6.1 of FrontierVision's Disclosure Schedule.

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(b) Affirmative Covenants. FVP shall, and shall cause the FrontierVision Companies to, do the following:

(1) Access to Information. Subject to Buyer's obligations hereunder to maintain the confidentiality of Confidential Information, allow Buyer and its authorized representatives reasonable access during normal business hours to the Assets, physical plant, offices, properties and records for the purpose of inspection, and furnish or cause to be furnished to Buyer or its authorized representatives all information with respect to the Assets or the FrontierVision Companies that Buyer may reasonably request. Any investigation or request for information shall be conducted in such a manner as not to interfere with the business or operations of the Systems. Buyer hereby agrees that it shall promptly provide written notice to FVP or such Seller if based upon information provided to Buyer or through its investigation, Buyer determines that FVP or a Seller is in breach in any material respect of any of its representations or warranties set forth in this Agreement.

(2) Insurance. Maintain the existing insurance policies on the Systems and the Assets (or comparable replacement policies).

(3) Books and Records. Maintain the FrontierVision Companies' books and records in accordance with past practices.

(4) Financial Information. Furnish to Buyer within forty-five days after the end of each month between the date hereof and the Closing Date, an unaudited consolidated balance sheet and statement of operations and statement of cash flows for the FrontierVision Companies for such month, which financial information shall be prepared from the FrontierVision

Companies' books and records maintained in the ordinary course of business in accordance with past practices.

(5) Compliance with Laws. Comply in all material respects with all Legal Requirements applicable to the FrontierVision Companies and the operation of the Systems.

(6) Keep Organization Intact. Except with respect to any voluntary departure of any of the FrontierVision Companies' employees between the date hereof and Closing, use its commercially reasonable efforts to preserve intact its business and organization relating to the Systems and preserve for Buyer the goodwill of the FrontierVision Companies' suppliers, customers and others having business relations with it.

(7) Specified Rebuild and Upgrade Projects. Proceed with the rebuild and upgrade projects identified in Section 2.5 of FrontierVision's Disclosure Schedule in the ordinary course of business.

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(8) Franchise Renewal Letters. File a request for renewal under Section 626(a) of the Cable Act with the proper Franchising Authority with respect to each Franchise in respect of which the time period for making such filing will expire on or before the Closing Date.

(9) Year 2000 Remediation Plan. Proceed with the Year 2000 Remediation Plan of the FrontierVision Companies in accordance in all material respects with the provisions of such plan, a copy of which has been provided to Buyer.

(10) Rate Changes. Implement the rate changes set forth in Section 6.1 of FrontierVision's Disclosure Schedule in accordance with the implementation schedule set forth therein with respect to each such rate change.

(11) Purchase and Sale Agreement Indemnification Claims. Pursue in the ordinary course of business consistent with the past practice of the FrontierVision Companies any indemnification claims regarding the condition of any of the Systems acquired from the "sellers" under the purchase and sale agreements referred to in Section 3.11(i) that the FrontierVision Companies may have against such "sellers" pursuant to the indemnification provisions thereof. The FrontierVision Companies will apply any payments actually collected after the date of this Agreement in respect of any such claims to remedying the matter in respect of which the payments were collected or will include the amount of any such payment that is not so applied as an Adjustment Liability in the Computation of Closing Net Liabilities (but shall have no obligation pursuant to this provision to expend more than the amount collected on remedying such matter).

(c) Certain Permitted Actions. Notwithstanding anything in this Agreement (including Sections 6.1(a) and (b) above) to the contrary, Buyer consents and agrees as follows:

(1) Contractual Commitments. FVP, the General Partner and the other FrontierVision Companies may comply with all of their contractual commitments under their existing Contracts and under any Contracts entered into after the date of this Agreement in compliance with Section 6.1(a)(2) or with Buyer's consent (in each case, as such Contracts may be in effect from time to time in accordance with Section 6.1(a)(2) or with Buyer's consent). FVP, the General Partner and the other FrontierVision Companies may take such actions as are contemplated by the other Sections of this Agreement (excluding Sections 6.1(a) and (b)) and otherwise comply with their obligations under the other Sections of this Agreement (excluding Sections 6.1(a) and (b)).

(2) Pending Acquisitions/Swaps/Sales. The FrontierVision Companies may consummate the transactions set forth in Section 6.1 of FrontierVision's Disclosure Schedule.

(3) Holdings Exchange Offer. FrontierVision Holdings, L.P. and FrontierVision Holdings Capital II Corporation may consummate the Exchange Offer and comply with its other obligations contemplated in the Registration Rights Agreement dated as of December 9, 1998

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among FrontierVision Holdings, L.P., FrontierVision Holdings Capital II Corporation, J.P. Morgan Securities Inc. and Chase Securities Inc.

(4) Excluded Assets. The FrontierVision Companies may assign each of the Excluded Assets to the General Partner, its designees or any other Person prior to the Closing; provided that such assignments, either individually or in the aggregate, do not result in any adverse Tax consequence to any of the FrontierVision Companies which is not included in Adjustment Liabilities in the computation of Closing Net Liabilities.

(5) Other Matters. The FrontierVision Companies may take the other actions set forth in Section 6.1 of FrontierVision's Disclosure Schedule.

6.2 Confidentiality; Press Release.

(a) FVP and the Sellers may from time to time in the course of this transaction disclose to Buyer information and material concerning FVP and the Sellers, the FrontierVision Companies, the Assets and the Systems, including proprietary information, contracts, marketing information, technical information, product or service concepts, subscriber information, rates,

financial information ideas, concepts and research and development (any of the foregoing and any analysis, compilations, studies or other documents prepared by or on behalf of Buyer in respect thereof are hereafter collectively referred to as "Confidential Information"). The term "Confidential Information" does not include any item of information that (1) is publicly known at the time of its disclosure, (2) is lawfully received from a third party not bound in a confidential relationship with a party hereto, (3) is published or otherwise made known to the public by any source other than a party bound by the provisions hereof, or (4) was generated by Buyer independently. Buyer agrees that Confidential Information received from FVP and the Sellers shall be used solely in connection with the transaction contemplated by this Agreement. Buyer agrees that it shall treat confidentially and not directly or indirectly, divulge, reveal, report, publish, transfer or disclose, for any purpose whatsoever (other than to its investors, financing sources and agents for the purpose of consummating the transactions contemplated by this Agreement, each of whom shall maintain the confidentiality of such Confidential Information), all or any portion of the Confidential Information disclosed to it by FVP or the Sellers. In the event of a breach of the covenants contained in this Section 6.2, FVP and the Sellers shall be entitled to seek injunctive relief as well as any and all other remedies at law or equity. If the Closing does not occur, the Confidential Information, except for that portion which consists of analysis, compilations, studies or other documents prepared by or on behalf of Buyer, will be returned to FVP or the Sellers, as appropriate, immediately upon FVP's or a Seller's request therefor; and that portion of the Confidential Information which consists of analysis, compilations, studies or other documents prepared by or on behalf of Buyer will be held by Buyer and kept confidential and subject to the terms of this Section 6.2, or will be destroyed.

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(b) No party will issue any press release or make any other public announcements concerning this Agreement or the transaction contemplated hereby except in consultation with the other parties, except for disclosures required by law (including any legal obligations imposed on Buyer in connection with its status as a publicly-held corporation and any legal obligations imposed on any of the FrontierVision Companies in connection with their status as reporting companies under the Exchange Act or in connection with the Holdings Exchange Offer contemplated in Section 6.1(c)(3)). With respect to press releases or any other public announcements required by law (including the legal obligations referred to in the parenthetical clause of the immediately preceding sentence), the party intending to make such release or disclosure shall provide the other parties with an advance copy and a reasonable opportunity to review.

6.3 Cooperation; Commercially Reasonable Efforts.

The parties shall cooperate with each other and their respective counsel and accountants in all commercially reasonable respects in connection with any actions required to be taken as part of their respective obligations

under this Agreement, and otherwise use their commercially reasonable efforts to consummate the transactions contemplated hereby and to fulfill their obligations hereunder as expeditiously as practicable. Buyer shall provide to FVP and Sellers such information relating to Buyer and its Subsidiaries and their businesses and operations as FVP and Sellers shall reasonably request. FVP shall provide to Buyer such information relating to the FrontierVision Companies and their businesses and operations as Buyer shall reasonably request. Following the execution of this Agreement FVP and Buyer will negotiate in good faith to agree to a mutually satisfactory Programming Supply Agreement consistent in all material respects with the discussions to date between the parties with respect to the subject matter thereof. .

6.4 Consents.

Subject to the other provisions of this Section 6.4 and this Agreement, the parties agree as follows:

(a) Following the execution hereof, FVP shall use commercially reasonable efforts, and shall cause the FrontierVision Companies to use commercially reasonable efforts, to obtain as expeditiously as possible all Consents (other than the Credit Agreement Consent and the GECC Facility Consent, which shall be governed solely by Section 6.7(a) or Section 6.7(c) as appropriate), required to be obtained by the FrontierVision Companies, including Consents under the Franchises, Licenses and Contracts of the FrontierVision Companies, and the renewal of the Renewal Franchises. Buyer agrees to cooperate with FVP and the FrontierVision Companies in all commercially reasonable respects in obtaining the foregoing Consents and renewals. In furtherance of the foregoing, FVP and Buyer agree to cooperate in preparing and completing an application on FCC Form 394 (or other appropriate form) and appropriate letters of transmittal for each Franchise Consent listed in Section 3.4 of FrontierVision's Disclosure Schedule and use their best efforts to file completed applications with

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the appropriate Franchising Authorities within thirty days after the execution of this Agreement (and in any event within forty-five days after the execution of this Agreement). Effective upon filing of each Franchise Consent application, FVP and Buyer shall be deemed to have agreed that such application is "facially complete." FVP and Buyer also agree to cooperate in preparing and completing an appropriate application and letters of transmittal for each Consent listed in Section 3.4 of FrontierVision's Disclosure Schedule relating to Licenses and Contracts of the FrontierVision Companies and using their best efforts to file completed applications with the FCC or other appropriate Person within thirty days after the execution of this Agreement (and in any event within forty-five days after the execution of this Agreement). FVP shall also use commercially reasonable efforts to cause all such Consents relating to Franchises and Contracts to include a provision that permits Buyer to transfer the Purchased Interests to any Affiliate of Buyer that agrees in writing as a condition to such transfer to be bound by any and all obligations of Buyer in connection

therewith; provided that FVP shall have no additional obligation with respect to obtaining such a provision if the inclusion of such a provision would cause such Consent to be unreasonably withheld, delayed or otherwise conditioned; and provided further that if the Franchising Authority or other Person from whom such Consent is requested objects to the inclusion of such a provision such request will be immediately withdrawn.

(b) In the event that after the execution of this Agreement, FVP and Buyer mutually agree that an application on FCC Form 394 is required to be filed in order to request a Franchise Consent that is not listed in Section 3.4 of FrontierVision's Disclosure Schedule, FVP and Buyer agree to cooperate in preparing and completing an application on FCC Form 394 (or other appropriate form) and appropriate letters of transmittal and using their best efforts to file a completed application with the appropriate Franchising Authority within ten days after FVP and Buyer agree that Consent is required. Effective upon filing of each Franchise Consent application, FVP and Buyer shall be deemed to have agreed that such application is "facially complete."

In the event that after the execution of this Agreement, a Franchising Authority that did not receive a Franchise Consent request on FCC Form 394 (or other appropriate form) pursuant to Section 6.4(a) asserts that its Consent is required in order to consummate the transactions contemplated by this Agreement, FVP and Buyer will notify the other party and cooperate with each other in good faith to determine whether they agree that Consent is required. If FVP and Buyer cannot agree within five business days after both parties are notified of such Franchising Authority's assertion, FVP and Buyer shall mutually retain a law firm to make the final determination (which law firm shall be experienced in cable franchising matters and shall not then serve as legal counsel to any of the FrontierVision Companies or Buyer). The selected law firm shall endeavor to resolve the dispute as promptly as practicable and such firm's resolution of the dispute shall be final and binding on the parties. All of the costs and expenses of the selected law firm and its services rendered pursuant to this paragraph shall be borne by whichever of FVP or Buyer is the nonprevailing party.

If it is finally determined pursuant to this Section 6.4(b) (by agreement of FVP and Buyer or by resolution of a law firm) that a Franchise Consent is required from such Franchising Authority, and the

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Franchise in question relates to a Franchise Area that serves a number of subscribers equal to or greater than the number of subscribers served by the Franchise Area that serves the fewest number of subscribers of all of the Franchise Areas related to the Material Consent Franchises (based on the number of subscribers specified for each such Franchise Area in Section 3.11(A) of FrontierVision's Disclosure Schedule) (such a Franchise, a "Designated Material Consent Franchise"), then FVP and Buyer agree to cooperate in preparing and completing an application on FCC Form 394 (or other appropriate form) and appropriate letters of transmittal and using their best efforts to file a

completed application with the appropriate Franchising Authority within ten days after the date it is determined a Franchise Consent is required. Effective upon filing of each Franchise Consent application, FVP and Buyer shall be deemed to have agreed that such application is "facially complete."

If it is finally determined pursuant to this Section 6.4(b) (by agreement of FVP and Buyer or by resolution of a law firm) that a Franchise Consent is required from such Franchising Authority but the Franchise in question is not a Designated Material Consent Franchise (all such Franchises that are not a Designated Material Consent Franchise, a "Designated Non-Material Consent Franchise"), and the Franchise Areas relating to all such Designated Non-Material Consent Franchises serve in the aggregate at least 35,000 subscribers (based on the number of subscribers specified for each such Franchise Area in Section 3.11(A) of FrontierVision's Disclosure Schedule), then (except to the extent that Buyer agrees that no Franchise Application will be filed for a particular Designated Non-Material Consent Franchise), FVP and Buyer agree to cooperate in preparing and completing an application on FCC Form 394 (or other appropriate form) and appropriate letters of transmittal for each Designated Non-Material Consent Franchise identified to such date and using their best efforts to file a completed application with the appropriate Franchising Authority within ten days after the date it is determined such filings are required pursuant to this paragraph. Effective upon filing of each Franchise Consent application, FVP and Buyer shall be deemed to have agreed that such application is "facially complete."

(c) FVP and Buyer shall promptly furnish to any Governmental Authority or other Person from whom a Consent or Franchise renewal is requested such accurate and complete information regarding the FrontierVision Companies and Buyer, including financial information and other information relating to the cable and other media operations of the FrontierVision Companies and Buyer, as a Governmental Authority or other Person may reasonably require in connection with obtaining any such Consent or renewal. Notwithstanding anything in this Agreement to the contrary, but subject to the provisos below in this Section 6.4(c), Buyer acknowledges and agrees that FVP will control and manage the process of obtaining such Consents and Franchise renewals and that neither Buyer nor any of its employees, agents, representatives or any other Person acting on behalf of Buyer will contact any Governmental Authority or other Person who is party to a Franchise, License or Contract of the FrontierVision Companies, including those from whom a Consent or Franchise renewal is sought, for the purpose of seeking any amendment, modification or changes to any Franchise, License or Contract, for the purpose of waiving or extending the time period in which such Governmental Authority or other Person is required to act on the request for Consent or renewal, or for any other purpose that would have the result of unduly hindering or delaying the receipt of any such Consent,

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waiver or renewal; provided that it is understood and agreed that nothing herein shall prevent Buyer (or its employees, agents, representatives and any other

Person acting on behalf of Buyer) from communicating (by letter, press release, or otherwise) following consultation with FVP with any such Governmental Authority (whether or not a Consent is being sought from it) in order to provide information relating to Buyer and transition issues regarding Buyer and the Systems following the Closing Date or from responding to requests initiated by Governmental Authorities or other Persons from whom a Consent is sought so long as such response does not relate to any of the foregoing prohibited matters and Buyer shall use commercially reasonable efforts to apprise FVP of all such requests.

(d) If in connection with the process of obtaining any Consent, a Governmental Authority or other Person seeks to impose any condition or any change to a Franchise, License or Contract to which such Consent relates that would be applicable to Buyer or any FrontierVision Company as a requirement for granting its Consent, FVP shall promptly notify Buyer of such fact and FVP shall not agree to such condition or change except as agreed to by Buyer in writing; provided that if such condition or change relates to a Consent with respect to a Material Consent Franchise or a Designated Material Consent Franchise that is then in the Renewal Window, Buyer hereby accepts (and agrees that FVP may accept on behalf of Buyer and the FrontierVision Companies without the need for any further agreement by Buyer in writing) any such conditions or changes that are commercially reasonable taken as a whole (it being agreed by Buyer for purposes of this Agreement, without limiting whether any other terms are commercially reasonable, that so long as the proposed renewal term of such Franchise is at least ten years, that a requirement to complete an upgrade/rebuild of the System serving such Franchise Area up to 750 MHz by a date that is no earlier than three years from the Closing Date and/or a requirement to pay franchise fees up to the amount permitted by the Cable Act is commercially reasonable). For purposes of this Agreement, the term "Renewal Window" means that the Franchise in question is due to expire within three years from the date of determination.

If in connection with the process of obtaining a renewal of any Renewal Franchise, a Franchising Authority seeks to renew such Franchise on terms that differ in any materially adverse respect from the terms of the existing Franchise, FVP shall promptly notify Buyer of such fact and FVP shall not agree to such condition or change except as agreed to by Buyer in writing; provided that Buyer hereby accepts (and agrees that FVP may accept on behalf of Buyer and the FrontierVision Companies without the need for any further agreement by Buyer in writing) the following: (1) a renewal of the City of Auburn (ME), City of Lewiston (ME), and Town of Lisbon (ME) Franchises on substantially the same terms as the respective terms of renewal specified in such existing Franchises; (2) a renewal of the Town of Tremont (ME), Town of Bar Harbor (ME), City of Old Town (ME), and Town of Orrington (ME) Franchises on substantially the same terms as the terms of the existing City of Bangor (ME) Franchise; (3) a renewal of the Town of Southwest Harbor (ME) Franchise on substantially the same terms as the terms contained in the draft franchise proposal previously delivered to Buyer; (4) a renewal of the Village of Holgate (OH) Franchise on substantially the same terms as the terms contained in the draft franchise proposal previously delivered to Buyer; (5) a renewal of the City of

Defiance (OH) Franchise on substantially the same terms as the terms contained in the draft franchise proposal previously delivered to Buyer; (6) a renewal of the Village of Albany (OH) and Town of Spring Hope (NC) Franchises on terms that are commercially reasonable taken as a whole (it being agreed by Buyer for purposes of this Agreement, without limiting whether any other terms are commercially reasonable, that so long as the proposed renewal term of the Renewal Franchise is at least ten years, that a requirement to complete an upgrade/rebuild of the System serving such Franchise Area up to 750 MHz by a date that is no earlier than three years from the Closing Date and/or a requirement to pay franchise fees up to the amount permitted by the Cable Act is commercially reasonable).

Buyer agrees that all fees, costs and expenses of such conditions or changes shall be borne by Buyer directly or indirectly as the owner of the FrontierVision Companies. Buyer also agrees that after the Closing it will cause the FrontierVision Companies to comply with the provisions of all of the Franchises and will not withhold its consent to any requirement that the FrontierVision Companies comply with the rebuild/upgrade requirements contained in the Franchises as set forth in Section 6.4 of FrontierVision's Disclosure Schedule (as such requirements may be modified with Buyer's consent) that is imposed by a Franchising Authority as a condition to its approval of a request for Consent or request for a Franchise renewal.

(e) If prior to the Closing hereunder any Franchising Authority purchases the assets of any System (or portion thereof) that serves the Franchise Area covered by the Franchise granted by such Franchising Authority pursuant to any right of first refusal in such Franchise that is triggered by the consummation of the purchase and sale of the Purchased Interests, an amount equal to the product of (1) the number of Closing Equivalent Subscribers represented by the subscribers served in such Franchise Area (determined as if the effective time of the consummation of the respective sale of such to the Franchising Authority were the Adjustment Time hereunder) multiplied by (2) \$2,928 shall be included as an Adjustment Liability in the computation of Closing Net Liabilities, and the target number of 700,000 Closing Equivalent Subscribers referred to in Section 2.5(a) shall be reduced by such number of Closing Equivalent Subscribers. FVP will not agree and will not permit the FrontierVision Companies to agree to sell the assets of any System (or portion thereof) pursuant to a right of first refusal in a Franchise as described above if the closing thereof would occur after the Closing hereunder and the purchase consideration would be less than the amount equal to the product of (1) the number of Closing Equivalent Subscribers represented by the subscribers served in such Franchise Area (determined as if the effective time of the consummation of the respective sale of such to the Franchising Authority were the Adjustment Time hereunder) multiplied by (2) \$2,928.

(f) If, notwithstanding their commercially reasonable efforts,

FVP and the other FrontierVision Companies are unable to obtain any required Consents or Franchise renewal, none of FVP or any of the Sellers shall be liable to Buyer for any breach of covenant and after the Closing none of FVP or any of the Sellers shall have any further obligation with respect to obtaining any such Consents or renewals or any liability for the failure of such Consents or renewals to be obtained. Except as provided in this Agreement or with respect to the Credit Agreement Consent, nothing herein

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shall require the expenditure or payment of any funds (other than in respect of normal and usual attorneys fees, filing fees or other normal costs of doing business) or the giving of any other consideration by FVP, any Seller or any of the FrontierVision Companies in order to obtain any Consent or renewal.

6.5 HSR Act Filing.

(a) As soon as practicable after the execution of this Agreement, but in any event no later than forty-five days after such execution, FVP, as the "acquired person," and Buyer, as the "acquiring person," will each complete and file, or cause to be completed and filed, a premerger notification and report under the HSR Act that is consistent with the rules and regulations of the Federal Trade Commission (the "FTC") and that requests early termination of the waiting period imposed by the HSR Act. FVP and Buyer shall use commercially reasonable efforts to respond as promptly as reasonably practicable to any inquiries received from the FTC and the Antitrust Division of the Department of Justice (the "Antitrust Division") for additional information or documentation and to respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters. FVP and Buyer shall use commercially reasonable efforts to overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental Authority having jurisdiction over antitrust matters. The fees relating to the filings required by the HSR Act shall be shared equally by Buyer, on the one hand, and Sellers, on the other hand.

(b) Each of the other parties to this Agreement and their Affiliates will cooperate with FVP and Buyer in causing such filings to be made as expeditiously as practicable, will promptly file, after any request by the FTC or Antitrust Division and after appropriate negotiation with the FTC or the Antitrust Division of the scope of such request, any information or documents so requested, and will furnish FVP and Buyer with copies of any correspondence from or to, and notify FVP and Buyer of any other communications with, the FTC and Antitrust Division that relates to the transactions contemplated by this Agreement.

(c) If the parties subsequently determine that any filing by any of the Sellers or their Affiliates is required in connection with the consummation of the transactions contemplated by this Agreement, including the

acquisition by any of the Sellers of ACC Class A Common Stock, such Seller and, as necessary, Buyer, will each complete and file, or cause to be completed and filed, a premerger notification and report under the HSR Act that is consistent with FTC rules and regulations and that requests early termination of the waiting period imposed by the HSR Act. Each of the parties making such filings shall use commercially reasonable efforts to: (1) respond as promptly as reasonably practicable to any inquiries received from the FTC and the Antitrust Division for additional information or documentation; (2) respond as promptly as reasonably practicable to all inquiries and requests received from any other Governmental Authority in connection with antitrust matters; and (3) overcome any objections which may be raised by the FTC, the Antitrust Division or any other Governmental

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Authority having jurisdiction over antitrust matters. The filing fees related to any filing required to be made under this subsection (c) shall be shared equally between the "acquiring person" and the "acquired person" for each such filing, except that if any filing is required solely as a result of the purchase and sale of the SPC Stock contemplated hereby (as opposed to direct partnership interests in FVP), any filing fees related to such filings shall be paid solely by the SPC Seller(s) who own(s) the SPC Stock in question.

6.6 Buyer's Qualifications and Financing.

(a) Buyer will not take any action that does, or could reasonably be expected to, disqualify Buyer to be the transferee of control of the FrontierVision Companies as the holder of the Franchises and the owner and operator of the Assets and Systems. Should Buyer become aware of any fact or circumstance that would disqualify Buyer as the transferee of control of the FrontierVision Companies, Buyer will promptly notify FVP and Sellers in writing thereof and will remove any such disqualifying fact or circumstance.

(b) Buyer will not take any action that is inconsistent with its obligations under this Agreement or which does, or would reasonably be expected to, materially hinder or delay the consummation of the transaction contemplated by this Agreement. Without limiting the generality of the foregoing, at all times between the date hereof and the Closing Date, Buyer will take all necessary or advisable actions to ensure, and Buyer will ensure, that Buyer is able to deliver the Cash Consideration and the Stock Consideration at Closing. From the date hereof until Closing, Buyer will promptly notify FVP and Sellers of any event that occurs or circumstance that arises that could prevent Buyer from being able to deliver the Cash Consideration or Stock Consideration at Closing.

6.7 Discharge of Debt Documents.

(a) Promptly following the execution of this Agreement, FVP will approach the agent banks under the Credit Agreement to seek requisite

lender consent (the "Credit Agreement Consent") to permit the outstanding loans and commitments under the Credit Agreement to remain outstanding after the Closing, and FVP will use its best efforts to obtain such Consent. FVP will keep Buyer reasonably informed as to FVP's inquiries and the agent banks' responses with respect thereto. Buyer acknowledges and agrees that FVP has no obligation (other than to use best efforts as provided above) to obtain the Credit Agreement Consent and that obtaining the Credit Agreement Consent is not a condition precedent to Buyer's obligations hereunder and that this Section 6.7(a) in no way limits Buyer's obligation under Section 6.7(b) if the indebtedness under the Credit Agreement becomes due and payable at the Closing. FVP shall afford Buyer the opportunity to discuss and negotiate the Credit Agreement Consent with the agent banks and other lenders under the Credit Agreement. It is understood and agreed that both FVP and Buyer shall have a reasonable opportunity to review and the right to approve the Credit Agreement Consent documentation and terms thereof prior to execution thereof.

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(b) If the Credit Agreement Consent is not obtained, Buyer shall cause all obligations of the FrontierVision Companies under the Credit Agreement (including all principal, accrued and unpaid interest and all other amounts) that becomes due and payable concurrently with the consummation of the Closing to be discharged in full at the Closing.

(c) Promptly following the execution of this Agreement, FVP will approach General Electric Capital Corporation ("GECC") to seek consent (the "GECC Facility Consent") to permit the Equipment Leasing Facility to remain outstanding after the Closing, and FVP will use its commercially reasonable efforts (which shall in no event require the expenditure or payment of funds or the giving of any other consideration by FVP, any Seller or any of the FrontierVision Companies in order to obtain the GECC Facility Consent) to obtain such Consent. FVP will keep Buyer reasonably informed as to FVP's inquiries and GECC's responses with respect thereto. Buyer acknowledges and agrees that FVP has no obligation (other than to use commercially reasonable efforts as provided above) to obtain the GECC Facility Consent and that obtaining the GECC Facility Consent is not a condition precedent to Buyer's obligations hereunder. If GECC withholds its consent, FVP will cause all indebtedness outstanding under such Equipment Leasing Facility to be repaid at or before the Closing.

(d) Buyer acknowledges and agrees that the Issuers under the Indentures will be required to make an Offer of Redemption under each of the Indentures within thirty days of the Closing Date, in the case of the 1996 Indenture, and within thirty-five days of the Closing Date, in the case of the 1997 Indenture and the 1998 Indenture. Buyer will cause the Issuers to discharge all of their obligations under the Indentures in accordance with their terms.

(e) FVP will cause the FrontierVision Companies to terminate all of its interest rate protection and similar agreements and discharge all of

their obligations thereunder at or prior to the Closing unless Buyer has delivered reasonable prior notice to FVP specifying that Buyer desires the FrontierVision Companies to maintain the effectiveness of one or more of such agreements as specified in Buyer's notice. If the FrontierVision Companies maintain the effectiveness of one or more of such agreements at Buyer's request, the amount of the net asset shall be included as an Adjustment Asset in the computation of Closing Net Liabilities, if applicable, or the amount of the net liability shall be included as an Adjustment Liability in the computation of Closing Net Liabilities, if applicable.

6.8 Retention and Access to the FrontierVision Companies' Records.

Except as provided in Section 6.10(c)(1), the General Partner and Sellers shall, for a period of five years from the Closing Date, have access to, and the right to copy, at their expense, during usual business hours upon reasonable prior notice to Buyer, all of the books and records relating to the FrontierVision Companies, Assets and Systems that were transferred to Buyer pursuant to this Agreement. Buyer shall retain and preserve all such books and records for such five year period. Subsequent to such five year period, Buyer shall only destroy such books and records if there is no

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ongoing litigation, governmental audit or other proceeding, and subsequent to thirty days' notice to the General Partner and Sellers of their right to remove and retain such books and records, or to copy such books and records prior to their destruction.

6.9 Employee Matters.

(a) Except as otherwise provided in this Section 6.9, nothing herein shall require Buyer or the FrontierVision Companies to continue the employment of any employees of the FrontierVision Companies for any period of time following the Closing. Within thirty days after representatives of Buyer meet with the FrontierVision Companies' corporate-level employees to discuss employment opportunities with Buyer following the Closing, FVP shall provide to Buyer a list of all employees of the FrontierVision Companies and shall designate those corporate-level employees that are not available for continued employment with the FrontierVision Companies following the Closing. Within a reasonable period of time following the receipt of such list and no less than sixty days prior to the Closing Date, Buyer shall provide FVP with written notice of which of the available employees of the FrontierVision Companies Buyer intends to retain following the Closing (the "Assumed Employees"). FVP shall cause the FrontierVision Companies to terminate the employment of all employees that are not Assumed Employees on or prior to the Closing. Notwithstanding the foregoing, Buyer agrees to provide FVP with written notice of which of the available employees of the FrontierVision Companies Buyer intends to retain following the Closing at least 100 days prior to the Closing in the event that Buyer intends to terminate or to cause any FrontierVision Company to terminate

50 or more employees (when considered together with those employees to be terminated as designated by any FrontierVision Company) during the 90-day period prior to and including the Closing to permit FVP to make any required notices under the Worker Adjustment and Retraining Notification Act, as amended ("WARN Act"). In the event that Buyer fails to provide such notice to FVP, Buyer agrees that it will retain a sufficient number of employees employed by the FrontierVision Companies as of the Closing to ensure that 50 or more employees do not experience "employment loss" as that term is defined in the WARN Act during the 90-day period prior to and including the Closing. Buyer shall continue to employ such employees for a period of at least 90 days after the Closing, except for such employees who voluntarily terminate employment, retire or are discharged for cause. Buyer shall be solely responsible for and shall indemnify and hold Sellers harmless from any liability arising under the WARN Act after the Closing arising out of Buyer's failure to provide adequate advanced written notice to FVP or arising out of Buyer's failure to continue the employment of any FrontierVision Company employee as required in this Section 6.9(a). Buyer shall have no obligation to provide severance benefits to any employee of the FrontierVision Companies who terminate employment on or prior to Closing.

(b) As of and immediately after the Closing each Assumed Employee shall be employed in the same position and on the same terms and conditions prevailing as of the Closing, and each Assumed Employee who continues his employment after the Closing shall receive credit for past service with any of the FrontierVision Companies for all purposes of eligibility and vesting under

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Buyer's Employee Plans and for all other purposes under Buyer's vacation, sick leave or other benefit programs or arrangements. Buyer shall not otherwise be required to maintain any particular level of benefits for any of the Assumed Employees except that Buyer will not discuss any potential changes in employment terms or benefits with the Assumed Employees prior to the Closing. Notwithstanding the foregoing, upon Buyer's request, FVP will coordinate with Buyer to permit Buyer to meet with any of the corporate-level Assumed Employees to discuss employment opportunities following the Closing, including position, salary and other employment benefits (and the requirement that such employee must continue employment in the same position and on the same terms and conditions shall not apply to any corporate-level Assumed Employees).

(c) Buyer shall assume full responsibility and liability for offering and providing "continuation coverage" to any "qualified beneficiary" who is covered by a "group health plan" sponsored or contributed to by any FrontierVision Company or any of their ERISA Affiliates and who has experienced a "qualifying event" or is receiving "continuation coverage" on or prior to the Closing. "Continuation coverage," "Qualified beneficiary," "Qualifying event" and "group health plan" all shall have the meanings given such terms under Section 4980B of the Code and Section 601 et seq. of ERISA. Buyer shall hold the

FrontierVision Companies and any entity required to be combined with the FrontierVision Companies (within the meaning of Sections 414(b), (c), (m) or (o) of the Code) harmless from and fully indemnify them against any costs, expenses, losses, damages and liabilities incurred or suffered by them directly or indirectly, including, but not limited to, reasonable attorneys' fees and expenses, which relate to continuation coverage and arise as a result of any action or omission by any FrontierVision Company or any of their ERISA Affiliates or because Buyer is deemed to be a successor employer to any FrontierVision Company or any of their ERISA Affiliates.

(d) If the employment of any Assumed Employee who continues his employment with the FrontierVision Companies after the Closing is terminated within the one-year period immediately following the Closing, such employee shall be entitled to receive severance benefits in accordance with the provisions of the FrontierVision Severance Pay Plan disclosed in Section 3.13 of FrontierVision's Disclosure Schedule. Notwithstanding the foregoing or anything in the FrontierVision Severance Pay Plan to the contrary, Buyer shall have no obligation to provide any severance benefits to any such employee discharged for cause.

(e) At or prior to the Closing, FVP and the other FrontierVision Companies shall enter into appropriate release agreements with James C. Vaughn and John S. Koo, pursuant to which each party irrevocably waives, releases and forever discharges the other party (including the agents, servants, employees, directors, officers, affiliates, divisions, partners and representatives of FVP and the other FrontierVision Companies) of and from any and all actions, causes of actions, charges, complaints, claims, liabilities, and expenses (including, without limitation, attorneys' fees and costs) of any nature whatsoever, known or unknown, in law and equity, arising from the employment agreements by and between FVP and each of James C. Vaughn and John S. Koo.

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(f) At the Closing, Buyer shall cause all amounts due under the FrontierVision Partners, L.P. Executive Deferred Compensation Plan to be paid as directed by FVP. An amount equal to the aggregate amount of such payments shall be included as an Adjustment Liability in the computation of Closing Net Liabilities. The participants under the Plan shall deliver appropriate releases to Buyer with respect to its rights under the Plan contingent upon receipt of the Closing payment due to such participant.

6.10 Tax Matters.

The following provisions shall govern the allocation of responsibility between Buyer and Sellers for certain tax matters following the Closing Date:

(a) Tax Periods Ending on or Before the Closing Date. The

General Partner shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the FrontierVision Companies for all periods ending on or prior to the Closing Date which are required to be filed after the Closing Date. Such Tax Returns shall be prepared in accordance with each FrontierVision Company's past custom and practice (subject to applicable Legal Requirements and determined on the basis of the appropriate permanent records of such FrontierVision Company), and allocations of items of income and gain and loss and deduction shall be made using the closing of the books method. In the case of any FrontierVision Company that is a partnership or limited liability company, such Tax Returns shall be prepared in accordance with the Charter Documents of such FrontierVision Company as in effect on the Closing Date. In preparing each FrontierVision Company's Tax Returns, the General Partner shall consult with Buyer in good faith and shall provide Buyer with drafts of such Tax Returns (together with the relevant back-up information) for review at least twenty days prior to filing. After the Closing, Buyer shall not prepare or cause to be prepared or file or cause to be filed any Tax Return for the FrontierVision Companies for any period ending on or prior to the Closing Date, except as any Seller adversely affected thereby may agree in writing.

(b) Tax Periods Beginning Before and Ending After the Closing Date. Buyer shall prepare or cause to be prepared and file or cause to be filed any Tax Returns of the FrontierVision Companies for Tax periods which begin before the Closing Date and end after the Closing Date. Such Tax Returns shall be prepared in accordance with each FrontierVision Company's past custom and practice (subject to applicable Legal Requirements and determined on the basis of the appropriate permanent records of such FrontierVision Company). In preparing such Tax Returns, Buyer shall consult with the General Partner in good faith and shall provide the General Partner with drafts of such Tax Returns (together with the relevant back-up information) for review at least twenty days prior to filing.

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(c) Cooperation on Tax Matters.

(1) Buyer and the General Partner shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the filing of Tax Returns pursuant to this Section 6.10 and any audit, litigation, or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Buyer and the General Partner agree (A) to retain all books and records with respect to Tax matters pertinent to the FrontierVision Companies relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Buyer or the General Partner, any extensions thereof) of the

respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (B) to give the other party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Buyer or the General Partner, as the case may be, shall allow the other party to take possession of such books and records to the extent they would otherwise be destroyed or discarded.

(2) Buyer and the General Partner further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any Governmental Authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including Taxes with respect to the transactions contemplated hereby).

(d) Tax Sharing Agreements. All tax sharing agreements or similar agreements with respect to or involving the FrontierVision Companies shall be terminated as of the Closing Date and, after the Closing Date, the FrontierVision Companies shall not be bound thereby or have any liability thereunder.

(e) Certain Taxes. All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement shall be borne one-half by Buyer and one-half by Sellers. Buyer and the General Partner will cooperate in all reasonable respects to prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees.

6.11 FrontierVision Name.

Buyer agrees that the General Partner shall retain the right to the name "FrontierVision" after the Closing and agrees to change the name of each of the FrontierVision Companies within one year after the Closing to a name that does not include any variant of "FrontierVision" and agrees not to

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otherwise use the "FrontierVision" name or any variant thereof thereafter, subject to Buyer's indemnification obligations under Section 10.4(c).

6.12 Releases.

After the Closing neither Buyer nor its Affiliates will have any claim against (except as expressly provided in Article 10), or be entitled to enforce any provision of the existing partnership agreement of FVP (or either of the Limited Partnership Interests and Note Purchase Agreements pursuant to which the

Sellers made their investments in FVP) against, any Seller or any Affiliate of any Seller or any officer or director of any Seller or any Affiliate of any Seller, and any and all such claims (except claims made pursuant to Article 10) are hereby waived and released. At the Closing, subject to Section 6.13, each Seller shall execute and deliver to Buyer a Seller Release. At the Closing, subject to Section 6.13, each Person designated on Exhibit H shall execute and deliver to Buyer a Management Release.

6.13 Directors and Officers Insurance.

Prior to the Closing FVP will purchase on behalf of the FrontierVision Companies a General Partners Liability/Limited Partnership Reimbursement insurance policy in scope and coverage substantially similar to the policy quotation received by Buyer from American Dynasty Surplus Line Insurance Company on February 16, 1999, covering the officers and directors of the FrontierVision Companies and the members of FVP's Advisory Committee. The amount of any premiums paid by the FrontierVision Companies prior to the Adjustment Time in respect of such policy shall be included as an Adjustment Asset in the computation of Closing Net Liabilities. Buyer agrees to cause the FrontierVision Companies to keep such policy in effect for at least the three year period following the Closing Date.

6.14 Rate Regulatory Matters.

The parties acknowledge and agree that notwithstanding anything in this Agreement or any other Transaction Document to the contrary (including any representation or warranty made by FVP in Sections 3.11(e), 3.15 or 3.16), any matter relating to, in connection with or resulting or arising from any Rate Regulatory Matter, or any actions taken prior to or after the date hereof by any FrontierVision Company to comply with or in a good faith attempt to comply with any Rate Regulatory Matter (including any rate reduction, refund, penalty or similar action having the effect of reducing the rates previously or subsequently paid by subscribers, whether instituted or implemented by or imposed on any FrontierVision Company and changes to rate practices instituted or implemented by or imposed on any FrontierVision Company), shall not: (a) cause or constitute, directly or indirectly, a breach by any FrontierVision Company or any Seller of any of its representations, warranties, covenants or agreements contained in this Agreement or any other Transaction Document (and such representations, warranties, covenants, and agreements shall hereby be deemed to be modified appropriately to reflect and permit

the impact and existence of such Rate Regulatory Matters and to permit any action by any FrontierVision Company to comply with or attempt in good faith to comply with such Rate Regulatory Matters; (b) otherwise cause or constitute,

directly or indirectly, a default or breach by any FrontierVision Company or any Seller under this Agreement or any other Transaction Document; (c) result in the failure of any condition precedent to the obligations of Buyer under this Agreement or any other Transaction Document; (d) otherwise excuse Buyer's performance of its obligations under this Agreement or any other Transaction Document; or (e) except as expressly provided in Section 10.2(c), give rise to any claim for indemnification or other compensation by Buyer or any adjustment to the Stock Consideration or Cash Consideration.

6.15 Distribution by SPCs of Interest in General Partner; Cancellation of SPC Notes.

(a) Immediately prior to the Closing, each of Brown Brothers Harriman & Co. and Olympus Growth Fund II, L.P., both of which are SPC Sellers, will cause the respective SPC owned by it to distribute, directly or indirectly, to such SPC Seller the limited partnership interest in the General Partner held by such SPC (together with all of its rights and obligations under the partnership agreement of the General Partner). Such partnership interests in the General Partner are not included in the Purchased Interests and shall not be sold and transferred to Buyer hereunder.

(b) Each SPC Seller that holds any SPC Note shall cause all such SPC Notes to be canceled concurrently with the Closing. Buyer shall not assume any liability with respect to any SPC Notes, and no SPC shall have any continuing liability after the Closing with respect to any SPC Notes.

6.16 Cooperation on Buyer SEC Matters.

(a) FVP shall cooperate with Buyer and its counsel and accountants in connection with any filing required to be made by Buyer with the SEC. FVP shall provide to Buyer such information relating to the FrontierVision Companies and their respective business and operations as Buyer may reasonably request. All costs, expenses and fees incurred in connection with the inclusion by Buyer of such information in any such filing shall be borne by Buyer, and Buyer shall indemnify and hold harmless FVP and the Sellers from any Losses resulting from the inclusion by Buyer of any such information in any such filing, except Buyer shall not have any indemnification liability to the FrontierVision Companies to the extent any Losses arise out of any information included by Buyer in reliance upon and in conformity with written information furnished by the FrontierVision Companies expressly for use in connection with such filings.

(b) FVP hereby consents to the inclusion by Buyer of financial statements of the FrontierVision Companies, if requested to be so included by Buyer, in any report required to be filed by Buyer with the SEC, the National Association of Securities Dealers' Automated Quotations ("NASDAQ") System or any stock exchange pursuant to applicable Legal Requirements, including the Securities Act and the Exchange Act. All costs, expenses and fees incurred in connection with the

inclusion by Buyer of financial statements of the FrontierVision Companies in any such report shall be borne by Buyer, and Buyer shall indemnify and hold harmless FVP and the Sellers from any Losses resulting from the inclusion by Buyer of financial statements of the FrontierVision Companies in any such report. FVP agrees to obtain the consent of the independent public accountants of the FrontierVision Companies to the inclusion of such financial statements in any report so required to be filed by Buyer with the SEC, NASDAQ System or any stock exchange.

6.17 Stock Consideration Registration Rights Agreement.

(a) Simultaneously with the execution of this Agreement, and as a material inducement to Sellers to enter into this Agreement, Buyer shall execute and deliver the Stock Consideration Registration Rights Agreement, pursuant to which Buyer will grant Sellers certain rights as provided therein in respect of the shares of ACC Class A Common Stock and other securities constituting the Stock Consideration (such shares and other securities, the "Stock Consideration Registrable Securities"). Buyer shall perform all of its obligations under the Stock Consideration Registration Rights Agreement in accordance with their terms.

(b) Prior to the Closing FVP will make a written request to the "Minor Holders" under the Stock Consideration Registration Rights Agreement with respect to compliance with certain "Sales Notice" procedures, and establish a "preferred broker" to facilitate such Sales Notices, all as more fully described in Paragraph 2(b) of the Stock Consideration Registration Rights Agreement. No "Minor Holder" will be liable to Buyer or any other party for any damages sustained by Buyer or any other party as a result of the failure of such Minor Holder to make a Sales Notice as requested by FVP.

6.18 State Cable Systems.

The FrontierVision Companies acquired certain of the Systems from State Cable TV Corporation and Better Cable TV Company on October 23, 1998 pursuant to a purchase and sale agreement referred to in Section 3.11 of FrontierVision's Disclosure Schedule (the "State Cable Acquisition Agreement"). The FrontierVision Companies have filed, or intend to file after the execution of this Agreement, an indemnification claim against the sellers thereunder based on their breach of certain representations and warranties relating to the bandwidth capacity of such Systems. In consideration of the inclusion as an Adjustment Liability of item (G) in Section 2.5(b)(2), FVP and Buyer hereby agree as follows: (1) Sellers shall be entitled to the first \$5,500,000 which is collected by or on behalf of the FrontierVision Companies, either before or after the Closing hereunder, in respect of such claim (to the extent it relates to the plant miles in respect of which item (G) in Section 2.5(b)(2) relates) and Buyer shall be entitled to any amounts collected in excess of \$5,500,000; and (2) if such claim is not finally resolved prior to the Closing hereunder, Buyer shall offer to engage the General Partner to proceed with the claim on behalf of and as the agent of the FrontierVision Companies, will cooperate and

cause the FrontierVision Companies to cooperate with the General Partner in all reasonable respects in connection therewith, and if any such amounts are collected by or on behalf of

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the FrontierVision Companies after the Closing hereunder, Buyer shall cause the first \$5,500,000 in the aggregate of such monies (less any such amounts collected by the FrontierVision Companies prior to the Closing) to be remitted promptly to the General Partner for the benefit of Sellers; provided, however, that (A) the General Partner shall not be required to accept such engagement or proceed with such claim and Buyer may terminate the engagement of the General Partner at any time provided that Buyer shall still cause the first \$5,500,000 in the aggregate of such monies (less any such amounts collected by the FrontierVision Companies prior to the Closing) to be remitted promptly to the General Partner for the benefit of Sellers except that out of any monies to be remitted to the General Partner pursuant to this clause (B) there shall be deducted Buyer's reasonable out-of-pocket costs and expenses actually incurred, if any, in connection with prosecuting such claim after the Closing and provided further that if the amount of the monies collected after the Closing exceeds \$5,500,000, Sellers shall only bear a pro rata portion of Buyer's out-of-pocket costs and expenses based on a fraction, the numerator of which is equal to \$5,500,000 and the denominator of which is equal to the total amount of the monies collected; and (B) the General Partner shall not waive or settle such claim without the prior written consent of Buyer (which consent shall not be unreasonably withheld) if the settlement relates to any indemnification claim other than the claim described above in subsection (1) or otherwise impairs the rights of the FrontierVision Companies with respect to any other indemnification claims under the State Cable Acquisition Agreement.

6.19 Lien Searches.

FVP shall deliver to Buyer, at least two weeks prior to the Closing Date, an accurate list of the current address of each Seller's respective principal place of business, or if such Seller has no principal place of business, such Seller's respective residence, and upon delivery of such list FVP shall be deemed to have represented and warranted to Buyer that each such address is the true and correct address that it purports to be with respect to each Seller as of such date.

6.20 Distant Signals; Copyright Matters.

Unless otherwise restricted or prohibited by any Governmental Authority, Legal Requirement or Contract, if requested by Buyer, FVP will cause the FrontierVision Companies to delete prior to the Closing any distant broadcast signal the continued carriage of which will in Buyer's reasonable judgment result in a substantial increase to Buyer's copyright liability; provided, however, that Buyer shall give FVP reasonable advance notice to permit the FrontierVision Companies to comply with its notice obligations in connection

with a signal deletion and FVP shall have no obligation to cause the deletion of such signal unless Buyer agrees to reimburse the Sellers for any out-of-pocket costs and expenses that may be incurred by the FrontierVision Companies in connection with deleting any such signals (other than nominal costs and expenses).

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ARTICLE 7

CONDITIONS TO OBLIGATIONS OF BUYER AND SELLERS

7.1 Conditions to Obligations of Buyer.

All obligations of Buyer at the Closing hereunder are subject to the fulfillment prior to or at the Closing of each of the following conditions:

(a) Representations and Warranties of FVP. As to the representations and warranties of FVP set forth in Article 3, (1) those representations and warranties set forth in Article 3 which are expressly stated to be made solely as of the date of this Agreement or another specified date shall be true and correct in all respects as of such date, and (2) all other representations and warranties of FVP set forth in Article 3 shall be true and correct in all respects at and as of the time of the Closing as though made at and as of that time, except in each case of clauses (1) and (2) to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a material adverse change in the business, financial condition, assets or liabilities of the FrontierVision Companies, taken as a whole, when compared with the state of facts that would exist if all such representations and warranties were true in all respects as of the applicable times, not giving effect to any inaccuracies resulting from any actions taken in accordance with the provisions of this Agreement, any event that arose in the ordinary course of business, any changes in economic conditions that are applicable to the cable industry generally on a national, state, regional or local basis, any changes in conditions (including Rate Regulatory Matters, and other federal, state or local governmental actions, legislation or regulations) that are applicable to the cable industry generally on a national, state, regional or local basis, or any changes in competitive activities.

(b) Representations and Warranties of Sellers. As to the representations and warranties of Sellers set forth in Article 4, (1) those representations and warranties set forth in Article 4 which are expressly stated to be made solely as of the date of this Agreement or another specified date shall be true and correct in all respects as of such date, and (2) all other representations and warranties of Sellers set forth in Article 4 shall be true and correct in all respects at and as of the time of the Closing as though made at and as of that time, except in each case of clauses (1) and (2) to the extent

that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not materially impair Sellers' ability to perform their obligations under this Agreement and the other Transaction Documents to which they are party.

(c) Covenants. FVP and the Sellers shall have performed and complied with all covenants and agreements required by this Agreement (other than by Sections 6.4 and 6.7, which are governed by the immediately following sentence) to be performed or complied with by them prior to or at the Closing, except to the extent that the aggregate effect of the failure to so perform or comply

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has not had a material adverse effect on the business, financial condition, assets or liabilities of the FrontierVision Companies, taken as a whole. FVP shall have performed and complied with in all material respects all covenants and agreements required by Sections 6.4, 6.7 and 6.16 to be performed or complied with by it prior to or at the Closing.

(d) Franchise Consents and Franchise Renewals.

(1) A Consent of the Franchising Authority shall have been obtained for each Franchise designated in Section 3.4 of FrontierVision's Disclosure Schedule as a "Material Consent Franchise" and for each Designated Material Consent Franchise, if any. Notwithstanding the preceding sentence, and for purposes of satisfaction of the condition in this subsection (1):

(A) Consent with respect to any Material Consent Franchise or any Designated Material Consent Franchise shall be deemed obtained on the date the 120-Day Period expires if such Franchising Authority fails to approve or deny the request for Consent by such date and the failure to approve the request for Consent was not principally caused by any of the following: a non-frivolous dispute by the Franchising Authority as to the FrontierVision Companies' (or any predecessor's) noncompliance with the Franchise (provided that FVP has provided Buyer with evidence reasonably satisfactory to Buyer supporting FVP's contention that such dispute is frivolous); a non-frivolous dispute by the Franchising Authority as to Buyer's qualifications to be the transferee of control of the FrontierVision Companies as the holder of the Franchise in question (provided that FVP has provided Buyer with evidence reasonably satisfactory to Buyer supporting FVP's contention that such dispute is frivolous); or the withholding of consent by FVP or Buyer to any requirements that would be imposed by the Franchising Authority as a condition to granting such Consent (although nothing herein shall be deemed to limit the provisions of Section 6.4(d) relating to changes and conditions that Buyer is required to accept and that FVP may accept on behalf of Buyer and the FrontierVision Companies). The term "120-Day Period" means, with respect to any Franchise, the 120 day period commencing on the date on which the Consent

application on FCC Form 394 (or other appropriate form) required to be filed with respect to such Franchise was filed with the appropriate Franchising Authority, plus the number of days, if any, that FVP has agreed with a Franchising Authority to extend the 120-day period provided by Section 617 of the Cable Act.

(B) Consent with respect to any Material Consent Franchise or Designated Material Consent Franchise that is not in the Renewal Window shall be deemed obtained on the sixtieth day (subject to the proviso below) after the date the 120-Day Period expires, or if the Franchising Authority has affirmatively denied the request for Franchise Consent, the sixtieth day after the date of such denial, if such Franchising Authority fails to approve or fails to reverse its denial of the request for Consent by such date and the failure to approve or reverse its denial of the request for Consent was not principally caused by a non-frivolous dispute by the Franchising Authority as to the FrontierVision Companies' (or a predecessor's) noncompliance with the Franchise (provided that FVP has provided Buyer with evidence reasonably satisfactory to Buyer supporting FVP's contention that

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such dispute is frivolous); provided, however, that the sixty day extension period referred to above shall be reduced by each day that the Franchise Consent application was filed after the forty-fifth day after the execution of this Agreement (with respect to applications filed pursuant to Section 6.4(a)) or filed after the tenth day after the date it was determined that such application was required to be filed (with respect to applications filed pursuant to Section 6.4(b)) if such delay in filing was principally caused by Buyer.

(2) The Renewal Franchises shall have been renewed in accordance with the provisions of Section 6.4. The condition in this subsection (2) shall be deemed satisfied as to any Renewal Franchise (other than the City of Lewiston (ME), City of Auburn (ME), and City of Defiance (OH) Franchises) if such Franchise is extended on its existing terms to a date that permits either the FrontierVision Companies (prior to the Closing) or Buyer (after the Closing) to file a request for renewal under Section 626(a) of the Cable Act prior to the expiration of the statutory time period for making such filing (determined on the basis of the new expiration date).

(3) A Consent of the Franchising Authority under the Town of Manchester (ME), the Town of Winthrop (ME), the Town of Peru (ME), the Town of Fairfield (ME), the Town of Milo (ME), and the City of Brewer (ME) Franchises shall have been obtained (with an acknowledgment by such Franchising Authority that the FrontierVision Companies are not in default under the Franchise) or the date by which the FrontierVision Companies are required to complete any upgrade/rebuild requirements set forth in such Franchises shall have been extended at least three years such that the FrontierVision Companies are not in default under the Franchise.

(e) FCC Consents. Consent of the FCC shall have been obtained with respect to each CARS License listed in Section 3.8 of FrontierVision's Disclosure Schedule.

(f) Lease Consents. Consent of the lessor under the office leases designated as "Material Consent Leases" in Section 3.4 of FrontierVision's Disclosure Schedule shall have been obtained.

(g) Hart-Scott-Rodino. The requisite waiting period, if any, under the HSR Act shall have expired or been terminated.

(h) Judgment. There shall not be in effect on the date on which the Closing is to occur any judgment, decree, or order of a court of competent jurisdiction or other prohibition having the force of law that would prevent or make unlawful the Closing, provided that Buyer shall have used commercially reasonable efforts to prevent the entry of any such judgment, decree, order or other legal prohibition and to appeal as expeditiously as possible any such judgment, decree, order or other legal prohibition that may be entered and shall have otherwise taken commercially reasonable actions to cause any such judgment, decree, order or other legal prohibition to cease to be in effect as expeditiously as possible.

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(i) No Material Adverse Change. No event shall have occurred between December 31, 1998 and the date on which the Closing is to occur that has had a material adverse effect on the business, financial condition, assets or liabilities of the FrontierVision Companies, taken as a whole, other than events or changes disclosed in this Agreement or FrontierVision's Disclosure Schedule, or an event that arose in the ordinary course of business, any changes in economic conditions that are applicable to the cable industry generally on a national, state, regional or local basis, any changes in conditions (including Rate Regulatory Matters, and other federal, state or local governmental actions, legislation or regulations) that are applicable to the cable industry generally on a national, state, regional or local basis, or any changes in competitive activities.

(j) Lien Searches. FVP shall have delivered to Buyer, at least two weeks prior to the Closing Date, UCC financing statement, tax lien and judgment searches dated not more than thirty days prior to the Closing Date (including copies of documents listed on each search, if any) with respect to each of the Sellers performed by a search firm reasonably satisfactory to Buyer in the jurisdiction of each Seller's respective principal place of business, or if such Seller has no place of business, in the jurisdiction of his or her respective residence as set forth in the list delivered by FVP pursuant to Section 6.19 (except that this condition shall not be deemed unsatisfied by the failure to deliver a search at least two weeks prior to the Closing Date if such

search does not evidence any Encumbrance on the Purchased Interests or the Assets that is not a Permitted Encumbrance or if any such Encumbrance that is not a Permitted Encumbrance is removed at or prior to the Closing).

(k) Deliveries. Sellers shall have made or stand willing to make all the deliveries to Buyer described in Section 8.2.

7.2 Conditions to Obligations of Sellers.

All obligations of each Seller at the Closing hereunder are subject to the fulfillment prior to or at the Closing of each of the following conditions:

(a) Representations and Warranties. As to the representations and warranties of Buyer set forth in Article 5, (1) those representations and warranties set forth in Article 5 which are expressly stated to be made solely as of the date of this Agreement or another specified date shall be true and correct in all respects as of such date, and (2) all other representations and warranties of Buyer set forth in Article 5 shall be true and correct in all respects at and as of the time of the Closing as though made at and as of that time, except in each case of clauses (1) and (2) to the extent that the aggregate effect of the inaccuracies in such representations and warranties as of the applicable times does not constitute a material adverse change in the business, financial condition, assets or liabilities of Buyer and its Subsidiaries, taken as a whole, when compared with the state of facts that would exist if all such representations and warranties were true in all respects as of the applicable times, not giving effect to any inaccuracies resulting from any actions taken in accordance with the provisions of this

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Agreement, any event that arose in the ordinary course of business, any changes in economic conditions that are applicable to the cable industry generally on a national, state, regional or local basis, any changes in conditions (including Rate Regulatory Matters, and other federal, state or local governmental actions, legislation or regulations) that are applicable to the cable industry generally on a national, state, regional or local basis, or any changes in competitive activities.

(b) Covenants. Buyer shall have performed and complied with in all material respects all covenants and agreements required by this Agreement to be performed or complied with by it prior to or at the Closing.

(c) Hart-Scott-Rodino. The requisite waiting period, if any, under the HSR Act shall have expired or been terminated.

(d) Judgment. There shall not be in effect on the date on which the Closing is to occur any judgment, decree, or order of a court of competent jurisdiction or other prohibition having the force of law that would prevent or make unlawful the Closing, provided that FVP shall have used

commercially reasonable efforts to prevent the entry of any such judgment, decree, order or other legal prohibition and to appeal as expeditiously as possible any such judgment, decree, order or other legal prohibition that may be entered and shall have otherwise taken commercially reasonable actions to cause any such judgment, decree, order or other legal prohibition to cease to be in effect as expeditiously as possible.

(e) No Material Adverse Change. No event shall have occurred between the date of this Agreement and the date on which the Closing is to occur that has had a material adverse effect on the business, financial condition, assets or liabilities of Buyer and its Subsidiaries, taken as a whole, other than an event that arose in the ordinary course of business, any changes in economic conditions that are applicable to the cable industry generally on a national, state, regional or local basis, any changes in conditions (including Rate Regulatory Matters, and other federal, state or local governmental actions, legislation or regulations) that are applicable to the cable industry generally on a national, state, regional or local basis, or any changes in competitive activities.

(f) Stock Consideration. The shares of ACC Class A Common Stock to be paid and issued to Sellers as the Stock Consideration (or, if applicable, all of the securities of any other class or series constituting the Stock Consideration): (1) shall have been duly authorized and validly issued, fully paid and nonassessable, not subject to, or issued in violation of, any preemptive rights and not issued in violation of any federal or state securities laws; (2) shall comply with the provisions of the Stock Consideration Registration Rights Agreement; and (3) shall have the same rights and powers as all other shares of ACC Class A Common Stock (or, if any of the securities constituting the Stock Consideration are not shares of ACC Class A Stock, as all other securities of the same class or series) issued and outstanding as of the date of this Agreement.

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(g) Stock Consideration Registration Rights Agreement. The Stock Consideration Registration Rights Agreement shall be in full force and effect in accordance with its terms and Buyer shall have performed all of its obligations therein in accordance with their terms. An appropriate registration statement covering the registration of all of the Stock Consideration Registrable Securities shall have been declared effective under the Securities Act in accordance with the provisions of the Stock Consideration Registration Rights Agreement (and such registration statement shall not be subject to any stop order or proceeding seeking a stop order). All of the Stock Consideration Registrable Securities shall be listed on the NASDAQ National Market System, New York Stock Exchange or American Stock Exchange or other major market system or exchange reasonably acceptable to Sellers.

(h) Deliveries. Buyer shall have made or stand willing to make

all the deliveries described in Section 8.3.

ARTICLE 8

CLOSING AND CLOSING DELIVERIES

8.1 Closing.

(a) Closing Date.

(1) Subject to satisfaction or, to the extent permitted by law, waiver, of the closing conditions described in Article 7, and subject to Sections 8.1(a)(2), 8.1(a)(3) and 8.1(a)(4), the Closing shall take place on the tenth business day after FVP or Buyer provides written notice to the other party after satisfaction or waiver of the conditions set forth in Sections 7.1(d), (e), (f) and (g) and Section 7.2(c) (provided that without Buyer's consent, the Closing Date shall not be earlier than the earlier of the date on which all Franchise Consents are obtained and the date that is sixty days after the date on which the 120-Day Period has expired for each Franchise in respect of which a Franchise Consent application was filed; provided, however, that the sixty day extension period referred to above shall be reduced by each day that the Franchise Consent application was filed after the forty-fifth day after the execution of this Agreement (with respect to applications filed pursuant to Section 6.4(a)) or filed after the tenth day after the date it was determined that such application was required to be filed (with respect to applications filed pursuant to Section 6.4(b)) if such delay in filing was principally caused by Buyer)); and provided further that without the consent of both FVP and Buyer the Closing Date shall not be earlier than the tenth business day after FVP or Buyer provides written notice to the other party that the Closing is permitted to take place in accordance with the preceding provisions of this Section 8.1(a)(1)), or on such earlier or later date as FVP and Buyer shall mutually agree. If such tenth business day (or any other date for the Closing agreed to by FVP and Buyer) would extend the date for the Closing beyond the Upset Date, the Upset Date shall be extended to the day after such tenth business day or other date agreed to for the Closing, as applicable.

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(2) If on the date on which the Closing would otherwise be required to take place pursuant to Section 8.1(a)(1), (A) there shall be in effect any judgment, decree, or order of a court of competent jurisdiction that would prevent or make unlawful the Closing, or (B) any other circumstance beyond the reasonable control of FVP or Sellers or Buyer (but which shall not in any event include any matters relating to financing of the transactions contemplated hereby) shall exist that would prevent the Closing or the satisfaction of any of the conditions precedent to any party set forth in Article 7, then either FVP or Buyer may, at its option, postpone the date on which the Closing is required to take place until the tenth business day after

either party provides written notice to the other party, as soon as practicable after such conditions are satisfied, such judgment, decree, or order ceases to be in effect, or such other circumstance ceases to exist; provided, however, that a party's postponement of the date on which the Closing is required to take place shall not restrict the exercise by FVP or Buyer of its rights under Section 9.2 or 9.3, as applicable.

(3) If on the date on which the Closing would otherwise be required to take place pursuant to Section 8.1(a)(1), the Credit Agreement Consent has not been obtained, then Buyer may, at its option, postpone the date on which the Closing is required to take place until such date, but in no event later than June 30, 1999, to be set by Buyer on at least ten business days' written notice to FVP.

(4) If on the date on which the Closing would otherwise be required to take place pursuant to the foregoing subsections of this Section 8.1(a), the conditions set forth in Sections 7.2(f) or (g) have not been satisfied, then either FVP or Buyer may, at its option (but it shall not be compelled to do so), postpone the date on which the Closing is required to take place until such date, but in no event later than the Upset Date, to be set by either party on at least ten business days' written notice to the other party, as soon as practicable after such conditions are satisfied; provided, however, that a party's postponement of the date on which the Closing is required to take place shall not restrict the exercise by FVP or Buyer of its rights under Section 9.2 or 9.3, as applicable; and provided, further, that if such conditions set forth in Sections 7.2(f) and (g) have not been satisfied in any event by the Upset Date, Buyer shall be deemed to have willfully breached this Agreement with the attendant consequences set forth in Sections 2.4 and 9.4; provided, further, however, that Buyer may on the Upset Date, but only on the Upset Date, satisfy the conditions set forth in Sections 7.2(g) and (h) by being ready, able, and willing to deliver on the Upset Date, in lieu of the Stock Consideration Registrable Securities, additional cash consideration in an amount equal to the aggregate fair market value of the Stock Consideration Registrable Securities (computed on the basis of the Weighted Average Trading Price of the ACC Class A Common Stock or other security constituting the Stock Consideration for the ten trading day period beginning on the thirteenth trading day prior to the Upset Date.

(b) Closing Place. The Closing shall be held at the offices of Dow, Lohnes & Albertson, PLLC, 1200 New Hampshire Avenue, N.W., Suite 800, Washington, D.C. 20036, or any other place or time as FVP and Buyer shall mutually agree.

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8.2 Deliveries by Sellers.

Prior to or at the Closing, Sellers shall deliver or cause to be

delivered to Buyer the following:

(a) Purchased Interests. An assignment agreement providing for the assignment of the Purchased Interests to Buyer, in a form reasonably satisfactory to Buyer, together with any notes or certificates representing the Purchased Interests, duly endorsed for transfer.

(b) Officer's Certificate of FVP. A certificate executed by FVP, dated as of the Closing Date, certifying that the closing conditions specified in Sections 7.1(a) and (c) have been satisfied as to FVP, except as disclosed in said certificate.

(c) Secretary's Certificate. A certificate executed by FVP, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by the Advisory Committee of FVP, authorizing and approving the execution by FVP of this Agreement and the other Transaction Documents to which FVP is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; (2) certifying that the resolutions, as attached to said certificate, were duly adopted by the Board of Directors of FrontierVision Inc., authorizing and approving the execution by FVP and the General Partner of this Agreement and the other Transaction Documents to which they are a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (3) providing, as attachments thereto, Certificates of Good Standing for FVP and each of the other FrontierVision Companies certified by an appropriate state official of the State of their organization, all certified by such state officials as of a date not more than fifteen days before the Closing Date.

(d) Consents. Copies of Consents which have been obtained by FVP or Sellers prior to the Closing.

(e) Corporate, Financial, and Tax Records. All corporate records (including minute books and stock books and registers) and financial and tax records of each of the FrontierVision Companies that are not located at one of the offices or sites included in the Real Property.

(f) Post-Closing Escrow Agreement. The Post-Closing Escrow Agreement, duly executed by each Seller and the Escrow Agent.

(g) Noncompetition Agreement. The Noncompetition Agreements, duly executed by each Person designated on Exhibit A.

(h) Opinion of Counsel. An opinion of Dow, Lohnes & Albertson, PLLC, counsel to FVP, dated as of the Closing Date, substantially in the form of Exhibit C hereto.

(i) Seller Releases. A Seller Release, duly executed by each Seller.

(j) Management Releases. A Management Release, duly executed by each Person designated on Exhibit H.

8.3 Deliveries by Buyer.

Prior to or at the Closing, Buyer shall deliver to Sellers the following:

(a) Purchase Consideration.

(1) An assumption agreement providing for the assumption by Buyer of the Assumed Liabilities, in a form reasonably satisfactory to Sellers.

(2) The Closing Cash Payment as follows: (A) \$5,000,000 will be paid to the Escrow Agent for deposit in the Post-Closing Adjustments Escrow pursuant to Section 2.7; (B) any amount required to be deposited in the Post-Closing Adjustments Escrow pursuant to Section 2.6 will be paid to the Escrow Agent; (C) any amount required to be deposited in a Post-Closing Section 2.8 Escrow pursuant to Section 2.8 will be paid to the Escrow Agent; (D) any amount required to be deposited in the Post-Closing Section 2.9 Escrow pursuant to Section 2.9 will be paid to the Escrow Agent; and (E) the balance of the Closing Cash Payment will be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Sellers by written notice to Buyer not less than two days prior to the Closing.

(3) The Stock Consideration as follows: (A) stock certificates representing 1,000,000 shares of ACC Class A Common Stock in the aggregate will be issued and registered in the name of Seller or Sellers' designees as directed by the Sellers by written notice to Buyer not less than two days prior to the Closing and transferred to the Escrow Agent for deposit in the Post-Closing Indemnity Escrow pursuant to Section 10.3, and (B) stock certificates representing the portion of the Stock Consideration which is not transferred to the Escrow Agent will be issued and registered in the name of Seller or Sellers' designees as directed by the Sellers by written notice to Buyer not less than two days prior to the Closing and delivered to Sellers or Sellers' designees; or, if Buyer delivers cash pursuant to Section 8.1(a)(4) in lieu of the Stock Consideration Registrable Securities, (A) an amount equal to the aggregate fair market value of 1,000,000 shares of ACC Class A Common Stock (computed on the basis of the Weighted Average Trading Price of the ACC Class A Common Stock for the ten trading day period beginning on the thirteenth trading day prior to the Closing Date) will be transferred to the Escrow Agent for deposit in the Post-Closing Indemnity Escrow pursuant to Section 10.3, and (B) the portion of the Stock Consideration which is not transferred to the Escrow Agent will be paid by wire or accounts transfer of immediately available funds to one or more accounts designated by Sellers by written notice to Buyer not less than two days prior to the Closing.

(b) Officer's Certificate. A certificate executed by Buyer, dated as of the Closing Date, certifying that the closing conditions specified in Sections 7.2(a) and (b) have been satisfied, except as disclosed in said certificate.

(c) Secretary's Certificate. A certificate executed by Buyer, dated as of the Closing Date, (1) certifying that the resolutions, as attached to said certificate, were duly adopted by the Board of Directors of Buyer, authorizing and approving the execution by Buyer of this Agreement and the other Transaction Documents to which Buyer is a party and the consummation of the transactions contemplated hereby and thereby and that such resolutions remain in full force and effect; and (2) providing, as attachments thereto, a Certificate of Good Standing for Buyer certified by an appropriate state official of the State of Delaware, certified by such state official as of a date not more than fifteen days before the Closing Date.

(d) Post-Closing Escrow Agreement. The Post-Closing Escrow Agreement, duly executed by Buyer and the Escrow Agent.

(e) Opinion of Counsel. Opinions of Buchanan Ingersoll Professional Corporation, counsel to Buyer, dated as of the Closing Date, substantially in the form of Exhibit D hereto.

ARTICLE 9

TERMINATION

9.1 Termination by Agreement.

This Agreement may be terminated at any time prior to the Closing by agreement between FVP and Buyer.

9.2 Termination by FVP.

This Agreement may be terminated at any time prior to the Closing by FVP and the purchase and sale of the Purchased Interests abandoned, upon written notice to Buyer, upon the occurrence of any of the following:

(a) Conditions. If on any date determined for the Closing in accordance with Section 8.1 if each condition set forth in Section 7.1 has been satisfied (or will be satisfied by the delivery of documents at the Closing) or waived in writing on such date and either a condition set forth in Section 7.2 has not been satisfied (or will not be satisfied by the delivery of documents at the Closing) or waived in writing on such date or Buyer has nonetheless refused to consummate the Closing. Notwithstanding the foregoing, FVP may not rely on

7.2 to be satisfied if such failure was principally caused by FVP's or any Seller's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

(b) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date, unless the failure of the Closing to occur was principally caused by FVP's or any Seller's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement; provided that (1) if on the Upset Date the Closing has not occurred solely because any notice period required by Section 8.1(a) has not lapsed, the Upset Date shall be extended to a date that is one business day after the lapse of such period; and (2) if FVP is required to file a Franchise Consent application pursuant to Section 6.4(b), then FVP may extend the Upset Date from time to time at its sole option by notice to Buyer to a date that is one business day after the later of (A) the date that is 210 days after the last Franchise Consent application was filed pursuant to Section 6.4(b) and (B) 90 days after the last affirmative denial by a Franchising Authority of a request for such Franchise Consent.

9.3 Termination by Buyer.

This Agreement may be terminated at any time prior to the Closing by Buyer and the purchase and sale of the Purchased Interests abandoned, upon written notice to FVP, upon the occurrence of any of the following:

(a) Conditions. If on any date determined for the Closing in accordance with Section 8.1 if each condition set forth in Section 7.2 has been satisfied (or will be satisfied by the delivery of documents at the Closing) or waived in writing on such date and either a condition set forth in Section 7.1 has not been satisfied (or will not be satisfied by the delivery of documents at the Closing) or waived in writing on such date or Sellers have nonetheless refused to consummate the Closing. Notwithstanding the foregoing, Buyer may not rely on the failure of any condition set forth in Section 7.1 to be satisfied if such failure was principally caused by Buyer's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement.

(b) Upset Date. If the Closing shall not have occurred on or prior to the Upset Date, unless the failure of the Closing to occur was principally caused by Buyer's failure to act in good faith or a breach of or failure to perform any of its representations, warranties, covenants or other obligations in accordance with the terms of this Agreement or failure to satisfy the conditions set forth in Sections 7.2(f) or (g); provided that (1) if on the

Upset Date the Closing has not occurred solely because any notice period required by Section 8.1(a) has not lapsed, the Upset Date shall be extended to a date that is one business day after the lapse of such period; and (2) if FVP is required to file a Franchise Consent application pursuant to Section 6.4(b), then FVP may extend the Upset Date from time to time at its sole option by notice to Buyer to a date that is one business day after the later of (A) the date that is 210 days

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after the last Franchise Consent application was filed pursuant to Section 6.4(b) and (B) 90 days after the last affirmative denial by a Franchising Authority of a request for such Franchise Consent.

9.4 Effect of Termination.

If this Agreement is terminated as provided in this Article 9, then this Agreement will forthwith become null and void and there will be no liability on the part of any party to any other party or any other Person in respect thereof, provided that:

(a) Surviving Obligations. The obligations of the parties described in Sections 6.2, 9.4 and 11.1 (and all other provisions of this Agreement relating to expenses) will survive any such termination. In addition, if FVP is entitled to receive the Deposit Escrow Property in accordance with Section 2.4, all of Buyer's obligations with respect to the Deposit Escrow Property, including its obligations under the Deposit Escrow Agreement and under the Deposit Registration Rights Agreement will survive any such termination.

(b) Withdrawal of Applications. All filings, applications and other submissions relating to the transfer of the Purchased Interests shall, to the extent practicable, be withdrawn from the Governmental Authority or other Person to whom made.

(c) Willful Breach by Buyer. No such termination will relieve Buyer from liability for a willful breach of this Agreement (which shall be deemed to include without limitation any failure by Buyer to satisfy the conditions set forth in Sections 7.2(f) or (g) by the date on which the Closing would otherwise be required to take place pursuant to Section 8.1, subject to the provisions of Section 8.1(a)(4), or in any event by the Upset Date), and in such event the Deposit Escrow Property shall be released from escrow and delivered to FVP. Subject to Buyer's continuing obligations described in Section 9.4(a), the delivery of the Deposit Escrow Property to Sellers in compliance with the provisions of Section 2.4 shall be liquidated damages and constitute full payment and the exclusive remedy for any damages suffered by FVP and Sellers by reason of Buyer's breach of this Agreement prior to the Closing. If the Deposit Escrow Property is not delivered to Sellers in compliance with the provisions of Section 2.4, FVP and Sellers shall have all rights and remedies available at law or equity to enforce the provisions of Section 2.4.

(d) Willful Breach by FVP or Sellers. No such termination will relieve FVP from liability for its willful breach of this Agreement, and in such event Buyer shall have all rights and remedies available at law or equity, including the remedy of specific performance against FVP. No such termination will relieve any Seller from liability for its willful breach of this Agreement, and in such event Buyer shall have all rights and remedies available at law or equity, including the remedy of specific performance against such breaching Seller.

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(e) No Recourse. Anything in this Agreement or applicable law to the contrary notwithstanding, in the event this Agreement is terminated as provided in this Article 9, Buyer will have no claim or recourse against any of FVP's, the General Partner's, or any Seller's respective officers, directors, shareholders, partners, employees, agents or Affiliates (excluding from "Affiliates" for this purpose FVP, the General Partner and the other Sellers themselves) as a result of the breach of any representation, warranty, covenant or agreement of FVP or any Seller contained herein or otherwise arising out of or in connection with the transactions contemplated by this Agreement or the business or operations of the FrontierVision Companies prior to the Closing, it being understood that FVP shall have no liability for any breach by a Seller and no Seller will have any liability for any breach by FVP or another Seller.

9.5 Attorneys' Fees.

Notwithstanding any provision in this Agreement that may limit or qualify a party's remedies, in the event of a default by any party that results in a lawsuit or other proceeding for any remedy available under this Agreement, the prevailing party shall be entitled to reimbursement from the defaulting party of its reasonable legal fees and expenses (whether incurred in arbitration, at trial, or on appeal).

ARTICLE 10

SURVIVAL OF REPRESENTATIONS AND WARRANTIES; INDEMNIFICATION; CERTAIN REMEDIES

10.1 Survival.

All representations, warranties and covenants set forth herein will survive the Closing, provided that all claims made in respect of such representations, warranties and covenants will be subject to any applicable limitations set forth in this Article 10.

10.2 Indemnification by Sellers.

After the Closing, but subject to Section 10.5, each Seller hereby agrees to indemnify and hold Buyer harmless against and with respect to, and shall reimburse Buyer for:

(a) any and all Losses resulting from any untrue representation or breach of warranty by FVP or the nonfulfillment of any covenant to be performed by FVP prior to the Closing contained in this Agreement or any other Transaction Document to which FVP is a party;

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(b) any and all Losses resulting from any untrue representation or breach of warranty by such Seller or the nonfulfillment of any covenant by such Seller contained in this Agreement or any other Transaction Document to which such Seller is a party; and

(c) any rate refund liability imposed on any of the FrontierVision Companies for any period ending prior to the Adjustment Time by a final order or decision issued by a Governmental Authority (but only to the extent of the out-of-pocket costs payable in respect thereof and it being understood and agreed that any claim for indemnification in respect of any rate refund liability may be made only pursuant to this Section 10.2(c) and not under any other provision of this Section 10.2); provided, however, that Buyer may make a claim pursuant to this Section 10.2(c) upon the issuance of an initial adverse order or decision by a Governmental Authority with respect to one of the FrontierVision Companies for any period ending prior to the Adjustment Time that could result in an obligation of the Sellers to indemnify Buyer under this Section 10.2(c) in order to preserve its rights under this Article 10 pending appeal or other final resolution of such order or decision.

(d) any and all Losses resulting from the matters disclosed in Sections 3.14 and 3.15 of FrontierVision's Disclosure Schedule (other than matters relating to Rate Regulatory Matters, including, without limitation, the matters disclosed in items 1 and 2 of said Section 3.15) and the tax audits disclosed in Section 3.12 of FrontierVision's Disclosure Schedule.

(e) any and all Losses resulting from any pole attachment fees payable with respect to the operation by the FrontierVision Companies of the Systems for any period ending prior to the Adjustment Time.

(f) any and all Losses resulting from the matter disclosed in Item A.4 of Section 3.6 of FrontierVision's Disclosure Schedule relating to a dispute between the FrontierVision Companies and CSG.

(g) any and all Losses resulting from amounts that are payable by the FrontierVision Companies to the other parties under the purchase and sale agreements referred to in Section 3.11(i).

FVP and Buyer have agreed on and delivered to the Escrow Agent a form of Post-Closing Escrow Agreement in the form of Exhibit B hereto. Following the execution of this Agreement FVP and Buyer will cooperate in good faith with the Escrow Agent (or another Person who FVP and Buyer mutually select to serve as the escrow agent thereunder) to agree with the Escrow Agent (or such other Person) on the final form of the Post-Closing Escrow Agreement including such changes to the form attached as Exhibit B as are requested or recommended by the Escrow Agent and are mutually acceptable to FVP and Buyer (such acceptance not to be unreasonably withheld by FVP and Buyer). FVP and Buyer agree to take such additional actions and enter into appropriate amendments to the

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Transaction Documents as may reasonably be necessary to reflect the final form of Post-Closing Escrow Agreement. Subject to the foregoing, at the Closing, Buyer, Sellers and the Escrow Agent shall execute the Post-Closing Escrow Agreement, in accordance with which, on the Closing Date, in addition to the deposit contemplated by Section 2.7 and in addition to any deposit required by Sections 2.6, 2.8 or 2.9, Buyer will deposit 1,000,000 shares of ACC Class A Common Stock with the Escrow Agent on behalf of Sellers in order to provide a fund for, and the exclusive source for, the payment of any indemnification to which Buyer is entitled under this Article 10 (such escrow, the "Post-Closing Indemnity Escrow"). The Post-Closing Indemnity Escrow will be administered, and the Post-Closing Indemnity Property (as defined below) will be held and disbursed, in accordance with the provisions of this Article 10 and the Post-Closing Escrow Agreement. The "Post-Closing Indemnity Property" means, collectively, the 1,000,000 shares of ACC Class A Common Stock deposited with the Escrow Agent pursuant to this Section 10.3, together with the kind and amounts of securities, cash and other property that Sellers would have held or been entitled to receive as of the date the Post-Closing Indemnity Property is released in accordance with this Agreement (whether resulting from a stock split, subdivision, combination or reclassification of the outstanding capital stock of Buyer, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which Buyer may be a party or otherwise) had Sellers held such shares of ACC Class A Common Stock as of the Closing Date and retained such shares, and all securities, cash and other property distributed or issued with respect to or in substitution or exchange therefor, during the period from the Closing Date through (and including) the date the Post-Closing Indemnity Property is released. Subject to the terms and conditions contained in the Post-Closing Escrow Agreement and the Stock Consideration Registration Rights Agreement, the Sellers will have the right to cause the shares of ACC Class A Common Stock or other securities constituting the Post-Closing Indemnity Property to be sold and converted to cash from time to time. If Buyer delivers cash pursuant to Section 8.1(a)(4) in lieu of the Stock Consideration Registrable Securities, Buyer will deposit cash in the amount determined pursuant to the second part of Section 8.3(a)(3) in the Post-Closing Indemnity Escrow and the term "Post-Closing Indemnity Property"

shall mean such deposit plus any earnings thereon.

10.4 Indemnification by Buyer.

After the Closing, but subject to Section 10.5, Buyer hereby agrees to indemnify and hold Sellers harmless against and with respect to, and shall reimburse Sellers for:

(a) any and all Losses resulting from any untrue representation, breach of warranty, or nonfulfillment of any covenant by Buyer contained in this Agreement or any other Transaction Document to which Buyer is a party;

(b) any and all Losses resulting from any liability or obligation of the FrontierVision Companies arising from or related to any event occurring after the Closing Date, and any Assumed Liabilities and any liability or obligation that was reflected as an Adjustment Liability in computing Closing Net Liabilities under Article 2;

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(c) any and all Losses arising as a result of the occurrence of the Closing without the receipt of any Consent (including any Consent under a Franchise, but excluding any Consent that was not either disclosed in FrontierVision's Disclosure Schedule or determined to require Consent pursuant to Section 6.4(b) or requested prior to the Closing), waiver of a Franchising Authority's right of first refusal under a Franchise, or renewal of any Franchise; and

(d) any and all Losses resulting from the use of the "FrontierVision" name or any variant thereof by Buyer and/or its Affiliates and/or the FrontierVision Companies from and after the Closing.

10.5 Certain Limitations on Indemnification Obligations.

Notwithstanding anything in this Agreement to the contrary:

(a) No Seller will be required to indemnify or otherwise be liable to Buyer for any matter described in Section 10.2 unless and until the aggregate amount of all Losses of Buyer arising therefrom for which Sellers would have indemnification liability to Buyer but for this Section 10.5(a), exceeds \$1,000,000, in which event Sellers will be liable for all such Losses; provided, however, that this Section 10.5(a) shall not apply to any amount payable to Buyer pursuant to Section 2.7 or Section 2.9 or Section 10.2(c) (but only in respect of a claim that Buyer could have made under Section 10.2(c) immediately after the Closing) or Section 10.2(d) or Section 10.2(e) (but only in respect of a claim that Buyer could have made under Section 10.2(e) immediately after the Closing) or Section 10.2(f) or Section 10.2(g), but no

amounts paid to Buyer pursuant to the sections referred to in this proviso (as limited in this proviso) shall be treated as Losses for purposes of determining when Buyer's Losses exceed \$1,000,000.

(b) No Seller will be required to indemnify or otherwise be liable to Buyer with respect to any Losses arising under Section 10.2 unless Buyer gives Sellers written notice of a claim pursuant to Section 10.2 on or prior to the date that is eighteen months after the Closing Date; provided that, the Post-Closing Indemnity Property shall be released to Sellers as follows:

(1) On the first business day following the date that is six months after the Closing Date (the "Initial Release Date"):

(A) if on the Initial Release Date the Post-Closing Indemnity Property consists solely of shares of ACC Class A Common Stock or other Stock Consideration Registrable Securities, then the number of shares of ACC Class A Common Stock or other Stock Consideration Registrable Securities equal to one-half of the total number of such shares deposited into the Post-Closing Indemnity Escrow on the Closing Date, less the total number of shares that were previously paid out to Buyer in respect of claim(s) made by Buyer pursuant to this Article 10 or Article 2, and less

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the number of shares the fair market value of which equals the aggregate dollar value of all bona fide claims made by Buyer pursuant to this Article 10 or Article 2 that remain outstanding on the Initial Release Date, shall be released from escrow and paid over to Sellers (the number of shares to be appropriately adjusted to give effect to any stock split, combination or similar event);

(B) if on the Initial Release Date the Post-Closing Indemnity Property consists solely of cash funds, then an amount in cash equal to one-half of the total amount of cash funds that would have been in the Post-Closing Indemnity Escrow on the Initial Release Date if no payments had been made to Buyer out of the Post-Closing Indemnity Escrow during such period, less the dollar value of all payments (whether in the form of shares or cash) that were previously paid out to Buyer in respect of claim(s) made by Buyer pursuant to this Article 10 or Article 2, and less the aggregate dollar value of all bona fide claims made by Buyer pursuant to this Article 10 or Article 2 that remain outstanding on the Initial Release Date, shall be released from escrow and paid over to Sellers;

(C) if on the Initial Release Date the Post-Closing Indemnity Property consists partly of shares of ACC Class A Common Stock or other Stock Consideration Registrable Securities and partly of cash funds, then the number of shares of ACC Class A Common Stock or other Stock Consideration Registrable Securities equal to one-half the total number of such shares that would have been in the Post-Closing Indemnity Escrow on the Initial Release Date if no payments in the form of such shares had been made to Buyer

out of the Post-Closing Indemnity Escrow during such period, less the total number of shares that were paid out to Buyer in respect of claim(s) made by Buyer pursuant to this Article 10 or Article 2, and less the number of shares the fair market value of which equals the aggregate dollar value of all bona fide claims made by Buyer pursuant to this Article 10 or Article 2 that remain outstanding on the Initial Release Date (except to the extent an amount in cash has been reserved for any portion of such outstanding claims), shall be released from escrow and paid over to Sellers (the number of shares to be appropriately adjusted to give effect to any stock split, combination or similar event), and an amount in cash equal to one-half of the total amount of cash funds that would have been in the Post-Closing Indemnity Escrow on the Initial Release Date if no payments in the form of cash had been made to Buyer out of the Post-Closing Indemnity Escrow during such period, less the dollar value of all payments that were previously paid out in the form of cash to Buyer in respect of claim(s) made by Buyer pursuant to this Article 10 or Article 2, and less the aggregate dollar value of all bona fide claims made by Buyer pursuant to this Article 10 or Article 2 that remain outstanding on the Initial Release Date (except to the extent a number of shares has been reserved for any portion of such outstanding claims), shall be released from escrow and paid over to Sellers; and

(2) on the first business day following the date that is eighteen months after the Closing Date (the "Second Release Date") all remaining Post-Closing Indemnity Property, less a number of shares of ACC Class A Common Stock or other Stock Consideration Registrable Securities or an amount in cash or a combination thereof as directed by the General Partner the aggregate dollar value of which is equal to the aggregate dollar amount of any bona fide claims made by Buyer that remain outstanding on the Second Release Date, shall be released from escrow and paid over to Sellers.

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Attached hereto as Exhibit I for illustrative purposes only is an example of how the preceding provisions are intended to work. Thereafter, any remaining Post-Closing Indemnity Property shall be released from escrow and paid over to Sellers or Buyer in accordance with this Agreement and the Post-Closing Escrow Agreement. To the extent any payment is made to Buyer out of the Post-Closing Indemnity Property pursuant to Sections 2.7, 2.8 or 2.9 or this Article 10, and the Post-Closing Indemnity Property consists of both Stock Consideration Registrable Securities and cash, the General Partner shall designate which portion of the payment shall be made in the form of shares (based on its fair market value on the date of payment as computed as provided in Section 10.5(c)) or cash or combination of both. On the business day that it is determined in accordance with this Section 10.5(b) and this Article 10 that Buyer and/or Sellers are entitled to all or any portion of the Post-Closing Indemnity Property, the General Partner and Buyer will execute and deliver to the Escrow Agent joint written instructions containing appropriate disbursement instructions consistent with this Section 10.5(b) and this Article 10 and the Post-Closing Escrow Agreement.

(c) All payments required to be made by Sellers or any Seller in respect of their indemnification obligations under this Article 10 shall be made solely from the Post-Closing Indemnity Property. For purposes of this Article 10 and the Post-Closing Escrow Agreement, the fair market value of a share of ACC Class A Common Stock or other Stock Consideration Registrable Security on any day shall be computed by reference to the Weighted Average Trading Price of such stock or other security for the ten trading day period beginning on the thirteenth trading day prior to the date of determination.

(d) Anything in this Agreement or applicable law to the contrary notwithstanding, other than with respect to the Post-Closing Indemnity Property as provided for and limited in this Article 10 (and other than with respect to the Post-Closing Adjustment Funds as provided for and limited in Section 2.7, the Post-Closing Section 2.8 Funds as provided for and limited in Section 2.8, and the Post-Closing Section 2.9 Funds as provided for and limited in Section 2.9) after the Closing no Seller (or any officer, director, shareholder, partner, employee, agent or Affiliate of such Seller) shall have any obligation or liability to Buyer under Article 10, and Buyer will have no claim or recourse against any Seller (or any officer, director, shareholder, partner, employee, agent or Affiliate of such Seller) as a result of the breach of any representation, warranty, covenant or agreement of FVP or any Seller contained herein or otherwise arising out of or in connection with the transactions contemplated by this Agreement or the business or operations of the FrontierVision Companies, other than claims relating to the Noncompetition Agreements or the Deposit Registration Rights Agreement or the Stock Consideration Registration Rights Agreement (which shall each be governed by its respective terms); and the Post-Closing Indemnity Property, the Post-Closing Adjustment Funds, the Post-Closing Section 2.8 Funds and the Post-Closing Section 2.9 Funds (in each case as provided for and limited by the provisions of this Agreement) shall be the sole and exclusive remedy for any such claim by Buyer for any such matters, whether such claims are framed in contract, tort or otherwise.

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(e) The amount payable to the Claimant by the Indemnifying Party in respect of a Loss shall be computed net of any insurance coverage with respect thereto that reduces the amount of such Loss that would otherwise be sustained, and Buyer and each Seller agree to use commercially reasonable efforts to collect any and all insurance proceeds to which it may be entitled in respect of any Loss.

(f) Sellers will not be liable with respect to any Loss to the extent that the amount of such Loss was included as an Adjustment Liability in the computation of Closing Net Liabilities in accordance with Article 2.

(g) Notwithstanding anything in this Agreement to the

contrary, no Seller shall have any liability or obligation (for indemnification or otherwise) arising as a result of the occurrence of the Closing without certain Consents or Buyer's waiver of any closing condition, nor shall any adjustment be made to the Cash Consideration in respect of the foregoing.

(h) Buyer will not be required to indemnify or otherwise be liable to any Seller with respect to any Losses arising under Section 10.4(a) with respect to an untrue representation or breach of warranty set forth in Section 5.6 unless Sellers give Buyer written notice of such a claim on or prior to the date that is thirty days after the expiration of the statute of limitations with respect to such claim.

(i) Buyer will not be required to indemnify or otherwise be liable to any Seller with respect to Losses arising under Section 10.4(d) to the extent such Losses result from the matter disclosed in Section 3.10(B) of FrontierVision's Disclosure Schedule.

10.6 Procedure for Indemnification.

The procedure for indemnification shall be as follows:

(a) The party claiming indemnification (the "Claimant") shall promptly give notice to the party from which indemnification is claimed (the "Indemnifying Party") of any claim, whether between the parties or brought by a third party, specifying in reasonable detail the factual basis for the claim and the amount thereof (if known and quantifiable).

(b) With respect to claims solely between the parties, following receipt of notice from the Claimant of a claim, the Indemnifying Party shall have thirty days to make such investigation of the claim as the Indemnifying Party deems necessary or desirable. For the purposes of such investigation, the Claimant agrees to make available to the Indemnifying Party and its authorized representatives the information relied upon by the Claimant to substantiate the claim. If the Claimant and the Indemnifying Party agree at or prior to the expiration of the thirty-day period (or any mutually agreed upon extension thereof) to the validity and amount of such claim, the Indemnifying Party shall immediately pay to the Claimant the full amount of the claim. If the Claimant and the Indemnifying

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Party do not agree within the thirty-day period (or any mutually agreed upon extension thereof), the Claimant may seek appropriate remedy at law or equity.

(c) With respect to any claim by a third party as to which the Claimant is entitled to indemnification under this Agreement, the Indemnifying Party shall have the right at its own expense, to participate in or assume control of the defense of such claim, and the Claimant shall cooperate fully with the Indemnifying Party, subject to reimbursement for actual out-of-pocket

expenses incurred by the Claimant as the result of a request by the Indemnifying Party. If the Indemnifying Party elects to assume control of the defense of any third-party claim, the Claimant shall have the right to participate in the defense of such claim at its own expense. If the Indemnifying Party does not elect to participate in or assume control of the defense of any third-party claim, the Claimant will not enter into any settlement of such claim which could result in indemnification liability unless the Claimant gives the Indemnifying Party prior written notice of such settlement. If the Indemnifying Party does not thereupon elect to assume the defense of such claim within five business days after such notice is given, then the Claimant may enter into such settlement and such settlement will be binding upon Buyer and Sellers for purposes of determining whether any indemnification payment is required pursuant to this Article 10.

10.7 Treatment of Indemnification Payments.

Buyer and Sellers will treat all payments made pursuant to this Article 10 (including all payments made to Buyer out of the Post-Closing Indemnity Property but excluding the release of any Post-Closing Indemnity Property to Sellers) as an adjustment to the Purchase Consideration for all purposes.

ARTICLE 11

MISCELLANEOUS

11.1 Fees and Expenses.

Except as otherwise provided in this Agreement, each party shall pay its own expenses incurred in connection with the authorization, preparation, execution, and performance of this Agreement, including all fees and expenses of counsel, accountants, agents, and representatives. Buyer and Sellers agree that the brokerage fee payable to Daniels & Associates shall be paid by Buyer in the event the Closing occurs hereunder. Buyer and Sellers agree that the fees and expenses incurred in connection with the lien searches described in Section 7.1(j) shall be borne one-half by Buyer and one-half by Sellers.

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11.2 Notices.

All notices, demands, and requests required or permitted to be given under the provisions of this Agreement shall be in writing, may be sent by telecopy (with automatic machine confirmation), delivered by personal delivery, or sent by commercial delivery service or certified mail, return receipt requested, shall be deemed to have been given on the date of actual receipt, which may be conclusively evidenced by the date set forth in the records of any commercial delivery service or on the return receipt, and shall be addressed to the recipient at the address specified below, or with respect to any party, to

any other address that such party may from time to time designate in a writing delivered in accordance with this Section 11.2:

If to Buyer:

Adelphia Communications Corporation
Main at Water Street
Coudersport, Pennsylvania 16915
Attention: James M. Kane,
Vice President Corporate Development

Telecopier: (814) 274-7098
with copies (which shall not
constitute notice) to:

Buchanan Ingersoll Professional Corporation
One Oxford Centre, 21st Floor
Pittsburgh, Pennsylvania 15219
Attention: Bruce I. Booken, Esq.
Telecopier: (412) 562-1041

If to FVP (prior to the Closing)
or the General Partner
(after the Closing):

FrontierVision Partners, L.P.
1777 South Harrison Street
Suite P-200
Denver, Colorado 80210-3925
Attention: James C. Vaughn, President
Telecopier: (303) 757-6105
with a copy (which shall not
constitute notice) to:

If to a Seller:

Dow, Lohnes & Albertson, PLLC 1200 New Hampshire Avenue, N.W.
Suite 800
Washington, D.C. 20036
Attention: John T. Byrnes, Esq. and
J. Christopher Redding, Esq.
Telecopier: (202) 776-2222

At the address specified for such Seller
on the attached Exhibit E

11.3 Benefit and Binding Effect.

This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns; provided that (a) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by FVP or a Seller without the prior written consent of Buyer (which consent shall not be unreasonably withheld or delayed), and (b) neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned by Buyer without the prior written consent of FVP (prior to the Closing) or the General Partner (after the Closing) (which consent shall not be unreasonably withheld or delayed). Notwithstanding the provisions of the immediately preceding sentence, Buyer may assign all or any portion of its rights (but not its obligations) under this Agreement to one or more Subsidiaries or Affiliates of Buyer, without the prior written consent of FVP or the General Partner; provided that (1) such assignee executes documentation reasonably satisfactory to Sellers evidencing such assignment, and (2) Buyer remains liable to perform the obligations in full to be performed by Buyer hereunder, and (3) no such assignment would be reasonably likely to hinder or delay the Closing as reasonably determined by Sellers. Consent shall be deemed to be reasonably withheld if the consenting party reasonably determines that the assignment would be reasonably likely to hinder or delay the Closing. In the event of a permitted assignment by Buyer, Buyer, as well as such assignee, shall remain liable hereunder for all purposes and the representations, warranties and covenants made by Buyer shall apply equally to the assignee (modified as appropriate for the organization of the assignee). In no event may Buyer assign its obligations with respect to the Stock Consideration or Deposit Escrow Property without FVP's consent (prior to Closing) or the General Partner's consent (after the Closing), which may be withheld in its sole and absolute discretion. This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder, except the provisions of Section 6.9 are intended for the benefit of, and may be relied upon by, the Assumed Employees, and the provisions of Section 6.13 are intended for the benefit of, and may be relied upon by, the officers and directors of the FrontierVision Companies and the members of FVP's Advisory Committee.

11.4 Further Assurances .

After the Closing the parties shall take any actions and execute any other documents that may be necessary or desirable to the implementation and consummation of this Agreement upon the reasonable request of the other party, at the expense of the requesting party.

11.5 GOVERNING LAW.

THIS AGREEMENT SHALL BE GOVERNED, CONSTRUED, AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF DELAWARE (WITHOUT REGARD TO THE CHOICE OF LAW PROVISIONS THEREOF).

11.6 Entire Agreement.

This Agreement, the Disclosure Schedules and the Exhibits hereto, and the other Transaction Documents to be delivered by the parties pursuant to this Agreement, collectively represent the entire understanding and agreement between Buyer, FVP, and Sellers with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings and negotiations between the parties. Buyer acknowledges that none of FVP or any other FrontierVision Company or any Seller has made any, or makes any, promises, representations, warranties, covenants or undertakings, express or implied, other than those expressly set forth in this Agreement. Notwithstanding the first sentence of this Section 11.6, this Agreement does not impair or otherwise affect the validity of (1) any consent whenever granted by any Seller with respect to the execution, delivery, and performance of this Agreement or any other document or instrument relating to the subject matter of this Agreement or (2) any power of attorney whenever granted by any Seller authorizing any Person to execute and deliver on behalf of such Seller this Agreement or any other document or instrument relating to the subject matter of this Agreement.

11.7 Amendments; Waiver of Compliance; Consents.

This Agreement may be amended and any provision of this Agreement may be waived; provided that any such amendment or waiver (a) will be binding upon FVP prior to the Closing only if such amendment or waiver is set forth in a writing executed by FVP, (b) will be binding upon a Seller prior to the Closing only if such amendment or waiver is set forth in a writing executed by FVP and has been approved by 75% of the voting members of FVP's Advisory Committee (with a certificate delivered by FVP stating that such required approval has been obtained being conclusive evidence thereof), and (c) will be binding upon a Seller after the Closing only if such amendment or waiver is set forth in a writing executed by the General Partner and has been approved by 75% of the voting members of FVP's Advisory Committee (as constituted immediately prior to the Closing) (with a certificate delivered by the General Partner stating that such required approval has been obtained being conclusive evidence thereof), and (d) will be binding upon Buyer only if such amendment or waiver is set forth in a writing executed by Buyer. No waiver shall operate as a waiver of, or estoppel with respect to, any subsequent or other matter not expressly waived.

11.8 Consent and Agreements of Sellers.

(a) Pursuant to a separate agreement each Seller has appointed FVP and the General Partner, each with power to act separately (for all periods prior to the Closing) and the General Partner (for all periods from and after the Closing) as the true and lawful attorney-in-fact and agent of each Seller (in such capacity, FVP and the General Partner are referred to as the "Agent"), to act for each Seller in Seller's name, place and stead with respect to this Agreement and the other Transaction Documents and all of the transactions contemplated hereby and thereby. Buyer shall be entitled to rely exclusively upon any communication given by Agent and shall not be liable in any manner

for any action taken or not taken in reliance upon Agent. Any payments made, at Agent's request and instruction, by Buyer to Agent pursuant to the terms of this Agreement and the other Transaction Documents shall fully discharge Buyer for any liability to any Seller in connection with such payment, as fully and completely as if such payment had been made directly to such Seller. Buyer hereby agrees to accept and rely on the actions of Agent as if it were the action of a Seller or Sellers.

(b) Each Seller consents to the execution, delivery and performance of this Agreement by FVP, the General Partner and each other Seller and to the taking by FVP, each FrontierVision Company, the General Partner and each other Seller of all actions contemplated by this Agreement to be taken by such Person. Subject to the terms and conditions of this Agreement, each Seller agrees to consummate the transactions contemplated by this Agreement in accordance with its terms, as it may be amended pursuant to Section 11.7.

11.9 Counterparts.

This Agreement may be signed in counterparts with the same effect as if the signature on each counterpart were upon the same instrument.

[REMAINDER OF PAGE INTENTIONALLY BLANK;
SIGNATURES ON FOLLOWING PAGES]

IN WITNESS WHEREOF, this Agreement has been executed by Buyer, FVP, the General Partner and the other Sellers as of the date first written above.

BUYER:

ADELPHIA COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

FVP:

FRONTIERVISION PARTNERS, L.P., by FVP GP, L.P., its general partner, by

FrontierVision Inc., its general partner

By: _____
James C. Vaughn, President

GENERAL PARTNER:

FVP GP, L.P., by FrontierVision Inc., its general partner

By: _____
James C. Vaughn, President

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

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LIMITED PARTNER SELLERS:

JP Morgan Investment Corporation
60 Wall Street SBIC Fund, L.P.
First Union Capital Partners, Inc.
Tahosa Investors
Kensington Investment Associates
Pegasus Partners
Prosperity Associates
SBF Investments Ltd.
L. Phillips Runyon III
Roth Trading Company
Washington Partners
Duff Ackerman Goodrich - FrontierVision, L.P.
EOS Partners SBIC, L.P.
Richard King Mellon Foundation
Arthur Miltenberger (Mellon Family Investment Co.,
IV)
J. Cashew Corporation
Bertelson Family Trust
John C. Unkovic
Roger S. Ahlbrandt
Dr. Anne McBride Curtis
Bruce D. Evans
Frances C. Hardie
Hardie Brothers

James H. Hardie
John D. Margolis Trust
Grover Sams
Augustus O. Schroeder
Justin J. Stevenson III
John W. Weiser
Mallard Investments Limited Partnership
Olympus Executive Fund, L.P.
Leslie Abbey
Jonathan Abbey
Michael Rothbard
James C. Vaughn
John S. Koo
William P. Brovsky

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

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William J. Mahon
James W. McHose
Albert D. Fosbenner
Richard G. Halle'
Joyce L. Vermace
Robert J. Valentine
Ian R. Dennett
David M. Heyrend
Todd E. Padgett
Galan F. Fernandes
Daniel P. Callahan
R. Bruce Ellis
David C. Apel
Kristine M. Rogers
Debra L. Graham
Brian L. Seifarth
Keith A. Tyrrell
Jerry R. Wert
Brian P. Hart
Robert D. Gordon
Judith B. Pierce
Stephen R. Trippe
Keith R. Froleiks
Gary Crosby
Kathleen B. Hounsell
James B. Underwood
Jill Farschman
Craig A. Waskou
Lisa L. Powers

Debbie J. Dougherty
Robert A. Dallmer
Bonnie J. Bosekrus

By FrontierVision Partners, L.P., Agent and Attorney-in-Fact for each Limited Partner Seller, by FVP GP, L.P., its general partner, by FrontierVision Inc., its general partner

By: _____

[THIS IS A SIGNATURE PAGE
TO THE PURCHASE AGREEMENT]

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James C. Vaughn, President

SPC SELLERS:

1818 Fund II, L.P.
Olympus Growth Fund II, L.P.
Carson Group Inc.
Sendal Investment Limited
Monte Coral, S.L.
AZATE S.L.
Salzburg Corporation
Clover Enterprises
Kinnari Limited
Leeward Holdings
Staniard Limited
Solar Group S.A.
Englewood Enterprises
Grove Enterprises
Walvis Bay Limited
Datronics Limited
Brinkley Holdings Limited
Salt Lake Enterprises, Inc.
Cromwell International Corp.

By FrontierVision Partners, L.P., Agent and Attorney-in-Fact for each SPC Seller, by FVP GP, L.P., its general partner, by FrontierVision Inc., its general partner

By: _____
James C. Vaughn, President

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