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1999

SUMMARY ANNUAL REPORT



**Charter**  
COMMUNICATIONS®

A WIRED WORLD COMPANY™

Charter Communications, Inc. is a Wired World Company™ linking its customers to the *Internet* — and to a growing menu of information and entertainment services. The Wired World™ is Paul Allen's vision of a global broadband network that will interconnect every home, providing immediate availability to information and resources anywhere in the world.

Charter is the fourth-largest operator of cable television systems in the United States, serving more than 6 million customers. In addition to a full range of traditional cable television services, Charter is launching *digital video services*, *high-speed Internet service*, and television-based Internet access. Charter is also introducing interactive video programming and is developing telephone service.

Charter has been in business since 1993, but we're new to many customers and investors. We added more than 3.8 million customers in 1999 and completed our initial public offering in November 1999. Today we're building a new and better kind of communications company with the power of broadband.

So we're focusing on some basic questions in our initial summary annual report...

Words that appear in *italic* are defined in a glossary of terms on page 24.

A large, stylized white logo consisting of two overlapping 'W' characters. The first 'W' is on the left and the second is on the right, with their vertical strokes overlapping. The logo is set against a dark background that transitions into a large, curved, multi-colored fiber optic cable that runs diagonally across the bottom right of the page.

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*"Charter is rapidly building its customer base and broadband capabilities. And we're building it all on a foundation of employees with strong values, a commitment to customer service and a vision of the future."*



**JERALD L. KENT**

PRESIDENT, CHIEF EXECUTIVE OFFICER  
AND DIRECTOR

# WHO

## IS CHARTER COMMUNICATIONS?

### **STRONG VALUES, LEADING TECHNOLOGY**

Since its inception in 1993, Charter Communications has established a record of strong financial and operating performance. Our success has been based on a firm commitment to delivering superior customer service. Today we're building on that foundation to create a new and better kind of communications company.

We believe cable's ability to transmit video, data, and voice at high speeds will enable it to serve as the primary means of delivering new services to the home and workplace. No other technology today can match the speed and capacity, the *interactive\** experience and the local infrastructure of the cable *broadband network*. Charter's objective is to deliver to our customers the full potential of the broadband network in the emerging world of communications.

### **ADDING CUSTOMERS AND SERVING THEM BETTER**

Charter has grown to become the fourth-largest operator of *cable television systems* in the United States. As a result of 32 acquisitions since 1994, we've built a company serving over 6 million cable customers in 11 operating regions throughout the country.

As we add customers, we extend to them our demonstrated commitment to superior customer service. We provide "24/7" customer service — call centers that operate 24 hours a day, seven days a week — and an on-time guarantee for installation and service calls. We have a 99 percent record for on-time service field responses. We're upgrading our systems to provide customers with clearer, more reliable video, and to offer them new digital video and high-speed Internet services.

\* Words appearing in *italic* are defined in a glossary of terms on page 24.



Charter's commitment to customers is a key component of the Company's culture and will provide the base for a growing company. Our tried-and-true model for integrating acquired operations is built on empowering local managers who make decisions close to the customers. We support local operations with improved technology and innovative marketing strategies to serve and build our customer base.

#### SUCCESSFUL INTEGRATION OF ACQUISITIONS

As we acquire other cable systems, we increase revenues and earnings by instilling Charter's commitment to high levels of customer service and financial performance standards. By carefully targeting acquisitions, we create economies of scale. We continually bring together contiguous cable systems — a process known as *clustering* —

which reduces duplication in equipment and personnel.

In late 1998, Charter acquired the Marcus cable systems serving over one million customers. Prior to Charter's management, these systems produced flat customer growth, 8 percent revenue growth and less than 5 percent operating cash flow growth. However, under Charter's management, those same systems produced 2.4 percent customer growth in 1999 compared to 1998. This represented a significant improvement in performance compared to the prior year and was above the cable industry average for customer growth. Revenue growth and operating cash flow growth for those systems during 1999 increased more than 10 percent each. At the same time, customer satisfaction was trending upward and Charter's relationships with cable franchise authorities were dramatically improved.

**A.** THE FOURTH-LARGEST U.S. OPERATOR OF CABLE TELEVISION SYSTEMS, WITH A DEMONSTRATED COMMITMENT TO SUPERIOR SERVICE. CHARTER IS CREATING VALUE FOR CUSTOMERS AND INVESTORS BY INTEGRATING NEW SYSTEMS AND BUILDING A STATE-OF-THE-ART BROADBAND NETWORK.

#### PAUL ALLEN AND THE WIRED WORLD

Charter Communications is a Wired World company dedicated to providing information, entertainment, and interactive communications through the powerful technology of cable. The Wired World is the vision of Charter's chairman, investor, Paul G. Allen. But it isn't only for visionaries and technical wizards. It's for everyone who watches TV or uses a personal computer (PC). In 1998, Allen invested in Charter and entrusted to its management team the task of combining and integrating his cable investments and building a communications company to realize the vision. Charter Communications is our customers' gateway to the Wired World.

*"For over a decade, I have been pursuing a vision of a Wired World where everyone would be interconnected in a global network, providing immediate availability to information and resources anywhere in the world."*



PAUL G. ALLEN

CHAIRMAN, CHARTER  
COMMUNICATIONS

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*"Our cable network offers a state-of-the-art platform for the delivery of broadband services, and we're aggressively rolling out those services to provide customers with a richer experience. Our goal is to raise consumers' expectations, so that they'll look to Charter for the latest in broadband services."*



**STEPHEN E. SILVA**

SENIOR VICE PRESIDENT—  
CORPORATE DEVELOPMENT AND TECHNOLOGY

# WHAT IS BROADBAND?

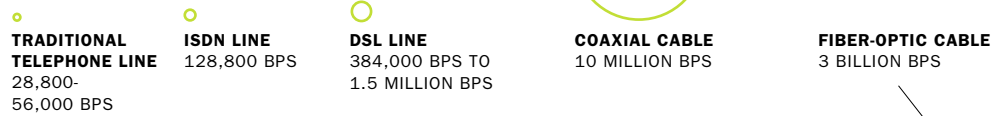
## **BROADBAND: THE TECHNOLOGY BEHIND A WHOLE NEW WORLD**

Imagine watching your favorite TV program, while at the same time getting updates of your stocks through the Internet on your TV screen. A phone call comes in, and the caller ID appears on your TV screen. You pause the program and answer the call through your remote control. You then pick up watching TV where you left off — even though the program is currently being broadcast live. You can also access and play just about any movie anytime you want, play games over the Internet, listen to music, check e-mail — all through your TV, all with a simple remote control, and all while another family member is doing the

same on another TV or PC in another room. Broadband makes all of this — and much more — possible.

How? It begins with digital technology. As more and more video and audio information takes *digital* form, technologies are converging. All kinds of digital information — for TVs, VCRs, CD players, PCs, telephones and electronic games — can be carried on the same communications network. The capacity of a network to carry digital information is measured in *bandwidth*. Broadband is capable of delivering multiple high-capacity services simultaneously. The result is not just more of the same, but a whole new world.

**COMPARATIVE BANDWIDTH\***  
IN BITS OF INFORMATION PER SECOND (BPS)



**HOW BIG IS BROADBAND?**

The capacity of a *fiber-optic cable* is about 100,000 times that of a standard phone line. Since data doesn't have to wait in line to squeeze through, it can reach its destination much faster. Sending data by fiber-optic cable instead of phone lines is like riding the space shuttle instead of walking. And this comparison doesn't even take into account the continuing improvement in technologies to enhance fiber-optic communications. Today, broadband makes possible faster data transmission and high-quality digital and interactive services. The full potential of increased bandwidth lies in new applications that were simply inconceivable with earlier technology. Benefits include more channels of TV programming, streaming video clips from the Internet and video on demand, just to name a few.

\*Source: Vulcan Ventures, Inc.

**WHY BROADBAND?**

Charter is using its broadband network to deliver digital and interactive services. What does the customer see at the end of the line? More choices than ever before — and the ability to tailor choices to individual interests. An interactive program guide is one of the features that gives **Charter Digital Cable™** customers control, convenience, and value. Our goal is to add an average of 10,000 digital customers a week during 2000, delivering to those customers their first glimpse of the possibilities of broadband.



**A.** THE CAPACITY TO TRANSPORT LARGE AMOUNTS OF INFORMATION TO BOTH TELEVISIONS AND PERSONAL COMPUTERS AT HIGH SPEEDS. CHARTER'S CABLE SYSTEMS PROVIDE A BROADBAND NETWORK TO DELIVER NEW DIGITAL VIDEO AND HIGH-SPEED INTERNET SERVICES TO MILLIONS OF HOMES.

**THE CABLE ADVANTAGE — THE POWER OF BROADBAND**

Cable systems are broadband networks, and they are already connected to millions of homes. Cable will be the primary platform for the next generation of technology to reach customers. Charter is well positioned to bring exciting new digital services to our growing customer base because we are continually investing in and improving our systems. As broadband transforms information, entertainment, and communications, it's creating unprecedented opportunities for Charter and tremendous value for our customers.

At the beginning of the 1900's, nobody could have foreseen the potential uses of electricity. Originally, electricity was used almost exclusively for lighting; today, lighting accounts for only about 20 percent of electricity use. Today, video entertainment accounts for nearly

all cable revenues. Looking forward, the great opportunity for growth lies in using cable systems to provide a wide range of other applications — including services that haven't yet been envisioned. The broadband platform will be a place to capitalize on all sorts of new consumer and business services.

**CHARTER'S BROADBAND NETWORK**

Charter is poised to lead the broadband revolution. We're already linked to more than 6 million customers around the country, and we're upgrading our system with far more capacity and two-way capability than competing technologies — such as satellites or telephone lines — can currently provide. We're also moving quickly to deploy new services that utilize this capacity, such as digital video and high-speed Internet service.

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*"By pairing the ambitious rollout of advanced digital set-top converters with some exciting services that take advantage of our expansive broadband capacity, we hope to see the majority of Charter's 6 million customers subscribing to digital services within the next several years."*



**MARY PAT BLAKE**  
SENIOR VICE PRESIDENT—  
MARKETING AND PROGRAMMING

## DOES CHARTER STAND TODAY?

### **UNIQUE RESOURCES, INDUSTRY-LEADING PERFORMANCE**

Charter has a unique advantage over other companies in the emerging broadband industry — access to the resources and relationships of Paul Allen and his investment firm, Vulcan Ventures. For example, we work closely with Interval Research Corporation, Vulcan's research organization, to develop new products and services for our customers. Charter benefits from the business opportunities that are realized through the pairing of new services developed

through our relationship with Interval Research combined with our own customer understanding and marketing organization.

Charter has a management team that successfully introduces those services to our customers. We have a proven track record of offering customers the services they want at a price they're willing to pay. For years, Charter has been an industry leader in customer growth and cash flow per customer.



#### INTERACTIVE DIGITAL SERVICES ARE HERE TODAY

The possibilities of broadband communications are endless — and they begin right here and now. As we upgrade our systems, we're rolling out advanced digital services, such as Charter Digital Cable and Charter Pipeline™ high-speed Internet service. At year-end 1999, we served 155,400 digital video customers and 65,600 high-speed Internet service customers — exceeding analysts' expectations for these new services.

Charter leads the industry in the number of interactive customers over TV, through WorldGate's Internet on EVERY TV™ service. WorldGate offers a user friendly service that allows customers to surf the Internet through their televisions using either a remote control or special wireless keyboard.

Another interactive service offered by Charter is Wink®.

When the Wink icon appears on the TV screen, the customer can press a button on the remote control to read additional information about the program. For example, when Wink appears during a basketball game it might provide further information about a player or scores from other games. At the end of March 2000, approximately 60,000 Charter customers were enjoying Wink service.

Our goal is to bring digital technology to customers as fast as possible. A digital set-top converter in a customer's home not only provides exciting new services but is fundamental to delivering the full potential of broadband. Our goal is for every headend serving 5,000 customers or more to offer digital service by year-end 2000. Further, we plan to install digital video service at an average pace of 10,000 customers a week in 2000.

**A.** AT THE FOREFRONT OF THE BROADBAND REVOLUTION. CHARTER IS UNIQUELY POSITIONED TO BRING CUSTOMERS THE BENEFITS OF OUR POWERFUL BROADBAND NETWORK. WE COMBINE TECHNOLOGICAL LEADERSHIP WITH A TRACK RECORD OF GIVING OUR CUSTOMERS THE SERVICES THEY DESIRE.

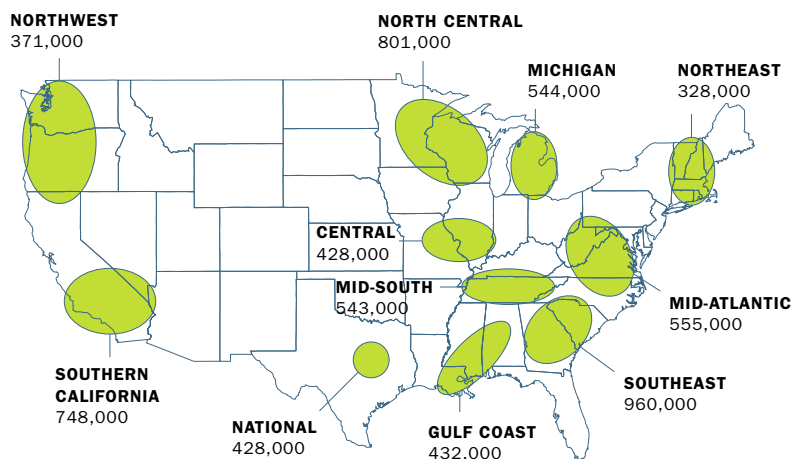
#### WHERE ARE CHARTER'S CUSTOMERS?

The map below shows Charter's 11 operating regions with the number of customers served in each. While Charter serves customers in nearly 40 states, approximately 80 percent of Charter customers are concentrated in 14 states.

#### WHAT ARE THE BENEFITS OF CLUSTERING?

As we acquire new systems, we seek to improve the clustering of our cable operations. By serving systems in close proximity to one another, we can reduce the number of headends, lowering operating costs and creating efficiencies for implementing new services. This also allows us to concentrate our marketing efforts, providing cost efficiencies for media buying, telemarketing and other marketing practices.

We expect to reduce the number of headends by about 65 percent — from 1,250 at the end of 1999, to fewer than 500 by 2003. As a result, over 60 percent of Charter customers will be on headends serving more than 50,000 customers; thereby reducing costs and speeding introduction of advanced services.



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*"As we install thousands of miles of fiber-optic cable, we're upgrading every aspect of our broadband network to deliver greater bandwidth and improved reliability. Our system architecture anticipates the delivery of the next generations of products and services."*



**JOHN C. PIETRI**

SENIOR VICE PRESIDENT —  
ENGINEERING

# WHEN

## WILL THE BROADBAND FUTURE ARRIVE?

### **BUILDING A NETWORK FOR THE 21ST CENTURY**

We are upgrading our cable systems with sufficient bandwidth and two-way capability to provide services such as digital video, high-speed Internet service, telephone service, other interactive services and additional services that have yet to be developed. We're upgrading our system to provide bandwidth that exceeds the industry standard. The upgrade represents a \$3.1 billion investment over three years, beginning in January 2000. This year alone, we will rebuild 40,000 miles of our 180,000 miles Company wide.

By 2003, 92 percent of Charter's customers will be served by systems consisting of fiber-optic and coaxial

cable with bandwidth of 750 megahertz or greater. Our 150 largest systems will have bandwidth of 750 to 870 megahertz and two-way interactive capability. We're upgrading all aspects of our systems to handle this increased bandwidth. Our headends are connected to *nodes* by fiber-optic cable. From nodes, individual homes and businesses are then connected by coaxial cable. Our system architecture incorporates a maximum node size of 500 homes, and currently averages approximately 380 homes. By limiting the number of homes on each node, we improve picture quality and overall reliability. We are also installing six strands of fiber-optic cable to each node, with two strands activated and four strands available for future use.

#### WHAT DOES DIGITAL SERVICE MEAN FOR CHARTER CUSTOMERS?

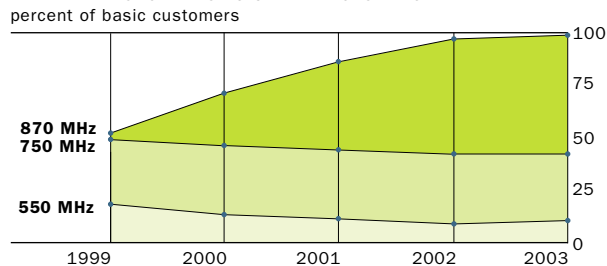
Close on the heels of Charter's aggressive program to upgrade its network is the rapid deployment of new digital services. The focus for 2000 is to roll out **Charter Digital Cable** and **Charter Pipeline** as our systems are upgraded.

The charts at right show the percentage of Charter's customers served by systems that will be upgraded in the next few years to various bandwidth capabilities, and the percentages of customers that will have access to digital video and high-speed Internet services.

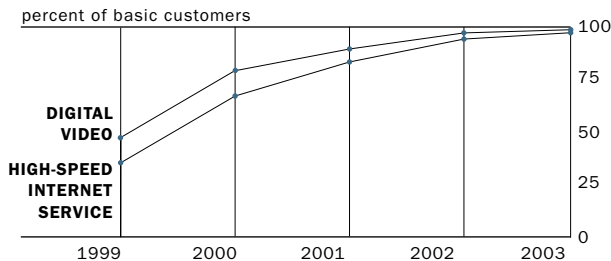
**Charter Digital Cable** offers customers more choices, more convenience, and more value. Customers will find new digital video channels for their special interests, more *premium channels* and more pay-per-view channels designed to let them view programs at their convenience — plus dozens of CD-quality music channels and an interactive program guide, making all of this content easy to find.

**Charter Pipeline** high-speed Internet service enables customers to access the Internet at speeds 50 to 200 times faster than a 28.8 dial-up *modem*. Customers can download sites and files faster, get more done and have more fun. **Charter Pipeline** is a continuous connection to the Internet — no dial-up, no waiting.

#### BANDWIDTH UPGRADES TO CHARTER SYSTEMS



#### CUSTOMERS WITH ACCESS TO DIGITAL VIDEO AND HIGH-SPEED INTERNET SERVICE



**A.** FASTER THAN YOU THINK. TODAY, CHARTER IS PUTTING IN PLACE SYSTEMS WITH THE CAPACITY AND RELIABILITY TO MAKE BROADBAND A REALITY FOR OUR CUSTOMERS. WE ARE RAPIDLY INTRODUCING THE NEW PRODUCTS AND SERVICES THAT BROADBAND MAKES POSSIBLE.

#### NEXT GENERATION INTERACTIVE SERVICES ON THE WAY

As we upgrade our systems and install digital set-top converters in millions of homes, we're installing the platform necessary to offer a new generation of interactive services.

Interactive digital capability makes possible services such as *video on demand* — the convenience of a video store in your own home, where your first choice is never out of stock. We currently offer video on demand in a suburb of Atlanta, and we intend to launch the service in additional markets this year. We believe that video on demand is the next logical step in the evolution of video services. We're building our systems with interactive capabilities that will also accommodate telephone service. Cable has the capacity to combine voice and data communications and we are currently conducting trials for the delivery of telephone service at some of our cable systems.

#### THE PORTAL TO THE BROADBAND FUTURE

Charter's unique ability to deliver exciting new broad-

band services is exemplified by our next-generation broadband *portal*. This portal service will provide our customers a unique experience, blending the power of the Internet with the entertainment and convenience of television. Our portal service is being provided by DIGEO™ BROADBAND INC., in which Charter will have a 25 percent ownership position. The other partners are Vulcan Ventures, Go2Net and High Speed Access Corp., portfolio companies of Paul Allen.

Through our personalized portal, a customer can watch TV and view Internet sites simultaneously on a single TV screen, with an easy-to-use remote control and navigation tool customized to his or her interests. The portal is able to customize content for each customer in a way that satellite and telephone-based systems can't. It offers a "whole house solution" — a customized portal for each person in a household. We're launching the portal service in test markets in 2000, with a broader launch in 2001.

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*"Charter is building a state-of-the-art broadband network to deliver our vision of the future. We have a management team that has demonstrated its ability to implement that vision to create value for customers and investors."*



**KENT D. KALKWARF**

SENIOR VICE PRESIDENT AND  
CHIEF FINANCIAL OFFICER

# WHY

INVEST IN CHARTER?

#### **INDUSTRY-LEADING MANAGEMENT TEAM**

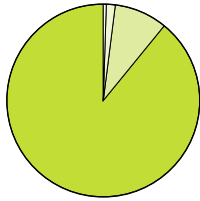
Charter's management team, led by President and CEO Jerry Kent, has many years of successful experience in the cable industry. Under its leadership, Charter has grown to over 6 million customers in just six years through a series of acquisitions. Charter's management team is poised to execute the Wired World vision and take a leadership role in the emerging broadband industry.

#### **RECORD OF PERFORMANCE AND PROFITABLE GROWTH**

Since its founding in 1993, and initial acquisitions in 1994, Charter has achieved rapid growth while maintaining consistently strong financial and operating performance. Charter's strong positive culture, its focus on customer service, and its empowered local managers have supported successful integration of the acquired systems. By bringing those systems up to Charter standards, we create new value

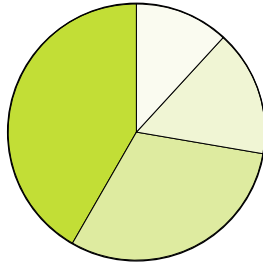
**1999 CABLE INDUSTRY  
ESTIMATED REVENUE MIX**

□ Telephone	<1%
□ Data	2%
□ Digital Video	9%
■ Analog Video	88%



**2005 CABLE INDUSTRY  
ESTIMATED REVENUE MIX**

□ Telephone	16%
□ Data	12%
□ Digital Video	42%
■ Analog Video	30%



Source: Goldman Sachs Estimate

**WHAT IS THE POTENTIAL OF BROADBAND?**

In 1999, video service accounted for 97 percent of cable industry revenues. By 2005, video service is expected to supply approximately 72 percent of industry revenues, as the contribution from data and telephone service grows to 28 percent — and total industry revenues double. Industry revenues are expected to grow from \$34.2 billion in 1999 to over \$70.1 billion in 2005.

# A. THE OPPORTUNITY TO INVEST IN THE HIGH-TECH, HIGH-GROWTH FUTURE OF BROADBAND. LED BY AN EXPERIENCED MANAGEMENT TEAM WITH A SOLID TRACK RECORD OF FINANCIAL AND OPERATING PERFORMANCE, CHARTER IS CAPITALIZING ON UNSURPASSED RESOURCES TO CAPTURE LEADERSHIP IN BROADBAND.

for customers and for shareholders. Strategic acquisitions have improved clustering and reduced operating costs.

**A REBUILT INTERACTIVE BROADBAND SYSTEM**

We're continuing to strengthen our relationship with customers by rebuilding our network to the highest standards in the industry. Our ambitious program is ahead of schedule and within budget. The \$3.1 billion investment makes possible the introduction of high-value digital video and high-speed Internet services today. It will make available the full potential of interactive broadband services in the future.

Charter continues to aggressively roll out new digital video and high-speed Internet services. By year-end 1999, we offered digital services in more than 100 local systems

and served 155,400 digital video customers. In 2000, we're on track to add an average of 10,000 digital video customers a week. Digital video service provided additional household revenue to Charter of an average of \$20 per month from each of our digital video customers, contributing to our double-digit growth in revenue and operating cash flow in 1999.

**UNSURPASSED BROADBAND CAPABILITIES**

No other technology can provide the full array of video, data, and telephone services that our broadband network can deliver. Charter is uniquely positioned to develop new services and content for customers and to deliver those products right to their homes or offices with the best, most reliable broadband network available.



## LETTER TO SHAREHOLDERS



**JERALD L. KENT**

PRESIDENT, CHIEF EXECUTIVE  
OFFICER AND DIRECTOR

# 1999

WAS A TERRIFIC YEAR  
FOR CHARTER COMMUNICATIONS.

We achieved phenomenal growth, becoming the nation's fourth-largest cable television operator. While our acquisition activity and initial public offering generated headlines, I am most proud that we continued to generate operating results that placed us among industry leaders in virtually all financial categories.

It takes a special company to maintain outstanding financial and operational performance in a year of tremendous change. Charter's performance in 1999 is a tribute to our people and the values we share — integrity, hard work, and dedication to our customers.

#### A REMARKABLE YEAR

In 1999, Charter moved to the top tier of the cable industry, as we positioned our Company for leadership in the emerging world of broadband.

We completed the third-largest initial public offering (IPO) ever in the United States — and the largest media IPO ever — with a \$3.7 billion offering in November 1999. We also completed the third-largest high-yield bond offering in history, raising \$3 billion in March 1999. We recently raised an additional \$1.3 billion from the sale of high yield bonds. We announced 12 acquisitions, totaling in excess of \$14 billion, adding 3.8 million customers.

We have now completed all of the acquisitions that were announced last year. I believe we exercised great discipline in the process, as evidenced by our average cost of \$3,700 per acquired customer. That compares very favorably to the industry average estimate of \$3,900 per customer that changed hands in 1999.

On a pro forma basis — as if all acquisitions had occurred on January 1, 1999 — revenues for the year would have been \$2.9 billion. Adjusted EBITDA — earnings before interest, income taxes, depreciation and amortization — excluding certain corporate and noncash expenses, would have been over \$1.4 billion for 1999.

We have exceeded expectations for rolling out new digital programming services. By year-end 1999, as a result of our marketing efforts, we served 155,400 digital video customers, well above consensus analyst expectations. Digital video has been a big success with additional average household revenue of approximately \$20 per month from each of those customers. In addition, we served 65,600 high-speed Internet customers, again well above consensus analyst expectations.

#### OBJECTIVES FOR 2000 AND BEYOND

As we look ahead to this year and the next, we plan to increase shareholder value by accomplishing these objectives:

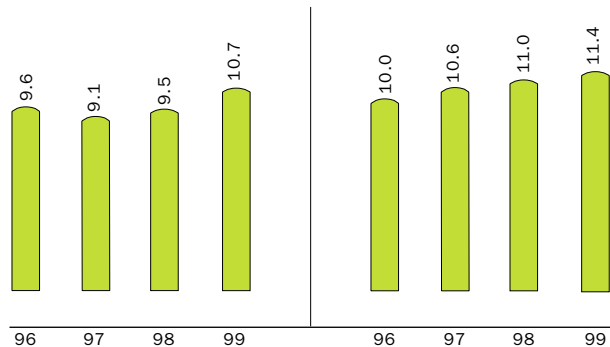
- the rebuild of our cable systems on schedule and within budget;

<b>STRONG MARKETS</b>	<b>NUMBER OF CUSTOMERS</b>
Los Angeles, Calif.	509,000
Greenville/Spartanburg, S.C.	321,000
St. Louis, Mo.	255,000
Madison, Wisc.	231,000
Atlanta, Ga.	210,000
Charleston, W. Va.	189,000
Ft. Worth, Texas	188,000
Worcester, Mass.	165,000
Rochester, Minn.	142,000
Bay City, Mich.	132,000
Kingsport, Tenn.	124,000
Hickory, N.C.	122,000
Birmingham, Ala.	117,000
Fond du Lac, Wisc.	107,000

Charter's acquisition strategy has resulted in significant progress in clustering our cable operations. Approximately 45 percent of Charter customers are in 14 markets with an average of 200,000 customers each, and 80 percent of all Charter customers are in 14 states.

#### CONSISTENTLY STRONG PERFORMANCE

**"SAME-STORE" REVENUE GROWTH** in percent      **"SAME-STORE" EBITDA GROWTH** in percent



Over the past four years, Charter has maintained consistently strong growth in both "same-store" (for systems under Charter management for 12 months or more) revenues and EBITDA — earnings before interest, income taxes, depreciation and amortization.

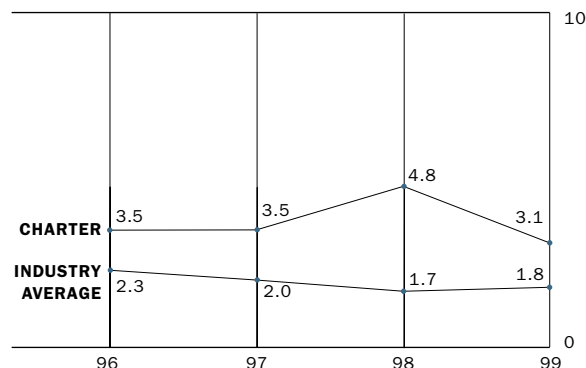
- the successful "Charterizing" of recently acquired cable systems, bringing these systems up to Charter's high standards of operational and financial performance;
- the rapid, effective deployment of new digital services in markets throughout our systems;
- a continued focus on improving service to our customers; and
- the continuation of strategic acquisitions and system *swaps* to improve clustering of our systems.

I firmly believe that we'll end 2000 ahead of our original schedule for rebuilding our systems without increasing our overall cost projections. Our plant architecture is state-of-the-art. Our current design standards include six fiber-optic strands to each node serving a maximum of 500 homes, and currently averaging 380 homes per node. By activating the fibers reserved for future use, utilizing dense wavelength division multiplexing, we can segment to 60 home nodes. This positions us very well to achieve high penetration levels for all of our advanced services.

Our plans call for adding an average of 10,000 new digital video customers and 2,500 new high-speed Internet service customers a week in 2000. We also plan to offer our Internet portal service in St. Louis and other select markets in 2000, and to move ahead with trials of video on demand and telephone service.

## INDUSTRY-LEADING CUSTOMER GROWTH

### "SAME-STORE" CUSTOMER GROWTH in percent



We've already demonstrated consistent industry leadership in customer growth. In each of the past four years, Charter has maintained "same-store" (for systems under Charter management for 12 months or more) growth rates well above industry averages.

## RAPID GROWTH IN PAST 12 MONTHS

in thousands		CUSTOMERS
<b>CHARTER</b> at year end 1998		<b>2,385</b>
ACQUISITIONS	DATE ACQUIRED	
Renaissance	4/99	134
American Cable	5/99	69
Greater Media systems	6/99	176
Helicon	7/99	171
Vista	7/99	26
Cable Satellite	8/99	9
Rifkin	9/99	463
InterMedia systems	10/99	278
Avalon	11/99	258
Fanch	11/99	528
Falcon	11/99	955
<b>TOTAL CUSTOMERS</b> at year end 1999		<b>5,452</b>
Bresnan — pending acquisition at year end 2/00		686
<b>PRO FORMA CUSTOMERS</b> at year end 1999		<b>6,138</b>

By completing 12 acquisitions in the past 12 months, Charter has added 3.8 million customers. With over 6 million customers, Charter is the nation's fourth-largest cable operator. A key focus in 2000 is successful integration of these acquisitions, with improved customer service and financial performance.

At the same time, we will continue to execute our core video business strategy. We intend to increase our strong cash flow by delivering new broadband services and by applying our proven, innovative consumer marketing techniques to deepen market penetration. And we will continue to deliver outstanding customer service.

We will also continue to analyze potential acquisitions and system swaps to expand and increase the efficiency of our systems. From the beginning, Charter's strategy for growth has been to cluster its cable systems geographically to gain operating efficiencies and economies of scale. Operating regional clusters helps us accelerate the delivery of new services.

## CHARTER'S CULTURE AND BELIEFS

Charter's success has always been founded on the integrity of its employees. We turn square corners. We have a strong record of delivering on our promises to our customers and investors. Our company has grown significantly during the past year, but our values haven't changed.

I am confident that Charter's style of management — which emphasizes, encourages, and rewards decision making at the local level — will ease the integration of our acquisitions. I believe

that Charter's strong culture and shared values will continue to promote high standards throughout our growing organization.

Our employees personally benefit as we increase the value of our Company. Substantially all of our 12,500 employees are included in our option plan. We offer incentives to managers as certain operating objectives and milestones are achieved.

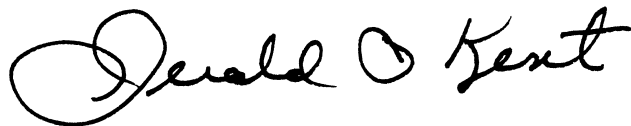
#### ACKNOWLEDGING OUR COMMITMENT TO INVESTORS AND CUSTOMERS

I want to thank the entire Charter management team for their hard work during the past year. With all the growth and all the transaction activity, it was a difficult and challenging period. I'm very proud to say that this management team responded well and answered every challenge.

Thanks also go to our employees — both long-time Charter employees and those who have joined our team during the past year — for their tireless efforts to provide outstanding service to our customers. And thanks to our customers, for their enthusiastic response to new and improved services.

Finally, I want to thank our investors. With your support, we're building the best broadband network in the United States. My number one priority is to reward investor confidence with outstanding returns on investment.

Sincerely,

A handwritten signature in black ink that reads "Jerald L. Kent". The signature is written in a cursive style with a large, looping initial "J".

Jerald L. Kent

President, Chief Executive Officer and Director

April 18, 2000



## PRO FORMA FINANCIAL HIGHLIGHTS

The pro forma financial statements below give effect to all of Charter's acquisitions announced during 1999 as if all of such acquisitions had occurred on January 1, 1999.

### *Pro Forma Statement of Operations (Unaudited)*

*(dollars in millions, except per share data)*

YEAR ENDED DECEMBER 31, 1999

<b>REVENUES</b>	
Basic	\$ 2,105.1
Premium	261.9
Pay-per-view	52.2
Digital video	20.6
Advertising sales	133.4
Internet service	17.4
Other	326.7
Total revenues	2,917.3
<b>OPERATING EXPENSES</b>	
Adjusted EBITDA	1,424.8
Corporate expense charges	109.8
Management fee expense	15.7
Option compensation expense	80.0
Other	0.2
EBITDA	1,219.1
Interest, net	(1,011.9)
Depreciation and amortization	(1,678.1)
Income tax expense	(4.5)
Loss before minority interest	(1,475.4)
<b>MINORITY INTEREST IN LOSS OF SUBSIDIARY</b>	
	899.1
Net loss	\$ (576.3)
<b>LOSS PER COMMON SHARE, BASIC AND DILUTED</b>	
	\$ (2.59)
Weighted-average common shares outstanding	222,089,746

### *Pro Forma Balance Sheet (Unaudited)*

*(dollars in millions)*

AS OF DECEMBER 31, 1999

Total assets	\$22,045.9
Long-term debt	11,025.5
Minority interest	5,242.5
Redeemable securities	1,846.2
Shareholders' equity	3,068.7

### *Pro Forma Operating Data (Unaudited)*

AS OF DECEMBER 31, 1999

Homes passed	9,852,800
Basic customers	6,138,200
Premium units	3,144,400
Digital video customers	155,400
Internet service customers	65,600

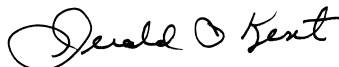
## Responsibility for Financial Statements

The management of Charter Communications, Inc. is responsible for the information and representations contained in the financial statements and in other sections of this summary annual report. Management believes that the financial statements, which include amounts that are based on management's best estimates and judgments, fairly reflect the form and substance of transactions and reasonably represent the company's financial condition and results of operations. The condensed financial statements in this report have been prepared based on the financial statements contained in the company's Annual Report on Form 10-K. Those statements were prepared in conformity with accounting principles generally accepted in the United States. The independent public accountants audited those statements in accordance with auditing standards generally accepted in the United States and provided an objective, independent review of the fairness of reported operating results and financial position. Other information included in this report is consistent, where applicable, with the financial statements.

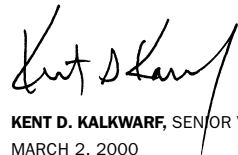
The company maintains a system of internal accounting policies, procedures and controls designed to provide reasonable assurance, at appropriate cost, that the transactions are executed in accordance with company's authorization and are properly recorded and reported in the financial statements, and that assets are adequately safeguarded. Qualified personnel are selected and an organization structure is maintained that provides for appropriate functional responsibility.

Written policies and procedures have been developed and are revised as necessary. The company maintains and supports a program of internal audits with appropriate management follow-up.

The board of directors, through its Audit Committee composed of outside directors, is responsible for ensuring that both management and the independent public accountants fulfill their respective responsibilities in regard to the financial statements. Moreover, the independent public accountants have full and free access to meet with the Audit Committee, with or without management present, to discuss accounting, control, audit and financial reporting matters.



**JERALD L. KENT**, PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR



**KENT D. KALKWARF**, SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER  
MARCH 2, 2000

## Report of Independent Public Accountants

To Charter Communications, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Charter Communications, Inc. and subsidiaries as of December 31, 1999, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the year ended December 31, 1999. We did not audit the financial statements of Charter Communications VI Operating Company, LLC and subsidiaries and CCVII—Falcon Systems as of December 31, 1999, and for the periods from the dates of acquisition through December 31, 1999, which statements on a combined basis reflect total assets and total revenues of 31 percent and 6 percent, respectively, of the related consolidated totals of the Company. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for those entities, is based solely on the reports of the other auditors. Such consolidated financial statements, our report thereon dated March 2, 2000, expressing an unqualified opinion, and the reports of other auditors, are not presented herein and are included in the Company's 1999 Annual Report on Form 10-K. The accompanying condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on such condensed consolidated financial statements in relation to the complete consolidated financial statements.

In our opinion, based on our audit and the reports of other auditors, the information set forth in the accompanying condensed consolidated balance sheet as of December 31, 1999, and the related condensed consolidated statements of operations and cash flows for the year ended December 31, 1999 is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.



**ARTHUR ANDERSEN LLP**  
ST. LOUIS, MISSOURI  
MARCH 2, 2000

*Charter Communications, Inc.*  
*Condensed Consolidated Statement of Operations*  
*(dollars in millions, except per share data)*

YEAR ENDED DECEMBER 31, 1999

<b>REVENUES</b>	\$1,428.3
<b>OPERATING EXPENSES:</b>	
Operating, general and administrative	738.0
Depreciation and amortization	745.3
Option compensation expense	80.0
Corporate expense charges—related party	51.4
	1,614.7
Loss from operations	(186.4)
<b>OTHER INCOME (EXPENSE):</b>	
Interest expense	(477.8)
Interest income	34.4
Other, net	(8.0)
Loss before income taxes and minority interest	(637.8)
<b>INCOME TAX EXPENSE</b>	(1.0)
Loss before minority interest	(638.8)
<b>MINORITY INTEREST IN LOSS OF SUBSIDIARY</b>	572.6
Net loss	\$ (66.2)
<b>LOSS PER COMMON SHARE, BASIC AND DILUTED</b>	\$ (2.22)
Weighted-average common shares outstanding	29,811,202
Common shares outstanding at December 31, 1999	221,740,580

Note: These condensed consolidated financial statements should be read in conjunction with the complete audited consolidated financial statements appended to the Charter Communications, Inc. proxy statement for the 2000 annual meeting of stockholders.

*Charter Communications, Inc.*  
*Condensed Consolidated Balance Sheet*  
*(dollars in millions)*

AS OF DECEMBER 31, 1999

**ASSETS**

CURRENT ASSETS:

Cash and cash equivalents	\$ 133.7
Accounts receivable, net of allowance for doubtful accounts of \$11.5	93.8
Prepaid expenses and other	35.1
Total current assets	262.6

INVESTMENT IN CABLE PROPERTIES:

Property, plant and equipment	3,490.6
Franchises	14,985.8
Total	18,476.4

OTHER ASSETS 227.5

**TOTAL ASSETS** **\$18,966.5**

**LIABILITIES AND SHAREHOLDERS' EQUITY**

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 706.8
Accounts payable to related party	13.2
Total current liabilities	720.0

LONG-TERM DEBT 8,936.5

DEFERRED MANAGEMENT FEES — RELATED PARTY 21.6

OTHER LONG-TERM LIABILITIES 145.1

MINORITY INTEREST 5,381.3

REDEEMABLE SECURITIES 750.9

SHAREHOLDERS' EQUITY:

Class A common stock — 221,690,580 shares outstanding	0.2
Class B common stock — 50,000 shares outstanding	—
Additional paid-in capital	3,075.7
Retained deficit	(66.2)
Accumulated other comprehensive income	1.4
Total shareholders' equity	3,011.1

**TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY** **\$18,966.5**

Note: These condensed consolidated financial statements should be read in conjunction with the complete audited consolidated financial statements appended to the Charter Communications, Inc. proxy statement for the 2000 annual meeting of stockholders.

*Charter Communications, Inc.*  
*Condensed Consolidated Statement of Cash Flows*  
*(dollars in millions)*

YEAR ENDED DECEMBER 31, 1999

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net loss	\$ (66.2)
Adjustments to reconcile net loss to net cash provided by operating activities	353.4
Changes in assets and liabilities, net of effects from acquisitions	186.2
Other operating activities	6.5
Net cash provided by operating activities	479.9

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchases of property, plant and equipment	(741.5)
Payments for acquisitions, net of cash acquired	(7,629.6)
Other investing activities	(1,706.9)
Net cash used in investing activities	(10,078.0)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Borrowings of long-term debt	10,114.2
Repayments of long-term debt	(5,694.4)
Payments for debt issuance costs	(113.5)
Net proceeds from initial public offering of Class A stock	3,547.9
Capital contributed to subsidiary	1,894.3
Distributions to Charter Investment	(10.9)
Other financing activities	(15.4)
Net cash provided by financing activities	9,722.2

NET INCREASE IN CASH AND CASH EQUIVALENTS 124.1

CASH AND CASH EQUIVALENTS, beginning of period 9.6

CASH AND CASH EQUIVALENTS, end of period \$ 133.7

Note: These condensed consolidated financial statements should be read in conjunction with the complete consolidated audited financial statements appended to the Charter Communications, Inc. proxy statement for the 2000 annual meeting of stockholders.

*Organizational Structure*

Charter Communications, Inc. is a publicly traded corporation whose sole asset is an approximate 40 percent economic interest and 100 percent voting interest in Charter Communications Holding Company, LLC (Charter Holdco). The remaining 60 percent economic interest in Charter Holdco is held primarily by Paul G. Allen, through Vulcan Cable III Inc. and Charter Investment, Inc., neither of which are publicly traded. The Class A common stock of Charter Communications, Inc. is traded on the Nasdaq. The Class B common stock of Charter Communications, Inc. is owned by Paul G. Allen, representing less than one percent of total common stock issued and outstanding. The Class B common stock is not publicly traded.

Charter Holdco is the indirect owner of the cable systems referred to in this document. Minority interest represents the portion of the economic interest in Charter Holdco not owned by Charter Communications, Inc. Charter Holdco and its subsidiaries and Charter Communications, Inc. are collectively referred to as "Charter" or "the Company."



## *Directors of Charter Communications, Inc.*

### **PAUL G. ALLEN, CHAIRMAN, 47**

Mr. Allen is a private investor with interests in a wide variety of companies, many of which focus on multimedia digital communications. His 150 portfolio companies include Interval Research Corporation, of which Mr. Allen is Chairman of the Board, Vulcan Ventures, Inc., Vulcan Programming, Inc. and Vulcan Cable III Inc. Mr. Allen also serves as a director of various private corporations.

### **JERALD L. KENT, 43**

Mr. Kent is president, chief executive officer and director of Charter Communications, Inc. Prior to co-founding Charter Investment, Inc. in 1993, Mr. Kent was executive vice president and chief financial officer of Cencom Cable Associates, Inc., where he previously held other executive positions. Mr. Kent is a member of the board of directors of High Speed Access Corp., Cable Television Laboratories, Inc. and Com21 Inc. Earlier he was with Arthur Andersen LLP, where he attained the position of tax manager. Mr. Kent, a certified public accountant, received a bachelor's degree and M.B.A. from Washington University (St. Louis).

### **MARC B. NATHANSON, 54**

Mr. Nathanson was chairman and chief executive officer of Falcon Holding Group, Inc. and its predecessors from 1975 to 1999, and prior to 1995 he also served as president. Prior to 1975, he held executive positions with Teleprompter Corporation, Warner Cable, and Cypress Communications Corporation. Mr. Nathanson served as chairman and chief executive officer of Enstar Communications Corporation from 1988 to 1999. Mr. Nathanson serves as a director of the National Cable Television Association, director of Digital Entertainment Network, Inc. and an Advisory Board member of TVA (Brazil).

### **RONALD L. NELSON, 47**

Mr. Nelson is a founding member of DreamWorks LLC, where he has served in executive management since 1994. In 15 years at Paramount Communications Inc., he held a variety of operating and executive positions. Mr. Nelson has a B.S. from the University of California at Berkeley and an M.B.A. from the University of California at Los Angeles. Mr. Nelson serves on the board of directors of Advanced Tissue Sciences.

### **NANCY B. PERETSMAN, 45**

Ms. Peretsman has been a managing director and executive vice president of Allen & Company, an investment banking firm (unrelated to Paul Allen) since 1995. From 1983 to 1995 she was an investment banker at Salomon Brothers Inc., where she was a managing director since 1990. She received a B.A. from Princeton University and an M.P.P.M. from Yale University. Ms. Peretsman serves on the board of directors of Oxygen Media, Inc., New Sub Services, Inc. and Priceline.com Incorporated.

### **WILLIAM D. SAVOY, 36**

Since 1990, Mr. Savoy has been an officer and a director for many affiliates of Paul Allen, including vice president and a director of Vulcan Ventures, president of Vulcan Northwest, president and a director of Vulcan Programming and president and director of Vulcan Cable III Inc. From 1987 until November 1990, Mr. Savoy was employed by Layered, Inc. and became its president in 1988. Mr. Savoy serves on the Advisory Board of DreamWorks SKG and also serves as director of drugstore.com, inc., Go2Net, Inc., Harbinger Corporation, High Speed Access Corp., Metricom, Inc., Telescan, Inc., Ticketmaster Online—CitySearch, Inc., USA Networks, Inc. and Value America, Inc. Mr. Savoy holds a B.S. in computer science, accounting and finance from Atlantic Union College.

### **HOWARD L. WOOD, 60**

Mr. Wood co-founded Charter Investment, Inc. in 1993 and served in various executive capacities through November 1999, when he became a consultant to Charter Communications, Inc. Prior to 1993, Mr. Wood was chief executive officer of Cencom Cable Associates, Inc., where he had also held other executive positions. Earlier he was partner-in-charge of the St. Louis Tax Division of Arthur Andersen LLP. Mr. Wood is a certified public accountant. He graduated from Washington University (St. Louis) School of Business. Mr. Wood serves as a director of Van Liner Group, Inc., First State Community Bank, Gaylord Entertainment Company and Data Research, Inc.

## *Executive Officers of Charter Communications, Inc.*

### **JERALD L. KENT, 43**

PRESIDENT, CHIEF EXECUTIVE OFFICER AND DIRECTOR

### **DAVID G. BARFORD, 41**

SENIOR VICE PRESIDENT OF OPERATIONS — WESTERN DIVISION

Prior to joining Charter in 1995, Mr. Barford held various senior marketing and operating roles during nine years at Comcast Corporation. He received a B.A. from California State University, Fullerton, and an M.B.A. from National University.

### **MARY PAT BLAKE, 44**

SENIOR VICE PRESIDENT — MARKETING AND PROGRAMMING

Prior to joining Charter in 1995, Ms. Blake was active in the emerging business sector and formed Blake Investments, Inc. in 1993. She has 18 years of experience with senior management responsibilities in marketing, sales, finance, systems, and management with General Mills, Pepsico and Brown Group, Inc. Ms. Blake received a B.S. from the University of Minnesota and an M.B.A. from the Harvard Business School.

### **ERIC A. FREESMEIER, 46**

SENIOR VICE PRESIDENT — ADMINISTRATION

From 1986 until joining Charter in 1998, Mr. Freesmeier served in various executive management positions at Edison Brothers Stores, Inc. Earlier he held management and executive positions at Montgomery Ward. Mr. Freesmeier holds bachelor's degrees from the University of Iowa and a master's degree from Northwestern University's Kellogg Graduate School of Management.

### **THOMAS R. JOKERST, 50**

SENIOR VICE PRESIDENT — ADVANCED TECHNOLOGY

Mr. Jokerst joined Charter in 1994. Previously, he served as a vice president of Cable Television Laboratories and as a regional director of engineering for Continental Cablevision. He is a graduate of Ranken Technical Institute and of Southern Illinois University.

### **KENT D. KALKWARF, 40**

SENIOR VICE PRESIDENT AND CHIEF FINANCIAL OFFICER

Prior to joining Charter in 1995, Mr. Kalkwarf was employed for 13 years by Arthur Andersen LLP, where he attained the position of senior tax manager. He has extensive experience in cable, real estate, and international tax issues. Mr. Kalkwarf has a B.S. from Illinois Wesleyan University. He is a certified public accountant.

### **RALPH G. KELLY, 43**

SENIOR VICE PRESIDENT — TREASURER

Prior to joining Charter in 1993, Mr. Kelly was controller and then treasurer of Cencom Cable Associates, Inc. He left Charter in 1994, to become chief financial officer of CableMaxx, Inc., and returned in 1996. Mr. Kelly received his bachelor's degree in accounting from the University of Missouri at Columbia and his M.B.A. from Saint Louis University. He is a certified public accountant.

### **DAVID L. MCCALL, 44**

SENIOR VICE PRESIDENT OF OPERATIONS — EASTERN DIVISION

Prior to joining Charter in 1995, Mr. McCall was associated with Crown Cable and its predecessor company, Cencom Cable Associates, Inc., from 1983 to 1994. Mr. McCall has served as a director of the South Carolina Cable Television Association for ten years, and is a member of the Southern Cable Association's Tower Club.

### **JOHN C. PIETRI, 50**

SENIOR VICE PRESIDENT — ENGINEERING

Prior to joining Charter in 1998, Mr. Pietri was with Marcus Cable for eight years, most recently serving as senior vice president and chief technical officer. Earlier, he was in operations with West Marc Communications and Minnesota Utility Contracting. Mr. Pietri attended the University of Wisconsin — Oshkosh.

### **MICHAEL E. RIDDLE, 41**

SENIOR VICE PRESIDENT AND CHIEF INFORMATION OFFICER

Prior to joining Charter in 1999, Mr. Riddle was director of applied technologies at Cox Communications for four years. Earlier, he was in technical and management roles at Southwestern Bell and its subsidiaries. Mr. Riddle attended Fort Hays State University.

### **STEVEN A. SCHUMM, 47**

EXECUTIVE VICE PRESIDENT AND ASSISTANT TO THE PRESIDENT

Prior to joining Charter in 1998, Mr. Schumm was managing partner of the St. Louis office of Ernst & Young LLP, where he was a partner for 14 of 24 years. He served as one of 10 members of the firm's National Tax Committee. Mr. Schumm earned a B.S. degree from Saint Louis University.

### **CURTIS S. SHAW, 51**

SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY

Prior to joining Charter in 1997, Mr. Shaw served as corporate counsel to NYNEX since 1988. He has over 25 years of experience as a corporate lawyer, specializing in mergers and acquisitions, joint ventures, public offerings, financings, and federal securities and antitrust law. Mr. Shaw received a B.A. from Trinity College and a J.D. from Columbia University School of Law.

### **STEPHEN E. SILVA, 40**

SENIOR VICE PRESIDENT — CORPORATE DEVELOPMENT AND TECHNOLOGY

From 1983 until joining Charter in 1995, Mr. Silva served in various management positions at U.S. Computer Services, Inc. He is a member of the board of directors of High Speed Access Corp.

## Glossary of Terms

**ANALOG** p. 11

The traditional technology used to transmit video and audio signals over cable television systems. Contrasts with a “digital” signal.

**BANDWIDTH** p. 4

The range of usable frequencies that can be transmitted over a cable system. Typically expressed in megahertz (MHz).

**BROADBAND NETWORK** p. 2

A communications system, such as a cable system, with high bandwidth capacity. It is capable of delivering multiple high-capacity services, such as Internet access, telephone service, digital video, and analog video.

**CABLE TELEVISION SYSTEM** p. 2

A broadband communications network consisting of fiber-optic cable and coaxial cable that delivers video, data and telephone services to customers.

**CLUSTERING** p. 3

Grouping of cable systems in a concentrated geographical area that are managed as a group in order to achieve operational efficiencies.

**COAXIAL CABLE** p. 8

An enclosed wire used for broadband cable communications systems, having high bandwidth capacity, noise immunity, and physical durability.

**DIGITAL** p. 4

Information that has been converted into ‘bits’ of data that are transmitted through a broadband communication system, allowing simultaneous transmission of video, voice and data.

**DIGITAL VIDEO** inside front cover

An enhanced tier of cable TV that offers additional video channels, multiplexing of premium channels, uninterrupted music channels and a digital on-screen programming guide, as well as other enhanced services, through digital compression technology.

**FIBER-OPTIC CABLE** p. 5

Thin strands of glass cable used as the medium for transporting light pulses through a network. Fiber-optic cable is used with traditional coaxial cable to provide increased bandwidth capacity and improved signal transmission quality and reliability.

**HEADEND** p. 3

The electronic control center of a cable system. The headend is the site of the receiving antennae, signal processing equipment, and other equipment essential to providing video programming and other communications services to customers.

**HIGH-SPEED INTERNET SERVICE** inside front cover

Service of providing high-speed Internet access through the cable system. It is linked to the customer’s home by a cable modem.

**HOMES PASSED** p. 17

The number of homes that could potentially be served by an existing cable system.

**INTERACTIVE** p. 2

Two-way communications allowing a customer to both receive and send information over the cable system.

**INTERNET** inside front cover

A global data network supporting information, research, educational, and commercial services. High-speed connection to the Internet is available through the cable system.

**MEGAHERTZ (MHz)** p. 8

A measure of bandwidth capacity. Currently, state-of-the-art cable systems are generally constructed with bandwidth capacity of 750 MHz or 870 MHz.

**MODEM** p. 9

An external or internal terminal device that, when connected with a personal computer and the cable system, transports data to customers at a greater speed than conventional analog dial-up modems.

**NODE** p. 8

The termination point of the fiber-optic cable from the head-end. Coaxial cable connects the node to individual homes.

**PORTAL** p. 9

An entrance to the Internet, such as through a broadband or cable system.

**PREMIUM CHANNEL** p. 9

A cable channel that is not included in basic or expanded basic cable packages. Examples of premium channels include HBO and Showtime.

**SWAP** p. 14

A trade of cable television systems with another cable company, generally to improve a company’s clusters.

**VIDEO ON DEMAND** p. 9

Television programming provided to customers upon request. Generally, this allows a customer to choose a movie from a library of films and select the title and start time immediately on request. It also offers VCR-like features to the customer during the delivery of the movie.

*Page numbers indicate first appearance in text of defined word.*

## Shareholder Information

### COMMON STOCK INFORMATION

Charter Communications, Inc. common stock is traded in the Nasdaq National Market under the symbol CHTR. Charter completed its initial public offering of Class A common stock on November 8, 1999. The initial public offering price was \$19 per share. As of March 31, 2000, there were 1,923 holders of Class A common stock (representing an aggregate of approximately 234,000 beneficial owners) and one holder of Class B common stock. Charter does not expect to pay any cash dividends on its Class A common stock in the foreseeable future. Charter intends to retain future earnings, if any, to finance the expansion of its business. The ability of Charter to pay cash dividends on its common stock is limited by provisions in the indentures governing the publicly held debt of its subsidiaries.

### MARKET INFORMATION

For the period from November 9, 1999 through December 31, 1999

HIGH	LOW	CLOSE
\$27.75	\$19.50	\$21.87

### TRANSFER AGENT AND REGISTRAR

ChaseMellon Shareholder Services, L.L.C.  
Overpeck Centre  
85 Challenger Road  
Ridgefield Park, New Jersey 07660  
Toll-free number: 888.213.0965  
Internet address:  
[www.chasemellon.com](http://www.chasemellon.com)

### ANNUAL MEETING OF SHAREHOLDERS

June 7, 2000, 10:00 a.m. (Pacific Time)  
Meydenbauer Center  
11100 N.E. 6th Street  
Bellevue, Washington 98004

### 1999 SUMMARY ANNUAL REPORT

To control costs and to better meet our shareholders' needs, we have published a 1999 summary annual report. The Consolidated Financial Statements and Management's Discussion and Analysis are included as an appendix to the Company's Proxy Statement and can be obtained separately through Investor Relations or the Company's website.

### INDEPENDENT PUBLIC ACCOUNTANTS

Arthur Andersen LLP  
St. Louis, Missouri

### CORPORATE HEADQUARTERS

Charter Communications, Inc.  
12444 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131-3660  
314.965.0555

### INVESTOR INFORMATION

Communications related to stock transfers, lost certificates or account changes should be directed to ChaseMellon Shareholder Services, L.L.C. Other shareholder requests may be directed to:

Investor Relations  
Charter Communications, Inc.  
12444 Powerscourt Drive, Suite 100  
St. Louis, Missouri 63131-3660  
Telephone: 314.543.2459

Certain financial information and press releases are available at Charter's Web site: [www.chartercom.com](http://www.chartercom.com).

### FORM 10-K

Form 10-K, filed annually in March with the Securities and Exchange Commission, is available without charge by accessing our website at [www.chartercom.com](http://www.chartercom.com) or by contacting Investor Relations at the address and telephone number listed on this page.

### WEB SITE: [www.chartercom.com](http://www.chartercom.com)

Charter's Web site contains an investor section that offers financial information, including stock data, press releases and SEC filings. You may request a shareholder kit, including recent financial information, through the site. You may self-enroll for e-mail alerts for all press releases and SEC filings through the site as well. The site also offers information on Charter's vision, products and services, and management team.

### FORWARD-LOOKING STATEMENTS

This summary annual report includes forward-looking statements regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions, and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Many of the forward-looking statements contained in this report may be identified by the use of forward-looking words such as "believe," "expect," "intend," "anticipate," "should," "planned," "estimated," and "potential," among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this summary annual report are identified in the reports and documents we file from time to time with the U.S. Securities and Exchange Commission. Charter Communications does not intend to update these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

### TRADEMARKS

Trademark terms that belong to Charter Communications and its businesses, along with those belonging to other companies but used for products licensed by Charter Communications, are marked by ®, TM or SM at their first use in this report. The ® symbol indicates that the trademark is registered in the U.S. Patent and Trademark Office. The TM and SM symbols indicate that the mark is being used as a common law trademark or servicemark, as the case may be. Applications for registration of common law trademarks may have been filed.

STAY TUNED.



A WIRED WORLD COMPANY™

12444 POWERSCOURT DRIVE  
SUITE 100  
ST. LOUIS, MISSOURI  
63131-3660