

## **QUESTIONS AND ANSWERS ABOUT CHARTER COMMUNICATIONS, INC.'S THREATENED BANKRUPTCY**

**Q:** What do we currently know about the rumors and reports of an impending Charter bankruptcy?

**A:** Like many businesses the past few months, Charter Communications (doing business in Massachusetts as "Charter Communications Entertainment I, DST" or previously "Charter Communications Entertainment I LLC") has encountered financial problems paying interest on its loans (bonds). Charter has negotiated an agreement with its bond holders under which its debt will be reduced, and new cash will be invested in the corporation. As part of that agreement, there will be a voluntary Chapter 11 bankruptcy filing, before April 1, 2009. Charter says it expects the process to be accelerated and to last perhaps as briefly as several months. During the entire process, Charter will remain in business just as before.

**Q:** What is Chapter 11 bankruptcy?

**A:** Chapter 11 of the bankruptcy code allows a corporation to reorganize, discharge certain of its debts, and continue its usual activities, all while remaining in business.

**Q:** When Charter does file, should we be taking any pro-active role to protect our cable licenses?

**A:** No; there is nothing you can do, either before or after a filing, that would have any protective effect upon your cable license.

**Q:** If Charter does file for bankruptcy on or before April 1 as reported, will our cable television license be in jeopardy? Or, will any of our access funding be at risk?

**A:** In all probability, you will notice no change. Charter's cable television licenses are valuable revenue-generating assets that both Charter and the bankruptcy court will want to be kept intact and functioning. The access funding Charter pays to its municipalities are a small fraction of its gross revenues earned in that market (at best, no greater than 5%). As long as Charter continues to provide cable services to subscribers, and as long as subscribers pay their bills to Charter, access support payments should continue to come in as usual. Neither Charter nor the bankruptcy court will want to risk the loss of the 95% portion of gross revenues in a market by triggering a default on payment of the other 5% in access payments. A revoked license is the last thing Charter or the court will want. We expect Charter to keep performing even after April 1.

**Q:** If Charter does file, can we expect to see a lot of papers from the bankruptcy court, will we have to send them in, and will we need help?

**A:** In a bankruptcy proceeding, the court sends out papers to the "creditors" who then must file a claim on the bankrupt's assets. It will be up to the bankruptcy court to decide whether a municipality issuing a cable license to Charter is really a "creditor" within the meaning of bankruptcy laws. It is possible that municipalities will not be considered creditors and in that case, you will probably not see any papers specifically relating to the bankruptcy proceedings. If you do see bankruptcy court papers, however, they are typically self-explanatory; but if you need help we can assist you. Please be sure to note well any return dates or

filing deadlines and act upon them promptly. Charter has advised us that, as part of the overall agreement with creditors, there may be some internal realignment of subsidiaries within its corporate family. It may therefore be possible that papers for the transfer of your Charter license from one Charter subsidiary to another subsidiary will be sent. Should you receive any such papers, and have any questions about the procedure involved, please contact us.

**Q:** Has Charter itself been sending out any information to tell us what is going on?

**A:** Yes. Charter advises that it sent a letter to all licensing granting authorities with whom it has a license. The letter was dated February 13, 2009. We can provide you a copy of the letter if your local authority is unable to locate it.