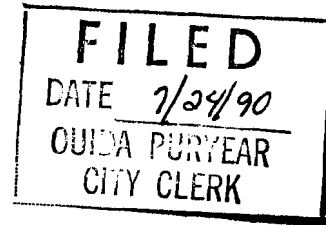


East Arkansas Cablevision



July 17, 1990

Mayor Hubert Brodell
P. O. Box 1845
Jonesboro, AR 72403

Dear Mayor Brodell:

Enclosed, please find the following documents prepared for purposes of the City of Jonesboro franchise requirements:

- * Gross Receipts Report for the five-year period ended December 31, 1989 for the City of Jonesboro.
- * Officer Certification and unaudited financial statements for the three-year period ended December 31, 1989 for East Arkansas Cablevision, Inc.
- * Agreed-upon procedures report regarding basic subscriber counts for the three-year period ended December 31, 1989 for Jonesboro and East Arkansas Cablevision, Inc.

If we can be of additional assistance, please let us know.

Sincerely,

Earnest J. Hicks
General Manager

EJH/dm

Enc.



EAST ARKANSAS CABLEVISION, INC.

Balance Sheets

(Unaudited)

<u>Assets</u>	December 31.		
	1989	1988	1987
Cash	\$ 62,727	21,055	---
Receivables	201,537	159,198	406,851
Less allowance for doubtful accounts	<u>(26,399)</u>	<u>(27,976)</u>	<u>(21,149)</u>
	<u>175,138</u>	<u>131,222</u>	<u>385,702</u>
Prepaid expenses	15,758	311	10,289
Investment in cable television system:			
Land	48,190	48,190	48,190
Cable distribution system	11,143,095	10,666,284	9,906,245
Cable support equipment	<u>1,151,898</u>	<u>1,062,196</u>	<u>872,284</u>
	12,343,183	11,776,670	10,826,719
Less accumulated depreciation	<u>(5,707,770)</u>	<u>(4,988,150)</u>	<u>(4,166,515)</u>
	6,635,413	6,788,520	6,660,204
Goodwill, net of amortization	<u>559,889</u>	<u>577,950</u>	<u>596,011</u>
	<u>7,195,302</u>	<u>7,366,470</u>	<u>7,256,215</u>
	<u>\$ 7,448,925</u>	<u>7,519,058</u>	<u>7,652,206</u>
<u>Liabilities and Stockholder's Equity</u>			
Accounts payable and accrued liabilities	\$ 611,886	378,615	832,682
Subscriber advance payments and converter deposits	107,669	115,512	105,836
Debt	103,613	88,950	55,138
Amounts due to related parties	<u>4,321,918</u>	<u>5,635,615</u>	<u>6,459,729</u>
Total liabilities	<u>5,145,086</u>	<u>6,218,692</u>	<u>7,453,385</u>
Stockholder's equity:			
Common stock	126,000	126,000	126,000
Additional paid-in capital	619,441	619,441	619,441
Retained earnings (deficit)	<u>1,558,398</u>	<u>554,925</u>	<u>(546,620)</u>
Total stockholder's equity	<u>2,303,839</u>	<u>1,300,366</u>	<u>198,821</u>
	<u>\$ 7,448,925</u>	<u>7,519,058</u>	<u>7,652,206</u>

EAST ARKANSAS CABLEVISION, INC.

Statements of Operations

(Unaudited)

	December 31.		
	1989	1988	1987
Revenue:			
Basic service	\$ 4,123,349	3,755,844	3,177,450
Pay TV	1,202,131	1,143,763	1,151,526
Installation and other	<u>528,102</u>	<u>533,719</u>	<u>434,490</u>
	<u>5,853,582</u>	<u>5,433,326</u>	<u>4,763,466</u>
Expenses:			
Operating, selling, general and administrative	2,983,664	2,599,782	2,568,340
Management fee	292,679	271,666	238,173
Depreciation	907,329	821,635	751,265
Amortization	<u>18,061</u>	<u>18,061</u>	<u>18,061</u>
	<u>4,201,733</u>	<u>3,711,144</u>	<u>3,575,839</u>
Operating income	1,651,849	1,722,182	1,187,627
Other expenses:			
Interest expense, net	525,036	605,518	592,014
Loss (gain) on dispositions of property and equipment	<u>123,340</u>	<u>15,119</u>	<u>(39,762)</u>
	<u>648,376</u>	<u>620,637</u>	<u>552,252</u>
Net earnings	<u>\$ 1,003,473</u>	<u>1,101,545</u>	<u>635,375</u>

NOTE: East Arkansas Cablevision, Inc.'s (East Arkansas) results of operations are included in the consolidated income tax return of United Artists Entertainment Company. No income tax expense has been allocated to East Arkansas for the three years ended December 31, 1989.

EAST ARKANSAS CABLEVISION, INC.

Statements of Cash Flows

(Unaudited)

	December 31.		
	1989	1988	1987
Cash flows from operating activities:			
Net earnings	\$ 1,003,473	1,101,545	635,375
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Depreciation and amortization	925,390	839,696	769,326
Loss (gain) on dispositions of property and equipment	123,340	15,119	(39,762)
(Increase) decrease in:			
Receivables	(43,916)	254,480	(280,367)
Prepaid expenses	(15,447)	9,978	6,134
Increase (decrease) in:			
Accounts payable and accrued liabilities	233,271	(454,067)	412,747
Subscriber advance payments and converter deposits	(7,843)	9,676	20,005
Amounts due to related parties	(1,313,697)	(824,114)	(510,770)
Net cash provided by operating activities	<u>904,571</u>	<u>952,313</u>	<u>1,012,688</u>
Cash flows from investing activities - capital expenditures for property and equipment	<u>(877,562)</u>	<u>(965,070)</u>	<u>(1,067,826)</u>
Cash flows from financing activities - proceeds from debt, net	<u>14,663</u>	<u>33,812</u>	<u>55,138</u>
Net increase in cash	41,672	21,055	---
Cash:			
Beginning of year	<u>21,055</u>	<u>---</u>	<u>---</u>
End of year	<u>\$ 62,727</u>	<u>21,055</u>	<u>---</u>

July 20, 1990

East Arkansas Cablevision report:

YEAR	TOTAL REVENUE	5% TAX
1985		
Jan., Feb., March	527,150.75	26,357.54
Apr., May, June	521,190.18	26,059.51
July, Aug., Sept.	531,586.59	26,579.33
Oct., Nov., Dec.	540,387.29	27,019.36
	<u>\$2,120,314.81</u>	<u>\$106,015.74</u>
1986		
Jan., Feb., March	544,432.43	27,216.02
Apr., May, June	543,095.01	27,154.75
July, Aug., Sept.	537,686.50	26,884.33
Oct., Nov., Dec.	551,509.06	27,575.46
	<u>\$2,176,723.00</u>	<u>\$108,830.56</u>
1987		
Jan., Feb., March	603,025.86	30,151.29
Apr., May, June	613,372.00	30,685.40
July, Aug., Sept.	602,816.58	30,140.83
Oct., Nov., Dec.	613,485.04	30,674.26
	<u>\$2,432,699.48</u>	<u>\$121,651.78</u>
1988		
Jan., Feb., March	679,868.05	33,993.41
Apr., May, June	704,706.16	35,235.31
July, Aug., Sept.	694,555.79	34,727.79
Oct., Nov., Dec.	813,477.67	40,673.89
	<u>\$2,892,607.67</u>	<u>\$144,630.40</u>
1989		
Jan., Feb., March	799,255.42	39,962.78
Apr., May, June	1,035,471.71	51,773.59
July, Aug., Sept.	1,081,700.71	54,857.23
Oct., Nov., Dec.	1,013,298.44	50,664.92
	<u>\$3,929,726.28</u>	<u>\$197,258.52</u>

Prepared By Asst.City Collector
Becky Sharp

United Artists Cablesystems Corporation
Denver Technological Center
4700 South Syracuse Parkway
Denver, CO 80237
(303) 779-5999



OFFICER CERTIFICATION

This is to certify that the accompanying unaudited balance sheets and statements of operations and cash flows of East Arkansas Cablevision, Inc. as of and for the three years ended December 31, 1989, present fairly, in all material respects, the financial position and results of operations of East Arkansas Cablevision, Inc. in conformity with generally accepted accounting principles applied on a consistent basis.

A handwritten signature in cursive script that reads "Marvin Jones".

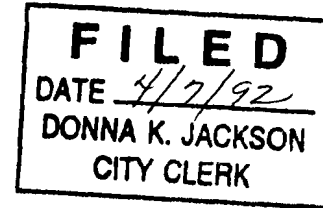
Marvin Jones
President and CEO



Peat Marwick

Certified Public Accountants

2300 ARCO Tower
707 Seventeenth Street
Denver, CO 80202



Independent Auditors' Report

**The Board of Directors
Tele-Communications, Inc.:**

We have audited the amount of gross subscriber revenue (as defined in Ordinance #1919 passed and approved April 1, 1985 with the City of Jonesboro, Arkansas) of East Arkansas Cablevision, Inc. (indirectly owned and operated by Tele-Communications, Inc.) for the year ended December 31, 1991. Determining the amount of gross subscriber revenue is the responsibility of the Company's management. Our responsibility is to express an opinion on the amount of gross subscriber revenue 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 amount of gross subscriber revenue is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount of gross subscriber revenue. An audit also includes assessing the accounting principles used. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, gross subscriber revenue in the amount of \$4,619,147 for East Arkansas Cablevision, Inc. from subscribers in the City of Jonesboro, Arkansas, for the year ended December 31, 1991, as defined in Ordinance #1919 referred to in the first paragraph, is fairly presented, in all material respects.

This report is intended solely for the information and use of the Board of Directors and managements of Tele-Communications, Inc., East Arkansas Cablevision, Inc., and the City of Jonesboro, Arkansas, and should not be used for any other purpose.

KPMG Peat Marwick

March 6, 1992

