(Dollars in thousands except per share amounts)

Summarized unaudited combined financial information for the Company's nonconsolidated investments listed above being accounted for using the equity method of accounting as of the dates and for the periods ended, is as follows:

	December 31, 1998	December 31, 1999
Current assets	$11,315	$21,645
PP&E-net	190,552	112,210
Non-current assets	47,522	55
Current liabilities	18,599	10,175
Non-current liabilities	48,635	45,278

	Year Ended March 31, 1998	Nine months ended December 31, 1998	Year Ended December 31, 1999
Revenues	$11,999	$24,986	$43,753
Net loss	(19,923)	(22,325)	(15,154)

(5) Financing Arrangements

Note payable - Adelphia

The Company had an unsecured credit arrangement with Adelphia which had no repayment terms prior to April 15, 1996. On April 15, 1996, $25,000 of the proceeds from the sale of the 13% Senior Discount Notes (the "Senior Discount Notes") and Class B common stock warrants were used to repay a portion of this obligation. Interest expense and fees on this credit arrangement were based upon the weighted average cost of unsecured borrowings of Adelphia during the corresponding periods. Effective April 15, 1996, the remaining balance due on the Note payable-Adelphia was evidenced by an unsecured subordinated note due April 16, 2003. This obligation had an interest rate of 16.5% per annum. Interest accrued through May 8, 1998 on the amount outstanding to Adelphia totaled $10,645. On May 8, 1998, the Note payable - Adelphia and all accrued interest was converted into shares of Class A common stock simultaneously with the closing of the IPO (See Note 1).

13% Senior Discount Notes and Class B Common Stock Warrants

On April 15, 1996, the Company issued $329,000 of 13% Senior Discount Notes due April 15, 2003 and 329,000 warrants to purchase an aggregate of 1,993,638 shares of its Class B common stock. Prior to April 15, 2001, interest on the Senior Discount Notes is not payable in cash, but is added to principal. Thereafter, interest is payable semi-annually commencing October 15, 2001. The Senior Discount Notes are unsecured and are senior to all future subordinated indebtedness. On or after April 15, 2001, the Company may redeem, at its option, all or a portion of the Senior Discount Notes at 106.5%, which declines to par in 2002, plus accrued interest.

The holders of the Senior Discount Notes may put the Senior Discount Notes to the Company at any time at a price of 101% of accreted principal upon the occurrence of a Change of Control (as defined in the Indenture). In addition, the Company will be required to offer to purchase Senior Discount Notes at a price of 100% with the proceeds of certain asset sales (as defined in the Indenture). The Indenture stipulates, among other things, limitations on additional borrowings, issuance of equity instruments, payment of dividends and other distributions, repurchase of equity interests or subordinated debt, sale-- leaseback transactions, liens, transactions with affiliates, sales of Company assets, mergers and consolidations.

The Class B common stock warrants are exercisable at $0.00308 per share, upon the earlier of May 1, 1997 or a Change of Control. Unless exercised, the Class B common stock warrants expire on April 1, 2001. The number of shares and the exercise price for which a warrant is exercisable are subject to adjustment under certain circumstances. Through December 31, 1999, 264,405 warrants were exercised and converted into 1,602,294 shares of Class B common stock. Of the 1,602,294 shares issued, 1,189,965 shares had been converted into Class A common stock as of December 31, 1999. The Company received $5 in consideration for the exercise of the warrants.

During the nine months ended December 31, 1998, the Company paid $17,313 to repurchase a portion of the Senior Discount Notes which had a face value of $25,160 and a carrying value of $17,750. The notes were retired upon repurchase which resulted in a $237 gain.

12 1/4% Senior Secured Notes

On August 27, 1997, the Company issued $250,000 aggregate principal amount of 12 1/4% Senior Secured Notes due September 1, 2004 (the "Senior Secured Notes"). The Senior Secured Notes are collateralized through the pledge of the common stock of certain of the Company's wholly owned subsidiaries. A portion of the proceeds was invested in U.S. government securities and placed in an escrow account for payment in full when due of the first six scheduled semi-annual interest payments on the Senior Secured Notes as required by the Indenture.

Interest is payable semi-annually commencing March 1, 1998. The Senior Secured notes rank pari passu in right of payment with all existing and future senior Indebtedness (as defined in the Indenture) of the Company and will rank senior in right of payment to future subordinated Indebtedness of the Company. On or before September 1, 2000 and subject to certain restrictions, the Company may redeem, at its option, up to 25% of the aggregate principal amount of the Senior Secured Notes at a price of 112.25% of principal with the net proceeds of one or more Qualified Equity Offerings (as defined in the Indenture). On or after September 1, 2001, the Company may redeem, at its option, all or a portion of the Senior Secured Notes at 106.125% of principal which declines to par in 2003, plus accrued interest. The holders of the Senior Secured Notes may put them to the Company at a price of 101% of principal upon the occurrence of a Change of Control (as defined in the Indenture). The Indenture stipulates, among other things, limitations on additional borrowing, payment of dividends and other distributions, repurchase of equity interests, transactions with affiliates and the sale of assets.

12 7/8% Senior Exchangeable Redeemable Preferred Stock

On October 9, 1997, the Company issued $200,000 aggregate liquidation preference of 12 7/8% Senior Exchangeable Redeemable Preferred Stock due October 15, 2007 (the "Preferred Stock"). Proceeds to the Company, net of commissions and other transaction costs, were approximately $194,500.

Dividends are payable quarterly commencing January 15, 1998 at 12 7/8% of the liquidation preference of outstanding Preferred Stock. Through October 15, 2002, dividends are payable in cash or additional shares of Preferred Stock at the Company's option. Subsequent to October 15, 2002, dividends are payable in cash. The Preferred Stock ranks junior in right of payment to all indebtedness and other obligations of the Company, its subsidiaries and joint ventures. On or before October 15, 2000, and subject to certain restrictions, the Company may redeem, at its option, up to 35% of the initial aggregate liquidation preference of the Preferred Stock originally issued with the net cash proceeds of one or more Qualified Equity Offerings (as defined in the Certificate of Designation) at a redemption price equal to 112.875% of the liquidation preference per share of the Preferred Stock, plus, without duplication, accumulated and unpaid dividends to the date of redemption; provided that, after any such redemption, there are remaining outstanding shares of Preferred Stock having an aggregate liquidation preference of at least 65% of the initial aggregate liquidation preference of the Preferred Stock originally issued. On or after October 15, 2002, the Company may redeem, at its option, all or a portion of the Preferred Stock at 106.438% of the liquidation preference thereof declining to 100% of the liquidation preference in 2005, plus accrued interest. The Company is required to redeem all of the shares of Preferred Stock outstanding on October 15, 2007 at a redemption price equal to 100% of the liquidation preference thereof, plus, without duplication, accumulated and unpaid dividends to the date of redemption.

The holders of the Preferred Stock may put the Preferred Stock to the Company at any time at a price of 101% of the liquidation preference thereof upon the occurrence of a Change of Control (as defined in the Certification of Designation). The Certificate of Designation stipulates, among other things, limitations on additional borrowings, payment of dividends and other distributions, transactions with affiliates and the sale of assets. The Company may, at its option, on any dividend payment date, exchange in whole, but not in part, the then outstanding shares of Preferred Stock for 12 7/8% Senior Subordinated Debentures due October 15, 2007 (the "Exchange Debentures"). Interest, redemption and registration rights provisions of the Exchange Debentures are consistent with the provisions of the Preferred Stock.

12% Senior Subordinated Notes due 2007

On March 2, 1999, Adelphia Business Solutions issued $300,000 aggregate principal amount of 12% Senior Subordinated Notes due 2007 ("Subordinated Notes"). An entity controlled by members of the Rigas Family, controlling stockholders of Adelphia, purchased $100,000 aggregate principal amount of the Subordinated Notes directly from the Company. Proceeds to the Company, net of discounts, commissions and other transaction costs were approximately $295,000.

Interest is payable semi-annually commencing May 1, 1999. The Subordinated Notes rank behind all current and future indebtedness (other than trade payables), except indebtedness that expressly provides that it is not senior to the notes. On or before November 1, 2003 and subject to certain restrictions, the Company may redeem at its option, up to 25% of the aggregate principal amount of the Subordinated Notes at a price of 112.00% of principal with the net proceeds of one or more Qualified Equity Offerings (as defined in the Indenture). On or after November 1, 2003, the Company may redeem, at its option, all or a portion of the Subordinated Notes at 106.00% of principal which declines to par in 2005, plus accrued interest. The holders of the Subordinated Notes may put them to the Company at a price of 101.00% of principal upon the occurrence of a Change in Control (as defined in the Indenture). The Indenture stipulates, among other things, limitations on additional borrowing, payment of dividends, and other distributions, repurchase of equity, interests, transactions with affiliates and the sale of assets.

Long Term Lease Facility

On December 31, 1997, the Company consummated an agreement for a $24,500 long- term lease facility with AT&T Capital Corporation. The lease facility provides financing for certain of the switching equipment. Included in the lease facility is the sale and leaseback of certain switch equipment for which the Company received $14,876.

Vendor Financing

The Company has arrangements with several equipment providers which provide the Company with payment terms which range from 6 to 12 months with 0% interest. The Company has purchased equipment from these vendors and the amounts due are included in accounts payable on the consolidated balance sheet.

Other Debt

Other debt consists primarily of capital leases entered into in connection with the acquisition of fiber leases for use in the telecommunications networks and the long-term lease facility described above. The interest rate on such debt ranges from 7.5% to 15.0%.

(Dollars in thousands except per share amounts)

Maturities of other debt for the five years after December 31, 1999 are as follows:

2000	$5,500
2001	5,013
2002	5,597
2003	5,821
2004	6,340

(6) Common Stock and Other Stockholders' Equity (Deficiency)

Adelphia Business Solutions' authorized capital stock consists of 800,000,000 shares of Class A common stock, par value $0.01 per share, 400,000,000 shares of Class B common stock, par value $0.01 per share, and 50,000,000 shares of preferred stock, par value $0.01 per share.

Common Stock

Shares of Class A common stock and Class B common stock are substantially identical, except that holders of Class A common stock are entitled to one vote per share and holders of Class B common stock are entitled to 10 votes per share on all matters submitted to a vote of stockholders. Each share of Class B common stock is convertible into one share of Class A common stock. In the event a cash dividend is paid, the holders of the Class A and the Class B common stock will be paid an equal amount.

Prior to the IPO in May 1998, certain former company officers (the "Officers") were parties to a stockholder agreement, as amended (the "Stockholder Agreement") with Adelphia. The Stockholder Agreement provided, among other things, (i) that upon the earlier of (a) the termination of employment of any of the officers or (b) after October 7, 1998, such officers may put their shares to Adelphia for fair market value, unless such put rights are terminated as a result of the registration of the Company's common stock under the Securities Act of 1933 (the "Securities Act") and (ii) for certain buy/sell and termination rights and duties among Adelphia and the Officers. The Stockholder Agreement terminated automatically upon the date of the IPO.

The Company also entered into Term Loan and Stock Pledge Agreements ("Loan Agreements") with each of the Officers. Pursuant to the Loan Agreements, each Officer borrowed $1,000 from the Company. Each of these loans accrued interest at the average rate at which the Company could invest cash on a short-term basis, was secured by a pledge of the borrower's common stock in the Company, and would mature upon the earlier of (i) October 8, 1998 or (ii) the date of the IPO and the Officers have the right to sell at least $1,000 worth of their shares. Each Loan Agreement also provided that any interest accruing on a loan from the date six months after the date of such loan would be offset by a bonus payment when principal and interest thereon are due and which would include additional amounts to pay income taxes applicable to such bonus payment.

Pursuant to agreements among the Company, Adelphia and the Officers, simultaneous with the consummation of the IPO, (i) the Stockholder Agreement and Loan Agreements terminated, (ii) the Officers each repaid the $1,000 borrowed from the Company pursuant to the Loan Agreements plus accrued interest thereon by each selling 66,667 shares of Class B common stock to Adelphia and using the proceeds therefrom to repay such loans and (iii) the Company paid to the management stockholders bonus payments in the amount of interest accruing on the Loans from the date six months after the date of the Loan Agreements and any additional amounts necessary to pay income taxes applicable to such bonus payments.

On April 8, 1998, the Board of Directors of the Company approved a 3.25-for- one stock split of its Class A and Class B common stock payable to stockholders of record on April 28, 1998. The stock split was effected in the form of a dividend of 2.25 shares for every outstanding share of common stock. All references in the accompanying consolidated financial statements to the number of shares of common stock and the par value have been retroactively restated to reflect the stock split on April 28, 1998.

On October 25, 1999, the shareholders of the Company approved an amendment to Article IV of the Amended and Restated Certificate of Incorporation increasing the number of authorized shares of capital stock from 455,000,000 to 1,250,000,000, the authorized number of Class A common stock from 300,000,000 to 800,000,000, the authorized number of shares of Class B common stock from 150,000,000 to 400,000,000, and the authorized number of shares of Preferred Stock from 5,000,000 to 50,000,000.

Warrants

Class A Common Stock Warrant

On February 12, 1998, the Company consummated an agreement with Lenfest Telephony, Inc. ("Lenfest") whereby Lenfest received a warrant to obtain 731,624 shares of Class A common stock of the Company (the "Lenfest Warrant") in exchange for its partnership interest in the Harrisburg, Pennsylvania network. The Lenfest Warrant was exercised during May 1998 for no additional consideration.

Class B Common Stock Warrants

The Class B common stock warrants were issued on April 15, 1996 in connection with the issuance of the Senior Discount Notes (See Note 5).

Adelphia Warrant

On June 13, 1997, the Company entered into agreements with MCI. Pursuant to these agreements the Company is designated MCI's preferred provider for new end user dedicated access circuits and of conversions of end user dedicated access circuits as a result of conversions from the incumbent LEC in the Company's markets. Adelphia Business Solutions also has certain rights of first refusal to provide MCI with certain communications services. Under this arrangement, the Company issued a warrant to purchase 913,380 shares of Class A common stock for $6.15 per share to MCI (the "MCI Warrant") representing 2 1/2% of the common stock of the Company on a fully diluted basis. MCI could receive additional warrants to purchase up to an additional 6% of the shares of the Company's Class A common stock, on a fully diluted basis, at fair value, if MCI met certain purchase volume thresholds over the term of the agreement.

In connection with the IPO and the related over-allotment option, the Company and MCI entered into an agreement that provides as follows with respect to the MCI Warrant and MCI's right to receive additional MCI warrants as a result of the IPO (the "Additional MCI Warrants"): (i) the Additional MCI Warrants issued with respect to the shares sold to the public in the IPO, the over-allotment option and with respect to the Adelphia shares purchased will have an exercise price equal to the lower of $6.15 per share or the price per share to the public in the IPO (the "IPO Price"), and (ii) Adelphia purchased from MCI the MCI Warrant and the Additional MCI Warrants for a purchase price equal to the number of Class A common stock shares issuable under the warrants being purchased times the IPO Price minus the underwriting discount, less the aggregate exercise price of such warrants. Furthermore, in consideration of the obligations undertaken by Adelphia to facilitate the agreements between MCI and Adelphia Business Solutions, the Company paid to Adelphia a fee of $500 and issued a warrant to Adelphia, which expires three years after its issuance, to purchase 200,000 shares of Class A common stock at an exercise price equal to the IPO Price.

Long-Term Incentive Compensation Plan

On October 3, 1996, the Board of Directors and stockholders of the Company approved the Company's 1996 Long-Term Incentive Compensation Plan (the "1996 Plan"). The 1996 Plan provides for the grant of (i) options which qualify as "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended, (ii) options which do not so qualify, (iii) share awards (with or without restrictions on vesting), (iv) stock appreciation rights and (v) stock equivalent or phantom units. The number of shares of Class A common stock available for issuance initially was 5,687,500. Such number is to increase each year by 1% of outstanding shares of all classes of the Company's common stock, up to a maximum of 8,125,000 shares. Options, awards and units may be granted under the 1996 Plan to directors, officers, employees and consultants. The 1996 Plan provides the incentive stock options must be granted with an exercise price of not less than the fair market value of the underlying common stock on the date of grant. Options outstanding under the Plan may be exercised by paying the exercise price per share through various alternative settlement methods.

(Dollars in thousands except per share amounts)

In August 1999, the Company issued under the 1996 Plan to each of John J. Rigas, Michael J. Rigas, Timothy J. Rigas and James P. Rigas (i) stock options (the "Rigas Options") covering 100,000 shares of Class A common stock, which options will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued service as an employee or director) and which shall be exercisable at $16.00 per share and (ii) stock awards (the "Rigas Grants") covering 100,000 shares of Class A common stock, which stock awards will vest in equal one-third amounts on the third, fourth and fifth year anniversaries of grant (vesting conditioned on continued service as an employee or director).

In addition to the Rigas Options, certain employees have been granted options to purchase shares of Class A common stock at prices equal to the fair market value of the shares on the date the option was granted. Options are exercisable beginning from immediately after granting and have a maximum term of ten years.

The following table summarizes stock option activity under all plans:

	Number of shares subject to options	Weighted average exercise price per share
Outstanding, December 31, 1998	---	---
Granted	600,417	$15.13
Outstanding, December 31, 1999	600,417	$15.13

The following table summarizes information about stock options outstanding and exercisable at December 31, 1999:

	Options outstanding			Options exercisable		
Exercise price per share	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price per share	Number of shares	Weighted average remaining contractual life (years)	Weighted average exercise price per share
$12.13 - $16.00	600,417	5.2	$15.13	200,417	6.3	$13.38

SFAS No. 123, "Accounting for Stock-Based Compensation," ("SFAS 123") requires the Company to disclose pro forma information regarding option grants made to its employees. SFAS 123 specifies certain valuation techniques that produce estimated compensation charges that are included in the pro forma results below. These amounts have not been reflected in the Company's statement of operations, because the Company applies the provisions of APB 25, "Accounting for Stock Issued to Employees," which specifies that no compensation charge arises when the exercise price of the employees' stock options equals or exceeds the market value of the underlying stock at the grant date, as in the case of options granted to the Company's employees.

SFAS 123 pro forma numbers are as follows:

	Year ended December 31, 1999
Net loss-as reported	$(165,466)
Net loss-Pro forma applying SFAS 123	(167,800)
Basic and diluted net loss per common share-as reported under ABP 25	(3.47)
Basic and diluted net loss per common share-pro forma under SFAS 123	(3.51)

(Dollars in thousands except per share amounts)

Under SFAS 123, the fair value of each option grant is estimated on the date of the grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	Employee Stock Options Year ended December 31, 1999
Expected dividend yield	0%
Risk-free interest rate	6.93%
Expected volatility	50%
Expected life (in years)	5.2

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion the existing models do not necessarily provide a reliable single measure of the fair value of the Company's options.

In addition to the stock options and Rigas Grants, the Company issued 58,500 shares of Class A common stock to certain employees for both the year ended March 31,1998 and the nine months ended December 31,1998 resulting in the recognition of $27 and $761 of compensation expense, respectively.

(7) Commitments and Contingencies

The Company rents office space, node space and fiber under leases with terms which are generally less than one year or under agreements that are generally cancelable on short notice. Total rental expense under all operating leases aggregated $1,236, $1,893 and $10,166 for the year ended March 31, 1998, the nine months ended December 31, 1998 and the year ended December 31, 1999, respectively.

The minimum future lease obligations under the noncancelable operating leases as of December 31, 1999 are approximately:

Period ending December 31,	
2000	$12,617
2001	12,309
2002	12,063
2003	12,278
2004	10,467
Thereafter	48,761

During July 1999, the Company purchased the naming rights to the NFL Football Tennessee Titans stadium in Nashville, Tennessee. The term of the naming rights contract is for 15 years and requires the Company to pay $2,000 per year.

The communications industry and Adelphia Business Solutions are subject to extensive regulation at the federal, state and local levels. On February 8, 1996, President Clinton signed the Telecommunications Act of 1996 ("Telecommunications Act"), the most comprehensive reform of the nation's telecommunications laws since the the Commununications Act of 1934. Management of the Company is unable to predict the effect that the Telecommunications Act, related rulemaking proceedings or other future rulemaking proceedings will have on its business and results of operations in future periods.

(Dollars in thousands except per share amounts)

Adelphia Business Solutions has entered into a series of agreements with several local and long-haul fiber optic network providers that will allow the Company to accelerate its national expansion. These agreements, totaling approximately $288,867, provide the Company with ownership or an IRU to over 25,000 route miles of local and long-haul fiber optic cable. Through December 31, 1999, the Company has paid $108,903 of the total due under the agreements, which was included in property, plant and equipment. The Company believes this will allow it to expand its business strategy to include on-net provisioning of regional, local and long distance, internet and data communications and to cost- effectively further interconnect most of its 53 existing markets and to enter and interconnect approximately 150 new markets by the end of 2001.

The estimated obligations under these arrangements as of December 31, 1999 are approximately:

Period ending December 31,	
2000	$149,911
2001	16,039
2002	453
2003	453
2004	453
Thereafter	12,655

In addition to the amounts due under the agreements for the fiber optic cable, the Company is also required to pay certain fiber optic network providers for pro-rated maintenance and rights of ways fees on a yearly basis.

(8) Related Party Transactions

The following table summarizes the Company's transactions with related parties:

	Year Ended March 31, 1998	Nine Months Ended December 31, 1998	Year Ended December 31, 1999
Revenues:			
Management fees	$3,809	$2,135	$4,948
Telecommunications service revenue	173	363	1,840
Network monitoring fees	977	589	---
Special access fees	500	---	---
Total	$5,459	$3,087	$6,788
Interest Income	$617	$8,395	$8,483
Expenses:			
Interest expense	$5,997	$737	$---
Allocated corporate costs	1,656	2,981	8,587
Fiber leases	47	139	236
Total	$7,700	$3,857	$8,823

Management fees from related parties represent fees received by the Company from its unconsolidated joint ventures for the performance of financial, legal, regulatory, network design, construction and other administrative services.

Telecommunications services revenue from related parties represent fees received by the Company from Adelphia for providing switched services to various Adelphia offices, including Coudersport, Pennsylvania.

Network monitoring fees represent fees received by the Company for technical support for the monitoring of each individual joint venture's telecommunications system.

Special access fees represent amounts charged to joint ventures for use of the network of a wholly owned subsidiary of the Company.

Interest income represents interest charged on certain affiliate receivable balances with joint ventures and with Adelphia.

Interest expense relate to the Note payable--Adelphia (See Note 5).

Allocated corporate costs represent costs incurred by Adelphia on behalf of the Company for the administration and operation of the Company. These costs include charges for office space, corporate aircraft and shared services such as finance activities, information systems, computer services, human resources, and taxation. Such costs were estimated by Adelphia and do not necessarily represent the actual costs that would be incurred if the Company was to secure such services on its own.

Fiber lease expense represents amounts paid to various subsidiaries of Adelphia for the utilization of existing cable television plant for development and operation of the consolidated operating networks.

During the year ended March 31, 1998, the nine months ended December 31, 1998 and the year ended December 31, 1999, the Company paid $299, $1,044 and $7,577, respectively, to entities owned by certain shareholders of Adelphia primarily for property, plant and equipment and services at market rates.

During the nine months ended December 31, 1998 and the year ended December 31, 1999, the Company made demand advances to Adelphia. At December 31, 1998 and 1999, $4,950 and $392,629 respectively were outstanding under this agreement. The Company received interest on such advances at a rate of 5.15%, which is included in interest income - affiliate in the consolidated statement of operations. Demand advances represent cash held by Adelphia's centralized cash management system immediately available to the Company for any corporate purpose on demand.

(9) Employee Benefits Plan

The Company participates in the Adelphia 401(k) and stock value plan which provides that eligible full-time employees may contribute from 2% to 16% of their pre-tax compensation subject to certain limitations. The Company matches contributions up to 1.5% of each participant's pre-tax compensation. During the year ended March 31, 1998, the nine months ended December 31, 1998 and the year ended December 31, 1999, no significant matching contributions were made by the Company. The 401(k) and stock value plan also provides for certain stock incentive awards on an annual basis.

In addition to the 401(k) and stock value plan, the Company participates in an Adelphia stock incentive plan which provides certain management level employees with compensation bonuses based on a weighted average of Adelphia Class A common stock and Adelphia Business Solutions Class A common stock performance. Costs associated with this plan to the Company was approximately $1,746 for the year ended December 31, 1999.

(10) Income Taxes

Adelphia and its corporate subsidiaries (including the Company) filed consolidated federal income tax returns for the year ended March 31, 1998. For the nine months ended December 31, 1998 and the year ended December 31, 1999, Adelphia Business Solutions will not be included within Adelphia's consolidated federal income tax return. For financial reporting purposes, current and deferred income tax assets and liabilities are computed on a separate company basis. At December 31, 1998 and 1999, the Company had net operating loss carryforwards for federal income tax purposes of $178,503 and $351,539, respectively, expiring through 2019.

Deferred income taxes reflect the net tax effects of (a) temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and (b) operating loss carryforwards.

(Dollars in thousands except per share amounts)

The Company's net deferred tax asset included in other assets - net is comprised of the following:

	December 31,	
	1998	1999
Deferred tax assets:		
Differences between book and tax basis of intangible assets	$138	$1,562
Net operating loss carryforwards	71,391	142,993
Allowance for doubtful accounts and other	77	4,384
Total	71,606	148,939
Valuation allowance	(48,746)	(114,043)
Total	22,860	34,896
Deferred tax liabilities:		
Differences between book and tax basis of property, plant and equipment	19,015	34,626
Investment in partnerships	3,808	233
Total	22,823	34,859
Net deferred tax asset	$37	$37

The net change in the valuation allowance for the nine months ended December 31, 1998 and the year ended December 31, 1999 was an increase of $31,367 and $65,297, respectively.

Income tax expense for the years ended March 31, 1998, the nine months ended December 31, 1998 and the year ended December 31, 1999:

	Year Ended March 31,	Nine Months Ended December 31,	Year Ended December 31,
	1998	1998	1999
Current	$---	$---	$1
Deferred	---	---	---
Total	$---	$---	$1

ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share amounts)

A reconciliation of the statutory federal income tax rate and the Company's effective income tax rate is as follows:

	Year Ended March 31, 1998	Nine Months Ended December 31, 1998	Year Ended December 31, 1999
Statutory federal income tax rate	35.0%	35.0%	35.0%
Change in valuation allowance	(35.0)	(35.0)	(35.0)
State taxes, net of federal benefit and other	---	---	---
Income tax expense	---%	---%	---%

(11) Quarterly Financial Data (unaudited)

The following tables summarize the financial results of the Company for each of the quarters in the nine months ended December 31, 1998 and the year ended December 31, 1999:

	Three Months Ended		
	June 30, 1998	September 30, 1998	December 31, 1998
Revenues	$7,635	$12,098	$15,043
Operating expenses:			
Network operations	4,989	7,056	6,664
Selling, general and administrative	8,432	10,391	16,518
Depreciation and amortization	6,120	9,843	10,708
Total	19,541	27,290	33,890
Operating loss	(11,906)	(15,192)	(18,847)
Other income (expense):			
Interest income	4,235	4,169	1,829
Interest income - affiliate	1,824	2,995	3,576
Interest expense	(13,704)	(12,535)	(12,399)
Other income	1,000	113	—
Loss before income taxes, equity in net loss of joint ventures and extraordinary gain	(18,551)	(20,450)	(25,841)
Income tax expense	—	—	—
Loss before equity in net loss of joint ventures and extraordinary gain	(18,551)	(20,450)	(25,841)
Equity in net loss of joint ventures	(3,190)	(2,614)	(3,776)
Loss before extraordinary gain	(21,741)	(23,064)	(29,617)
Extraordinary gain on repurchase of debt	—	237	—
Net loss	(21,741)	(22,827)	(29,617)
Dividend requirements applicable to preferred stock	(6,807)	(7,026)	(7,284)
Net loss applicable to common stockholders	$(28,548)	$(29,853)	$(36,901)
Basic and diluted net loss per weighted average share of common stock	$(0.59)	$(0.54)	$(0.66)
Weighted average shares of common stock outstanding (in thousands)	48,110	55,497	55,497

(11) Quarterly Financial Data (unaudited), continued

	Three Months Ended			
	March 31, 1999	June 30, 1999	September 30, 1999	December 31, 1999
Revenues	$21,438	$34,215	$43,347	$55,575
Operating expenses:				
Network operations	8,504	11,671	15,862	22,488
Selling, general and administrative	21,009	32,637	39,972	48,997
Depreciation and amortization	13,535	13,586	18,168	19,955
Total	43,048	57,894	74,002	91,440
Operating loss	(21,610)	(23,679)	(30,655)	(35,865)
Other income (expense):				
Interest income	1,998	14,780	2,867	288
Interest income - affiliate	2,828	2,779	1,336	1,540
Interest expense	(15,533)	(21,805)	(19,045)	(17,931)
Loss before income taxes and equity in net loss of joint ventures	(32,317)	(27,925)	(45,497)	(51,968)
Income tax expense	---	(4)	---	3
Loss before equity in net loss of joint ventures	(32,317)	(27,929)	(45,497)	(51,965)
Equity in net loss of joint ventures	(3,803)	(3,291)	(246)	(418)
Net loss	(36,120)	(31,220)	(45,743)	(52,383)
Dividend requirements applicable to preferred stock	(7,479)	(7,720)	(7,979)	(8,450)
Net loss applicable to common stockholders	$(43,599)	$(38,940)	$(53,712)	$(60,833)
Basic and diluted net loss per weighted average share of common stock	$(0.79)	$(0.70)	$(0.97)	$(1.01)
Weighted average shares of common stock outstanding (in thousands)	55,497	55,497	55,497	60,453

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information set forth above in Part I under the caption "Executive Officers of the Registrant" is incorporated herein by reference. The other information required by this item is incorporated herein by reference to the information set forth under the caption "Election of Directors" and the information, if any, under the caption "Section 16(a) Beneficial Ownership Reporting Compliance," in the Company's definitive proxy statement for the 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or by reference to a filing amending this Form 10-K.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this item is incorporated herein by reference to the information set forth under the caption "Executive Compensation" in the Company's definitive proxy statement for the 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or by reference to a filing amending this Form 10-K.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this item is incorporated herein by reference to the information set forth under the caption "Principal Stockholders" in the Company's definitive proxy statement for the 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or by reference to a filing amending this Form 10-K.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this item is incorporated herein by reference to the information set forth under the caption "Certain Transactions" in the Company's definitive proxy statement for the 2000 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended, or by reference to a filing amending this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

Financial Statements, schedules and exhibits not listed have been omitted where the required information is included in the consolidated financial statements or notes thereto, or is not applicable or required.

(a)(1) A listing of the consolidated financial statements, notes and independent auditors' report required by Item 8 are listed on in the index in Item 8 of this Form 10-K.

(2) Financial Statement Schedules: Schedule II - Valuation and Qualifying Accounts

(3) Exhibits

SCHEDULE II
ADELPHIA BUSINESS SOLUTIONS, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
(Dollars in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions Write-Offs	Balance at End of Period
Year Ended March 31, 1998:				
Allowance for Doubtful Accounts	$---	$---	$---	$---
Valuation allowance for deferred tax assets	$12,356	$5,023	$---	$17,379
Nine Months Ended December 31, 1998:				
Allowance for Doubtful Accounts	$---	$1,128	$---	$1,128
Valuation allowance for deferred tax assets	$17,379	$31,367	$---	$48,746
Year Ended December 31, 1999:				
Allowance for Doubtful Accounts	$1,128	$8,512	$---	$9,640
Valuation allowance for deferred tax assets	$48,746	$65,297	$---	$114,043

EXHIBIT NO.	DESCRIPTION
3.1	Certificate of Incorporation of Registrant, together with all amendments thereto. (Incorporated herein by reference is Exhibit 3.01 to Registrant's Report on Form 10-Q for the Quarter Ended September 30, 1999.)
3.2	Bylaws of Registrant, as amended (Filed herewith.)
4.1	Indenture, dated as of April 15, 1996, between the Registrant and Bank of Montreal Trust Company. (Incorporated herein by reference is Exhibit 4.1 to Registration Statement No. 333-06957 on Form S-4.)
4.2	First Supplemental Indenture, dated as of September 11, 1996, between, the Registrant and Bank of Montreal Trust Company. (Incorporated herein by reference is Exhibit 4.2 to Statement No. 333-12619 on Form S-4.)
4.3	Form of 13% Senior Discount Note. (Incorporated herein reference is Exhibit 4.3 to Registration Statement No. 333-12619 on Form S-4.)
4.4	Form of Class A Common Stock Certificate. (Incorporated herein by reference is Exhibit 4.1 to Registrant's Registration Statement on Form 8-A, dated October 23, 1996.)
4.5	Indenture, dated as of August 27, 1997, with respect to the Registrant's 12 1/4% Senior Secured Notes due 2004, between the Registrant and the Bank of Montreal Trust Company. (Incorporated herein by reference is Exhibit 4.01 to Form 8-K dated August 27, 1997.) (File No. 0-21605)
4.6	Form of 12 1/4% Senior Secured Note due 2004 (contained in Exhibit 4.5.)
4.7	Pledge Agreement between the Registrant and the Bank of Montreal Trust Company as Collateral Agent, dated as of August 27, 1997. (Incorporated herein by reference is Exhibit 4.03 to Form 8-K dated August 27, 1997.) (File No. 0-21605)
4.8	Pledge, Escrow and Disbursement Agreement, between the Registrant and the Bank of Montreal Trust Company, dated as of August 27, 1997. (Incorporated herein by reference is Exhibit 4.05 to Form 8-K dated August 27, 1997.) (File No. 0-21605)
4.9	Second Supplemental Indenture, dated as of August 27, 1997, between the Registrant and the Bank of Montreal Trust Company, regarding the Registrant's 13% Senior Discount Notes due 2003. (Incorporated herein by reference is Exhibit 4.06 to Form 8-K dated August 27, 1997.) (File No. 0-21605)
4.10	Certificate of Designation for 12 7/8% Series A and Series B Senior Exchangeable Redeemable Preferred Stock due 2007. (Contained in Exhibit 3.01 to Registrant's Current Report on Form 8-K for the event dated October 9, 1997 which is incorporated herein by reference.) (File No. 0-21605)
4.11	Form of Certificate for 12 7/8% Senior Exchangeable Redeemable Preferred Stock due 2007. (Incorporated herein by reference is Exhibit 4.02 to the Registrant's Current Report on Form 8-K the event dated October 9, 1997.) (File No. 0-21605)

EXHIBIT NO.	DESCRIPTION
4.12	Form of Indenture, with respect to the Registrant's 12 7/8% Senior Subordinated Exchange Debentures due 2007. (Contained as Annex A in Exhibit 3.01 to Registrant's Current Report on Form 8-K for the event dated October 9, 1997 which is incorporated herein by reference.) (File No. 0-21605)
4.13	Indenture dated as of March 2, 1999, with respect to Hyperion Telecommunications, Inc. 12% Senior Subordinated Notes due 2007, between Hyperion and the Bank of Montreal Trust Company (Incorporated by reference herein is Exhibit 4.01 to the Current Report on Form 8-K for Adelphia Communications Corporation filed on March 10, 1999.) (File No. 0-16014)
4.14	Form of 12% Senior Subordinated Notes due 2007 (Contained in Exhibit 4.13)
10.1	Underwriting Agreement dated as of November 23, 1999 among Adelphia Business Solutions, Inc., Salomon Smith Barney Inc. and the several other Underwriters named therein (incorporated herein by reference is Exhibit 1.01 to the Registrant's Form 8-K for the event dated November 23, 1999.)(File No. 0-21605)
10.2	Stock Purchase Agreement dated November 23, 1999 between Adelphia Business Solutions, Inc. and Adelphia Communications Corporation (incorporated herein by reference is Exhibit 10.01 to the Registrant's Form 8-K for the event dated November 23, 1999.)(File No. 0-21605)
10.3	Registration Rights Agreement between the Registrant and the Initial Purchasers, dated March 2, 1999, regarding the Registrant's 12% Senior Subordinated Notes due 2007 (Incorporated by reference herein is Exhibit 10.05 to the Current Report of Adelphia Communications Corporation on Form 8-K for the event dated February 22, 1999)(File No. 0-16104)
10.4	Pre-Incorporation and Shareholder Restrictive Agreement between Adelphia, Paul D. Fajerski, Charles R. Drenning and Randolph S. Fowler. (Incorporated herein by reference is Exhibit 10.5 to Registration Statement No. 333-06957 on Form S-4.)
10.5	Letter Agreement dated March 19, 1996 between the Registrant, Charles R. Drenning, Paul D. Fajerski, Randolph S. Fowler and Adelphia. (Incorporated herein by reference is Exhibit 10.12 to Registration Statement No. 333-06957 on Form S-4.)
10.6	Warrant Agreement dated as of April 15, 1996, by and among Hyperion Telecommunications, Inc. and Bank of Montreal Trust Company. (Incorporated herein by reference is Exhibit 10.13 to Registration Statement No. 333-06957 on Form S-4.)
10.7	Warrant Registration Rights Agreement dated as of April 15, 1996, by and among Hyperion Telecommunications, Inc. and the Initial Purchasers. (Incorporated herein by reference is Exhibit 10.14 to Registration Statement No. 333-06957 on Form S-4.)
10.8	Form of Management Agreement. (Incorporated herein by reference is Exhibit 10.15 to Registration Statement No. 333-06957 on Form S-4.)
10.9*	Employment Agreement between Hyperion Telecommunications, Inc. and Daniel R. Milliard dated as of March 4, 1997. (Incorporated herein by reference is Exhibit 10.03 to Current Report on Form 8-K of Adelphia Communications Corporation dated May 1, 1997.) (File Number 0-16014)
10.10*	1996 Long-Term Incentive Compensation Plan. (Incorporated herein by reference is Exhibit 10.17 to Registration Statement No. 333-13663 on Form S-1.)

EXHIBIT NO.	DESCRIPTION
10.11	Registration Rights Agreement among Charles R. Drenning, Paul D. Fajerski, Randolph S. Fowler, Adelphia Communications Corporation and the Company. (Incorporated herein by reference is Exhibit 10.18 to Registration Statement No. 333-13663 on Form S-1.)
10.12	Registration Rights Agreement between Adelphia Communications Corporation and the Company. (Incorporated herein by reference is Exhibit 10.19 to Registration Statement No. 333-13663 on Form S-1.)
10.13	Extension Agreement dated as of January 8, 1997, among Hyperion Telecommunications, Inc., Adelphia Communications Corporation, Charles R. Drenning, Paul D. Fajerski, Randolph S. Fowler, and six Trusts named therein. (Incorporated herein by reference is Exhibit 10.04 to Current Report on Form 8-K of Adelphia Communications Corporation dated May 1, 1997.) (File Number 0-16014)
10.14*	Management Services Agreement dated as of April 10, 1998, between Adelphia Communications Corporation and the Registrant (Incorporated herein by reference is Exhibit 10.23 to Registration Statement No. 333-48209 on Form S-1.)
10.15	Letter Agreement dated April 10, 1998, among the Registrant, Adelphia Communications Corporation and MCImetro Access Transmission Services, Inc. (Incorporated herein by reference is Exhibit 10.24 to Registration Statement No. 333-48209 on Form S-1.)
10.16	Amendment to Registration Rights Agreement dated as of April 15, 1998, between the Registrant and Adelphia Communications Corporation (Incorporated herein by reference is Exhibit 10.25 to Registration Statement No. 333-48209 on Form S-1.)
10.17	Letter Agreement dated as of April 9, 1998, between the Registrant and Adelphia Communications Corporation regarding the purchase of Class A Common Stock (Incorporated herein by reference is Exhibit 10.26 to Registration Statement No. 333-48209 on Form S-1).
10.18	U.S. Underwriting Agreement dated May 4, 1998 among the Company and the Representatives named therein (Incorporated herein by reference is Exhibit 10.01 to the Registrant's Current Report on Form 8-K dated June 24, 1998.) (File No. 0-21605)
10.19	International Underwriting Agreement dated May 4, 1998 among the Company and the Representatives named therein (Incorporated herein by reference is Exhibit 10.02 to the Registrant's Current Report on Form 8-K dated June 24, 1998.) (File No. 0-21605)
10.20	Warrant issued to MCI dated May 8, 1998 (Incorporated herein by reference is Exhibit 10.03 to the Registrant's Current Report on Form 8-K dated June 24, 1998.) (File No. 0-21605)
10.21	Warrant issued in favor of Adelphia Communications Corporation dated June 5, 1998 (Incorporated herein by reference is Exhibit 10.04 to the Registrant's Current Report on Form 8-K dated June 24, 1998.) (File No. 0-21605)
10.22	Purchase Agreement between Hyperion Telecommunications, Inc. and the Initial Purchasers named therein, dated as of February 25, 1999, regarding Hyperion's 12% Senior Subordinated Notes due 2007 (Incorporated herein by reference is Exhibit 10.03 to Adelphia's Current Report on Form 8-K for the event dated February 22, 1999.) (File No. 0-16104).

EXHIBIT NO.	DESCRIPTION
10.23	Purchase Agreement between Hyperion Telecommunications, Inc. and Highland Holdings, dated as of February 25, 1999, regarding Hyperion's 12% Senior Subordinated Notes due 2007 (Incorporated herein by reference is Exhibit 10.05 to Adelphia's Current Report on Form 8-K for the event dated February 22, 1999.) (File No. 0-16104).
21.1	Subsidiaries of the Registrant (Filed herewith)
23.1	Consent of Deloitte & Touche LLP (Filed herewith)
27.1	Financial Data Schedule (Filed herewith for the information of the Commission)
99.1	"Schedule E - Form of Financial Information and Operating Data of the Subsidiaries and the Joint Ventures Presented by Cluster". (Filed herewith)
99.2	"Schedule F - Form of Financial Information and Operating Data of the Pledged Subsidiaries and the Joint Ventures". (Filed herewith)
99.3	Press Release Dated March 1, 2000 (Filed herewith)
99.4	Press Release Dated March 15, 2000 (Filed herewith)

* Denotes management contracts and compensatory plans and arrangements required to be identified by Item 14(a)(3).

The Registrant will furnish to the Commission upon request copies of instruments not filed herewith which authorize the issuance of long-term obligations of Registrant not in excess of 10% of the Registrant's total assets on a consolidated basis.

(b) During the three months ended December 31, 1999, the Registrant filed Form 8-K reports covering Items 5 and 7 on October 26, 1999, October 27, 1999 and December 1, 1999. No financial statements were filed.

(c) The Company hereby files as exhibits to this Form 10-K the exhibits set forth in Item 14(a)(3) hereof which are not incorporated by reference.

(d) The Company hereby files as financial statement schedules to this Form 10-K the financial statement schedules set forth in Item 14(a)(2) hereof.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ADELPHIA BUSINESS SOLUTIONS, INC.

March 29, 2000 By: /s/ James P. Rigas

James P. Rigas,
President

Pursuant to the requirements of the Securities Exchange Act of 1934, this

report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

March 29, 2000	/s/ John J. Rigas John J. Rigas, Chairman and Director
March 29, 2000	/s/ Timothy J. Rigas Timothy J. Rigas, Vice Chairman, Treasurer, Chief Financial Officer and Director
March 29, 2000	/s/ Michael J. Rigas Michael J. Rigas, Vice Chairman, Secretary and Director
March 29, 2000	/s/ James P. Rigas James P. Rigas, Vice Chairman, Chief Executive Officer, President and Director
March 29, 2000	/s/ Pete J. Metros Pete J. Metros, Director
March 29, 2000	/s/ James L. Gray James L. Gray, Director
March 29, 2000	/s/ Edward S. Mancini Edward S. Mancini, Director
March 29, 2000	/s/ Peter L. Venetis Peter L. Venetis, Director