

CHARTER COMMUNICATIONS INC /MO/

Form DEF 14A

April 30, 2007

**Table of Contents**

**SCHEDULE 14A**  
**(Rule 14a-101)**  
**Proxy Statement Pursuant to Section 14(a) of the Securities**  
**Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Under Rule 14a-12

**Charter Communications, Inc.**

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a) (2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Table of Contents**

April 30, 2007

Dear Stockholder:

You are cordially invited to attend the annual meeting of stockholders of Charter Communications, Inc. (the Company or Charter ), which will be held at the Pan Pacific Hotel, 2125 Terry Avenue, Seattle, Washington 98121 on Tuesday, June 12, 2007 at 10:00 a.m. (Pacific Daylight Time).

All stockholders of record at the close of business on April 16, 2007 are invited to attend the meeting. For security reasons, however, to gain admission to the meeting you may be required to present identification containing a photograph and to comply with other security measures. Parking at the Pan Pacific Hotel for the Annual Meeting will be complimentary. Please inform the attendant you are attending the Charter Annual Meeting.

Details of the business to be conducted at the annual meeting are provided in the attached Notice of Annual Meeting and Proxy Statement.

Whether or not you attend the annual meeting, it is important that your shares be represented and voted at the meeting. Therefore, I urge you to sign, date, and promptly return the enclosed proxy in the postage-paid envelope that is provided. If you decide to attend the annual meeting, you will have the opportunity to vote in person.

On behalf of the Board of Directors, I would like to express our appreciation for your continued interest in the affairs of the Company.

Sincerely,

Neil Smit  
*President and Chief Executive Officer*

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**TABLE OF CONTENTS**

PROXY STATEMENT

General Information about Voting and the Meeting

Proposal No. 1: Election of Class A/Class B Director (Item 1 on Proxy Card)

Election of Class B Directors

Executive Compensation Report of the Compensation and Benefits Committee

Compensation Discussion and Analysis

Security Ownership of Certain Beneficial Owners and Management

Certain Relationships and Related Transactions

Proposal No. 2: Ratification of the Appointment of Independent Registered Public Accounting Firm (Item 2 on Proxy Card)

Accounting Matters

Report of the Audit Committee

Section 16(a) Beneficial Ownership Reporting Requirement

Code of Ethics

Stockholder Proposals for 2008 Annual Meeting

Other Matters

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**Table of Contents**

**Charter Plaza  
12405 Powerscourt Drive  
St. Louis, Missouri 63131**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
OF  
CHARTER COMMUNICATIONS, INC.**

**Date:** Tuesday, June 12, 2007  
**Time:** 10:00 a.m. (Pacific Daylight Time)  
**Place:** Pan Pacific Hotel  
2125 Terry Avenue  
Seattle, Washington

**Matters to be voted on:**

1. Election of twelve directors, as follows:

One Class A/Class B director; and

Eleven Class B directors.

2. Ratification of the appointment of KPMG LLP as the Company's independent registered public accounting firm for the year ended December 31, 2007.

3. Any other matters properly brought before the stockholders at the meeting.

By order of the Board of Directors,

Grier C. Raclin  
*Corporate Secretary*

April 30, 2007

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**Table of Contents**

**CHARTER COMMUNICATIONS, INC.**

**PROXY STATEMENT**

Please vote your shares of Class A common stock by completing the enclosed proxy card and returning it to us in the envelope provided. This proxy statement was first mailed to stockholders on or about April 30, 2007.

**General Information about Voting and the Meeting**

***What are you voting on at the meeting?***

As a holder of Class A common stock, you are being asked to vote, together with the holder of Class B common stock, **FOR** the following:

election of Robert P. May as the one director to serve as the Class A/Class B director on the board of directors of the Company (the Class A/Class B director ); and

ratification of the appointment of KPMG LLP ( KPMG ) as the Company s independent registered public accounting firm for the year ended December 31, 2007.

***Why are you voting on only one director?***

There currently are a total of twelve members of the board of directors. Our Certificate of Incorporation provides that all but one of the directors will be elected by vote of the holder of the Class B common stock voting alone (the Class B directors ), and that the remaining director (the Class A/Class B director) will be elected by the holders of the Class A and Class B common stock voting together.

***Who has been nominated for election as a director at the annual meeting?***

The board of directors has nominated the twelve current directors for re-election. As noted above, however, the holders of Class A shares will be voting for only one director. The Class A/Class B director nominee who has been nominated by the board of directors for election by vote of the Class A and Class B shares voting together at the annual meeting is Robert P. May.

The other eleven directors who have been nominated by the board of directors to serve as Class B directors are: Paul G. Allen, W. Lance Conn, Nathaniel A. Davis, Jonathan L. Dolgen, Rajive Johri, David C. Merritt, Marc B. Nathanson, Jo Allen Patton, Neil Smit, John H. Tory and Larry W. Wangberg.

***Who can vote?***

For all matters except the election of the eleven Class B directors, a total of 408,616,474 shares of Class A common stock, representing approximately 10.8% of the total voting power of all of our issued and outstanding common stock, and 50,000 shares of Class B common stock, representing approximately 89.2% of the total voting power of all our issued and outstanding common stock, are entitled to vote. Each holder of Class A common stock is entitled to one vote per share. Each holder of Class B common stock is entitled to ten votes per share plus ten votes per share of Class B common stock for which membership units in Charter Communications Holding Company, LLC held by Mr. Allen and his affiliates are exchangeable. Accordingly, each outstanding share of Class B common stock was entitled to 67,836.4 votes at April 16, 2007.

You can vote your Class A shares if our records show that you owned the shares at the close of business on April 16, 2007 (the Record Date ). The enclosed proxy card indicates the number of Class A shares that our records show you are entitled to vote.

You will not have a vote in the election of the Class B directors. Mr. Allen, the sole holder of Class B shares, will be the only stockholder voting in that election.

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## **Table of Contents**

### ***What is the quorum required for the meeting?***

We will hold the annual meeting if holders of shares having a majority of the combined voting power of the Class A and Class B common stock as of the Record Date either sign and return their proxy cards or attend the meeting. If you sign and return your proxy card, your shares will be counted to determine whether we have a quorum, even if you fail to indicate your vote.

Based on the voting power of the Class A and Class B common stock, the presence or absence of Mr. Allen at the meeting (in person or by proxy) will determine if a quorum is present.

Abstentions and broker non-votes will be counted as present for purposes of determining whether a quorum exists at the annual meeting.

### ***What is a broker non-vote ?***

A broker non-vote occurs when a nominee holding shares for a beneficial owner votes on one proposal but does not vote on another proposal because the nominee does not have discretionary voting power for that particular proposal and has not received voting instructions from the beneficial owner.

### ***What is the vote required for the proposals on the agenda?***

A plurality of Class A and Class B votes cast, voting together as a single class, is required for the election of the Class A/Class B director. The affirmative vote of the holders of a majority of Class A and Class B shares present in person or represented by proxy at the meeting and entitled to vote, voting together as a single class, is required for ratification of the appointment of KPMG as our independent registered public accounting firm.

Under our Certificate of Incorporation and Bylaws, for purposes of determining whether votes have been cast, abstentions and broker non-votes will not be counted except with respect to the election of directors where abstentions and broker non-votes will result in the respective nominee receiving fewer votes, but will have no effect on the outcome of the vote since only a plurality is needed to elect the directors.

A stockholder may vote to abstain on the ratification of the appointment of KPMG as our independent registered public accounting firm and the other proposals which may properly come before the annual meeting. If you vote to abstain, your shares will be counted as present at the meeting for purposes of determining a quorum on all matters, but will not be considered to be votes cast with respect to such matters. Abstentions will not be voted and will have the effect of a vote against the proposals. If an executed proxy is returned by a broker holding shares in street name that indicates that the broker does not have discretionary authority as to certain shares to vote on one or more matters (a broker non-vote), such shares will be considered present at the meeting for purposes of determining a quorum on all matters, but will not be considered to be votes cast with respect to such matters. Therefore, broker non-votes will have no effect on the outcome of the election of directors, but will have the effect of a vote against the ratification of the appointment of KPMG as our independent registered public accounting firm. In addition, in the election of directors, a stockholder may withhold such stockholder's vote.

We have been advised by Mr. Allen, the sole holder of Class B shares, that he intends to vote **FOR** all of the twelve nominees identified above, including the Class A/Class B director nominee, which would result in the election of the Class A/Class B nominee. We have also been advised by Mr. Allen, that he intends to vote **FOR** the ratification of the appointment of KPMG as our independent registered public accounting firm, which would result in the approval of the proposals.

***What are my choices in the proposals on the agenda?***

You can vote your shares FOR, or you can withhold your vote for, the Class A/Class B director nominee, Robert P. May. On the proposal not involving the election of directors, you can (1) vote for the proposal, (2) vote against the proposal, or (3) abstain from voting.

**Table of Contents**

***How do I vote by proxy?***

Follow the instructions on the enclosed proxy card. Sign and date the proxy card and mail it back to us in the enclosed envelope. If you receive more than one proxy card it may mean that you hold shares in more than one account. Sign and return all proxy cards to ensure that all of your shares are voted. The proxy holder named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not indicate your vote, the proxy holder will vote on your behalf **FOR** the named Class A/Class B director nominee or his substitute and **FOR** ratification of KPMG as our independent registered public accounting firm.

***Can I vote via the Internet?***

Stockholders with shares registered in their names with Mellon Investor Services LLC, our transfer agent, may authorize a proxy via the Internet at the following address: <http://www.proxyvote.com>. A number of brokerage firms and banks participate in a program that permits Internet voting. If your shares are held in an account at a brokerage firm or bank that participates in such a program, you may direct the vote of those shares by following the instructions on the voting form enclosed with the proxy from the brokerage firm or bank.

Proxies submitted via the Internet must be received by 11:59 p.m. (EDT) on June 11, 2007. Please refer to your voting instruction form and/or your proxy card for specific voting instructions. If you vote this year's proxy via the Internet, you may also elect to receive future proxy and other materials electronically by following the instructions when you vote. Making this election will save the Company the cost of producing and mailing these documents.

***What if other matters come up at the annual meeting?***

The items listed on the Notice of Annual Meeting of Stockholders are the only matters that we know will be voted on at the annual meeting. On such other business as may properly come before the meeting, your shares will be voted in the discretion of the proxy holder.

***Can I change my vote after I return my proxy card?***

Yes. At any time before the vote at the annual meeting, you can change your vote either by giving our Corporate Secretary a written notice revoking your proxy card, or by signing, dating and submitting a new proxy card. We will honor the latest dated proxy card which has been received prior to the closing of the voting. You may also attend the meeting and vote in person.

***Can I vote in person at the annual meeting rather than by completing the proxy card?***

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the annual meeting and vote your shares in person.

***What do I do if my shares are held in street name ?***

If your shares are held in the name of your broker, a bank or other nominee, you should return your proxy in the envelope provided by such broker, bank or nominee or instruct the person responsible for holding your shares to execute a proxy on your behalf. In either case, your shares will be voted according to your instructions.

If you wish to attend the annual meeting and vote your shares in person, you should obtain the documents required to vote your shares in person at the annual meeting from your broker, bank or other nominee.

***Who is soliciting my vote?***

The board of directors is soliciting your vote.

***Who pays for this proxy solicitation?***

The Company pays for the proxy solicitation. We will ask banks, brokers and other nominees and fiduciaries to forward the proxy material to the beneficial owners of the Class A common stock and to obtain the authority of executed proxies. We will reimburse them for their reasonable expenses.

**Table of Contents**

**Proposal No. 1: Election of Class A/Class B Director  
(Item 1 on Proxy Card)**

The Company currently has twelve directors, each of whom is elected on an annual basis. The Company's Certificate of Incorporation and Bylaws provide that the holders of the Class B common stock elect all but one of the directors. The holders of the Class A common stock and Class B common stock, voting together, elect one director (the Class A/Class B director). This election of one Class A/Class B director by the holders of Class A and Class B common stock voting together is scheduled to take place at the annual meeting of stockholders. The board of directors is soliciting your vote for the Class A/Class B director to be elected at the annual meeting of stockholders. Once elected, the Class A/Class B director will hold office until his or her successor is elected, which we expect to occur at next year's annual meeting of stockholders. You do not have a vote, and your vote is not being solicited, with respect to the election of the eleven Class B directors who will be elected at the meeting.

**Nominations.** Robert P. May has been nominated for election as the Class A/Class B director. Although we do not know of any reason why Mr. May might not be able to serve, the board of directors will propose a substitute nominee to serve if Mr. May is not available for election for any reason.

By virtue of Mr. Allen's control of approximately 90.0% of the voting power of the Company as of the Record Date, the Company is a controlled company under NASDAQ rule 4350(c)(5). As such, the Company is not subject to requirements that a majority of our directors be independent (as defined in NASDAQ's rules) or that there be a nominating committee of the board, responsible for nominating director candidates. The Company does not have a nominating committee. Candidates for director are nominated by the board of directors, based on the recommendation of one or more of our directors. Given the significance of Mr. Allen's investment in the Company and the high caliber of the individuals who have been recruited to serve on our board of directors, we believe that the Company's nomination process is appropriate. Criteria and qualifications for new board members considered by the Company's directors include a high level of integrity and ability, industry experience or knowledge, and operating company experience as a member of senior management (operational or financial). In addition, director candidates must be individuals with the time and commitment necessary to perform the duties of a board member and other special skills that complement or supplement the skill sets of current directors.

Stockholders may nominate persons to be directors by following the procedures set forth in our Bylaws. These procedures require the stockholder to deliver timely notice to the Corporate Secretary at our principal executive offices. That notice must contain the information required by the Bylaws about the stockholder proposing the nominee and about the nominee. No stockholder nominees have been proposed for this year's meeting.

Stockholders also are free to suggest persons for the board of directors to consider as nominees. The board of directors will consider those individuals if adequate information is submitted in a timely manner (but at least 120 days before the date of the proxy statement for the prior year's annual meeting of stockholders) in writing to the board of directors at the Company's principal executive offices, in care of the General Counsel. The board of directors may, however, give less serious consideration to individuals with whom none of the current board members personally know.

**General Information about the Class A/Class B Director Nominee**

Robert P. May is the director nominee proposed for election by the holders of the Company's Class A and Class B common stock. Mr. May has agreed to be named in this proxy statement and to serve as a director if elected.

**Robert P. May**, 57, was elected to Charter's board of directors in October 2004 and was Charter's Interim President and Chief Executive Officer from January until August 2005. Mr. May was named Chief Executive Officer and a

director of Calpine Corporation, a power company, in December 2005. Calpine filed for Chapter 11 bankruptcy reorganization in December 2005. He served on the board of directors of HealthSouth Corporation, a national provider of healthcare services, from October 2002 until October 2005, and was its Chairman from July

**Table of Contents**

2004 until October 2005. Mr. May also served as HealthSouth Corporation's Interim Chief Executive Officer from March 2003 until May 2004, and as Interim President of its Outpatient and Diagnostic Division from August 2003 to January 2004. Since March 2001, Mr. May has been a private investor and principal of RPM Systems, which provides strategic business consulting services. From March 1999 to March 2001, Mr. May served on the board of directors and was Chief Executive of PNV Inc., a national telecommunications company. Prior to his employment at PNV Inc., Mr. May was Chief Operating Officer and a member of the board of directors of Cablevision Systems Corporation from October 1996 to February 1998, and from 1973 to 1993 he held several senior executive positions with Federal Express Corporation, including President, Business Logistics Services. Mr. May was educated at Curry College and Boston College and attended Harvard Business School's Program for Management Development. He is a member of Deutsche Bank of Americas Advisory Board.

**THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR THE CLASS A/CLASS B DIRECTOR NOMINEE.**

**Table of Contents**

**Election of Class B Directors**

**Information about the Class B Director Nominees**

The following information concerns the eleven individuals who have been nominated by the board of directors for election by the Class B holder, voting as a separate class. Each of the following individuals currently serves as a Class B director.

**Paul G. Allen**, 54, has been Chairman of Charter's board of directors since July 1999, and Chairman of the board of directors of Charter Investment, Inc. (a predecessor to, and currently an affiliate of, Charter) since December 1998. Mr. Allen, co-founded Microsoft Corporation with Bill Gates in 1975 and remained the company's chief technologist until he left Microsoft Corporation in 1983. Mr. Allen is the founder and chairman of Vulcan Inc., Mr. Allen's project and investment management company that oversees large stakes in DreamWorks Animation SKG, Digeo, Oxygen Media, real estate and more than 40 other technology, media and content companies. In 2004, Mr. Allen funded SpaceShipOne, the first privately-funded effort to successfully put a civilian in suborbital space and winner of the Ansari X-Prize competition. Mr. Allen also owns the Seattle Seahawks NFL and Portland Trail Blazers NBA franchises. In addition, Mr. Allen is a director of Vulcan Ventures, Inc., Vulcan Inc., and numerous privately held companies.

**W. Lance Conn**, 38, was elected to the board of directors of Charter in September 2004. Since July 2004, Mr. Conn has served as Executive Vice President, Investment Management for Vulcan Inc., the investment and project management company that oversees a diverse multi-billion dollar portfolio across diverse industry sectors and investment asset classes. Prior to joining Vulcan Inc., Mr. Conn was employed by America Online, Inc., an interactive online services company, from March 1996 to May 2003. From 1997 to 2000, Mr. Conn served in various senior business development roles at America Online. In 2000, Mr. Conn began supervising all of America Online's European investments, alliances and business initiatives. In 2002, he became Senior Vice President of America Online U.S. where he led a company-wide effort to restructure and optimize America Online's operations. From September 1994 until February 1996, Mr. Conn was an attorney with the Shaw Pittman law firm in Washington, D.C. Mr. Conn holds a J.D. degree from the University of Virginia, a M.A. degree in history from the University of Mississippi and an A.B. degree in history from Princeton University.

**Nathaniel A. Davis**, 53, was elected to the board of directors of Charter on August 23, 2005. In July 2006, Mr. Davis became President and Chief Operating Officer of XM Satellite Radio Holdings, Inc. where he is also a director. Prior to that, from June 2003 until July 2006, Mr. Davis had been Managing Director and owner of RANND Advisory Group, a technology consulting group, which advises venture capital, telecom and other technology related firms. From January 2000 through May 2003, he was President and Chief Operating Officer of XO Communication, Inc. XO Communications filed a petition to reorganize under Chapter 11 of the Bankruptcy Code in June 2002 and completed its restructuring and emerged from Chapter 11 in January 2003. From October 1998 to December 1999 he was Executive Vice President, Network and Technical Services of Nextel Communications, Inc. Prior to that, he worked for MCI Communications from 1982 until 1998 in a number of positions, including Chief Financial Officer of MCIT from November 1996 until October 1998. Previously, Mr. Davis served in a variety of roles that include Senior Vice President of Network Operations, Chief Operating Officer of MCImetro, Sr. Vice President of Finance, Vice President of Systems Development. Mr. Davis holds a B.S. degree from Stevens Institute of Technology, an M.S. degree from Moore School of Engineering and an M.B.A. degree from the Wharton School at the University of Pennsylvania. He is a member of the board of Mutual of America Capital Management Corporation.

**Jonathan L. Dolgen**, 62, was elected to the board of directors of Charter in October 2004. Since October 2006, Mr. Dolgen has served as senior consultant for ArtistDirect, Inc. Since July 2004, Mr. Dolgen has also been a Senior



Advisor to Viacom, Inc. ( Old Viacom ), a worldwide entertainment and media company, where he provided advisory services to the Chief Executive Officer of Old Viacom, or others designated by him, on an as requested basis. Effective December 31, 2005, Old Viacom was separated into two publicly traded companies, Viacom Inc. ( New Viacom ) and CBS Corporation. Since the separation of Old Viacom, Mr. Dolgen provides advisory services to the Chief Executive Officer of New Viacom, or others designated by him, on an as requested basis. Since July 2004, Mr. Dolgen has been a private investor and since September 2004, Mr. Dolgen has been a principal of Wood

**Table of Contents**

River Ventures, LLC, ( Wood River ) a private start-up entity that seeks investment and other opportunities primarily in the media sector. Since April 2005, Mr. Dolgen, through Wood River, has had an arrangement with Madison Dearborn Partners, LLC to seek investment opportunities primarily in the media sector. Mr. Dolgen is also a member of the board of directors of Expedia, Inc. From April 1994 to July 2004, Mr. Dolgen served as Chairman and Chief Executive Officer of the Viacom Entertainment Group, a unit of Old Viacom, where he oversaw various operations of Old Viacom's businesses, which during 2003 and 2004 primarily included the operations engaged in motion picture production and distribution, television production and distribution, regional theme parks, theatrical exhibition and publishing. As a result of the separation of Old Viacom, Old Viacom's motion picture production and distribution and theatrical exhibition business became part of New Viacom's businesses, and substantially all of the remaining businesses of Old Viacom overseen by Mr. Dolgen remained with CBS Corporation. Mr. Dolgen began his career in the entertainment industry in 1976, and until joining the Viacom Entertainment Group, served in executive positions at Columbia Pictures Industries, Inc., Twentieth Century Fox and Fox, Inc., and Sony Pictures Entertainment. Mr. Dolgen holds a B.S. degree from Cornell University and a J.D. degree from New York University.

**Rajive Johri**, 57, was elected to the board of directors of Charter in April 2006. Since June 2006, Mr. Johri has served as President and Director of First National Bank of Omaha. From September 2005 to June 2006, he served as President of the First National Credit Cards Center for First National Bank of Omaha. From August 2004 to September 2005, he served as Executive Consultant for Park Li Group in New York, NY. Prior to that, Mr. Johri served as Executive Vice President, Marketing for J.P. Morgan Chase Bank from September 1999 until August 2004. From 1985 to 1999, Mr. Johri was employed by Citibank N.A. in a number of management positions. Mr. Johri is a director and Executive Vice President of First National Bank of Nebraska, Inc., a director of First National Credit Card, Inc, and director and chairman of InfiCorp Holdings, Inc, InfiBank, N.A. and InfiStar Corporation. Mr. Johri received a bachelor's of technology degree in Mechanical Engineering from Indian Institute of Technology in New Delhi, India and a M.B.A. degree in Marketing and Finance from Indian Institute of Management in Calcutta, India.

**David C. Merritt**, 52, was elected to the board of directors of Charter in July 2003, and was also appointed as Chairman of Charter's Audit Committee at that time. Since October 2003, Mr. Merritt has been a Managing Director of Salem Partners, LLC, an investment banking firm. He was a Managing Director in the Entertainment Media Advisory Group at Gerard Klauer Mattison & Co., Inc., a company that provided financial advisory services to the entertainment and media industries from January 2001 through April 2003. He served as a director of Laser-Pacific Media Corporation from January 2001 until October 2003 and served as Chairman of its audit committee. In December 2003, he became a director of Outdoor Channel Holdings, Inc and serves as Chairman of its audit committee. Mr. Merritt joined KPMG in 1975 and served in a variety of capacities during his years with the firm, including national partner in charge of the media and entertainment practice and before joining CKE Associates, Mr. Merritt was an audit and consulting partner of KPMG for 14 years. In February 2006, Mr. Merritt became a director of Calpine Corporation. Mr. Merritt holds a B.S. degree in business and accounting from California State University Northridge.

**Marc B. Nathanson**, 61, has been a director of Charter since January 2000 and serves as Vice Chairman of Charter's board of directors, a non-executive position. Mr. Nathanson is the Chairman of Mapleton Investments LLC, an investment vehicle formed in 1999. He also founded and served as Chairman and Chief Executive Officer of Falcon Holding Group, Inc., a cable operator, and its predecessors, from 1975 until 1999. He served as Chairman and Chief Executive Officer of Enstar Communications Corporation, a cable operator, from 1988 until November 1999. Prior to 1975, Mr. Nathanson held executive positions with Teleprompter Corporation, Warner Cable and Cypress Communications Corporation. In 1995, he was appointed by the President of the United States to the Broadcasting Board of Governors, and from 1998 through September 2002, served as its Chairman. Mr. Nathanson holds a B.A. in Mass Communications from the University of Denver and a M.A. in political science from University of California/Santa Barbara.

**Jo Allen Patton**, 49, has been a director of Charter since April 2004. Ms. Patton co-founded Vulcan Inc., Mr. Allen's project and investment management firm, in 1986. Since that time she has served as an officer and director of many affiliates of Mr. Allen, including her current position as President and Chief Executive Officer of Vulcan Inc. since July 2001. Also in 2001, Ms. Patton co-founded the Allen Institute for Brain Science, a non-profit

## **Table of Contents**

institute established to identify and address key issues in neuroscience, particularly those that can advance the understanding of human behavior. Ms. Patton is also President of Vulcan Productions, an independent feature film and documentary production company, Vice Chair of First & Goal, Inc., which developed and operated the Seattle Seahawks NFL stadium, and serves as Executive Director of The Paul G. Allen Family Foundation. Ms. Patton is a co-founder of the Experience Music Project museum, as well as the Science Fiction Museum and Hall of Fame. Ms. Patton is the sister of Mr. Allen.

**Neil Smit**, 48, was elected a director and President and Chief Executive Officer of Charter in August 2005. He had previously worked at Time Warner, Inc. since 2000, most recently serving as the President of Time Warner's America Online Access Business. He also served at America Online ( AOL ) as Executive Vice President, Member Development, Chief Operating Officer of AOL Local and Chief Operating Officer of MapQuest. Prior to that he was a Regional President with Nabisco and was with Pillsbury in a number of management positions. Mr. Smit has a B.S. degree from Duke University and a M.S. degree with a focus in international business from Tufts University's Fletcher School of Law and Diplomacy.

**John H. Tory**, 52, has been a director of Charter since December 2001. Mr. Tory served as the Chief Executive Officer of Rogers Cable Inc., Canada's largest broadband cable operator, from 1999 until 2003. From 1995 to 1999, Mr. Tory was President and Chief Executive Officer of Rogers Media Inc., a broadcasting and publishing company. Prior to joining Rogers, Mr. Tory was a Managing Partner and member of the executive committee at Tory Tory DesLauriers & Binnington, one of Canada's largest law firms. Mr. Tory serves on the board of directors of Rogers Telecommunications Limited and Cara Operations Limited and is Chairman of Cara Operations' Audit Committee. Mr. Tory was educated at University of Toronto Schools, Trinity College (University of Toronto) and Osgoode Hall Law School. In September 2004, Mr. Tory was elected Leader of the Ontario Progressive Conservative Party. In March 2005, he was elected a Member of the Provincial Parliament and became the Leader of Her Majesty's Loyal Opposition.

**Larry W. Wangberg**, 64, has been a director of Charter since January 2002. Since July 2002, Mr. Wangberg has been an independent business consultant. From August 1997 to May 2004, Mr. Wangberg was a director of TechTV L.L.C., a cable television network controlled by Paul Allen. He also served as its Chairman and Chief Executive Officer from August 1997 through July 2002. In May 2004, TechTV L.L.C. was sold to an unrelated party. Prior to joining TechTV L.L.C., Mr. Wangberg was Chairman and Chief Executive Officer of StarSight Telecast Inc., an interactive navigation and program guide company which later merged with Gemstar International, from 1994 to 1997. Mr. Wangberg was Chairman and Chief Executive Officer of Times Mirror Cable Television and Senior Vice President of its corporate parent, Times Mirror Co., from 1983 to 1994. He currently serves on the boards of Autodesk Inc. and ADC Telecommunications, Inc. Mr. Wangberg holds a B.S. degree in mechanical engineering and a M.S. degree in industrial engineering, both from the University of Minnesota.

## **Board of Directors**

Our board of directors meets regularly throughout the year on a set schedule. The board also holds special meetings and acts by written consent from time to time as necessary. Meetings of the independent members of the board are scheduled from time to time. Management is not present at these meetings. Eleven of the twelve directors then serving attended last year's annual meeting of stockholders, and members of the board of directors are encouraged to attend the annual meeting each year. In 2006, the full board of directors held nine meetings and acted five times by written consent. No incumbent director attended fewer than 75% of the total number of meetings of the board and of committees on which he or she served.

The board of directors has determined that all of the members of the Audit Committee are independent directors, as required by the NASDAQ Global Market listing standards. As previously noted, by virtue of Mr. Allen's control of

more than 50% of the voting power of the Company, the remaining director independence requirements of NASDAQ do not apply to the Company, as it is a Controlled Company under the NASDAQ listing standards, except for the provision that the Company's independent directors must have regularly scheduled meetings at which only independent directors are present. The Company's Corporate Governance Committee of the Board of Directors has determined that except for Messrs. Allen, Conn and Smit and Ms. Patton, all directors are independent under NASDAQ rules.

## **Table of Contents**

### **Stockholder Contact with Directors**

Individuals may communicate directly with members of the board of directors or members of the board's standing committees by writing to the following address:

Charter Communications, Inc.  
Charter Plaza  
12405 Powerscourt Drive  
St. Louis, Missouri 63131  
Attn: Corporate Secretary

The Corporate Secretary will summarize all correspondence received, subject to the standards below, and periodically forward summaries to the board. Members of the board may at any time request copies of any such correspondence. Communications may be addressed to the attention of the board, a standing committee of the board, or any individual member of the board or a committee. Communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or requires investigation to verify its content may not be forwarded.

### **Committees of the Board**

The board of directors delegates authority to act with respect to certain matters to board committees whose members are appointed by the board. The committees of the board of directors include the following: Audit Committee, Finance Committee, Compensation and Benefits Committee, Executive Committee, and Corporate Governance Committee.

Charter's Audit Committee, which has a written charter approved by the board, consists of Messrs. Davis, Johri and Merritt, all of whom were determined by the board of directors to be independent in accordance with the applicable corporate governance listing standards of the NASDAQ Global Market. A copy of the Audit Committee's charter is available on the Company's website, [www.charter.com](http://www.charter.com). The Company's board of directors has determined that, in its judgment, David Merritt is an audit committee financial expert within the meaning of the applicable federal regulations. The Audit Committee held ten meetings in 2006.

The Compensation and Benefits Committee, which has a written charter approved by the board, reviews and approves the Company's compensation of the senior management of the Company and its subsidiaries. The charter is available on the Company's website, [www.charter.com](http://www.charter.com). The Committee is comprised of Messrs. Allen, May, Merritt, and Nathanson. The Compensation and Benefits Committee met seven times in 2006 and executed one unanimous consent in lieu of a meeting.

The Finance Committee reviews the Company's financing activities and approves the terms and conditions of any financing transactions referred to it by the Board, in consultation with the Company's legal and financial advisors. The Finance Committee in 2005 consisted of Messrs. Allen and Merritt. The Finance Committee met two times in 2006 and executed two unanimous written consents in lieu of meetings.

The Executive Committee has the authority to act in place of the full board of directors and exercise such powers of the full board as the board may delegate to the Executive Committee from time to time. The Executive Committee consisted of directors Messrs. Allen, Nathanson and Smit. The Executive Committee did not meet in 2006.

The Corporate Governance Committee was formed in August 2006 to develop and recommend to the board corporate governance guidelines and to perform a leadership role in shaping the Company's corporate governance. The Committee consists of Messrs. Conn, May and Wangberg. The Corporate Governance Committee met two times in

2006.

**Table of Contents****Non-Employee Director Compensation**

The following table sets forth information as of December 31, 2006 regarding the compensation to those non-employee directors listed below for services rendered for the fiscal year ended December 31, 2006. Non-employee directors are not eligible for option awards within the 2001 Stock Incentive Plan, non-equity incentive compensation within the 2006 Executive Bonus Plan or deferred compensation within the Supplemental Deferred Compensation Plan.

Name	Fees Earned	Stock Awards	All Other Compensation	Total (\$)
	(\$) (1)	(\$) (2)	(\$) (3)	
Paul Allen	83,000	32,353		115,353
W. Lance Conn	58,500	41,693		100,193
Nathaniel A. Davis	64,000	36,594		100,594
Jonathan L. Dolgen	55,000	47,653		102,653
Rajive Johri	33,000	34,770		67,770
Robert P. May	63,000	47,653	24,038	134,691
David C. Merritt	101,000	32,353		133,353
Marc B. Nathanson	71,000	32,353		103,353
Jo Allen Patton	54,000	36,560		90,560
John H. Tory	59,000	32,353		91,353
Larry W. Wangberg	59,500	32,353		91,853

(1) Amount attributed to an annual retainer of \$40,000 in cash, \$1,000 for attendance at each committee meeting and telephonic meeting of the full board and \$2,000 for in-person attendance for full board meetings. Messrs. Allen and Nathanson received an additional \$10,000 for service as committee chairs and Mr. Merritt received an additional \$25,000 for service as Audit Committee Chair. Messrs. Conn and Wangberg received \$2,500 for service as committee chairs.

(2) Amounts recognized in 2006 relating to 2005 and 2006 annual restricted stock grants which vest one year after the date of grant.

Name	Grant Date	Restricted	Grant Date
		Stock Granted (#)	Fair Value (\$)
Paul Allen	7/22/05	39,063	50,000
	8/29/06	49,242	65,000
W. Lance Conn	9/23/05	32,072	50,000
	8/29/06	49,242	65,000
Nathaniel A. Davis	8/23/05	43,215	50,000
	8/29/06	49,242	65,000



Jonathan L. Dolgen	10/21/05	40,650	50,000
	8/29/06	49,242	65,000
Rajive Johri	4/18/06	18,137	18,500
	8/29/06	49,242	65,000
Robert P. May	10/21/05	40,650	50,000
	8/29/06	49,242	65,000
David C. Merritt	7/22/05	39,063	50,000
	8/29/06	49,242	65,000
Marc B. Nathanson	7/22/05	39,063	50,000
	8/29/06	49,242	65,000
Jo Allen Patton	4/27/05	40,323	50,000
	4/27/06	14,744	17,250
	8/29/06	49,242	65,000
John H. Tory	7/22/05	39,063	50,000
	8/29/06	49,242	65,000
Larry W. Wangberg	7/22/05	39,063	50,000
	8/29/06	49,242	65,000

All grant date fair value amounts were calculated in accordance with SFAS No. 123R. For more information on SFAS No. 123R, see Impact of Tax and Accounting under Compensation Discussion and Analysis. The aggregate number of shares of restricted stock outstanding at fiscal year-end for all directors, except Mr. Johri and Ms. Patton, was 49,242. In addition, Mr. Johri and Ms. Patton received mid-year restricted stock grants, vesting one year after the date of grant. Mr. Johri's mid-year grant was prorated based upon his partial year's service as a director prior to the annual grant. His aggregate number of restricted stock outstanding at fiscal year-end was 67,379. Ms. Patton's mid-year grant was prorated based upon the prior grant schedule. Her aggregate number of restricted stock outstanding at fiscal year-end was 63,986.

(3) Amount attributed to payment of fees in 2006 resulting from his service as interim President and CEO in 2005.

**Table of Contents**

**Cash and Equity Compensation.** Each non-employee member of the board receives an annual retainer of \$40,000 in cash plus restricted stock, vesting one year after the date of grant, with a value on the date of grant of \$65,000. In addition, the Audit Committee chair receives \$25,000 per year, and the chair of each other committee receives \$10,000 per year. Each committee member also received \$1,000 for attendance at each committee meeting. Each director receives \$1,000 for telephonic attendance at each meeting of the full board and \$2,000 for in-person attendance. Each director of Charter is entitled to reimbursement for costs incurred in connection with attendance at board and committee meetings. Vulcan has informed us that, in accordance with its internal policy, Mr. Conn turns over to Vulcan all cash compensation he receives for his participation on Charter's board of directors or committees thereof.

Directors who are employees do not receive additional compensation for Board participation. Mr. Smit, who was our President and Chief Executive Officer in 2006, is the only director who was also an employee during 2006.

Our Bylaws provide that all directors are entitled to indemnification to the maximum extent permitted by law from and against any claims, damages, liabilities, losses, costs or expenses incurred in connection with or arising out of the performance by them of their duties for us or our subsidiaries.

**Executive Officers**

Our executive officers, listed below, are elected by the board of directors annually, and each serves until his or her successor is elected and qualified or until his or her earlier resignation or removal.

<b>Executive Officers</b>	<b>Position</b>
Neil Smit	President and Chief Executive Officer
Michael J. Lovett	Executive Vice President and Chief Operating Officer
Jeffrey T. Fisher	Executive Vice President and Chief Financial Officer
Grier C. Raclin	Executive Vice President, General Counsel and Corporate Secretary
Marwan Fawaz	Executive Vice President and Chief Technical Officer
Robert A. Quigley	Executive Vice President and Chief Marketing Officer
Lynne F. Ramsey	Senior Vice President, Human Resources
Kevin D. Howard	Vice President and Chief Accounting Officer

Information regarding our executive officers who do not serve as directors is set forth below.

**Michael J. Lovett**, 45, *Executive Vice President and Chief Operating Officer*. Mr. Lovett was promoted to his current position in April 2005. Prior to that he served as Executive Vice President, Operations and Customer Care from September 2004 through March 2005, and as Senior Vice President, Midwest Division Operations and as Senior Vice President of Operations Support, since joining Charter in August 2003 until September 2004. Mr. Lovett was Chief Operating Officer of Voyant Technologies, Inc., a voice conferencing hardware/software solutions provider, from December 2001 to August 2003. From November 2000 to December 2001, he was Executive Vice President of Operations for OneSecure, Inc., a startup company delivering management/monitoring of firewalls and virtual private networks. Prior to that, Mr. Lovett was Regional Vice President at AT&T from June 1999 to November 2000 where he was responsible for operations. Mr. Lovett was Senior Vice President at Jones Intercable from October 1989 to June 1999 where he was responsible for operations in nine states.

**Jeffrey T. Fisher**, 44, *Executive Vice President and Chief Financial Officer*. Mr. Fisher was appointed to the position of Executive Vice President and Chief Financial Officer, in February 2006. Prior to joining Charter, Mr. Fisher was employed by Delta Airlines, Inc. from 1998 to 2006 in a number of positions including Senior Vice President Restructuring from September 2005 until January 2006, President and General Manager of Delta Connection, Inc. from January to September 2005, Chief Financial Officer of Delta Connection from 2001 until January 2005, Vice President of Finance, Marketing and Sales Controller of Delta Airlines in 2001 and Vice President of Financial Planning and Analysis of Delta Airlines from 2000 to 2001. Delta Airlines filed a petition under Chapter 11 of the Bankruptcy Code on September 14, 2005. Mr. Fisher received a B.B.M. degree from Embry Riddle University and a M.B.A. degree in International Finance from University of Texas in Arlington, Texas.

**Table of Contents**

**Grier C. Raclin**, 54, *Executive Vice President, General Counsel and Corporate Secretary*. Mr. Raclin joined Charter in his current position in October 2005. Prior to joining Charter, Mr. Raclin had served as the Chief Legal Officer and Corporate Secretary of Savvis Communications Corporation from January 2003 until October 2005. Prior to joining Savvis, Mr. Raclin served as Executive Vice President, Chief Administrative Officer, General Counsel and Corporate Secretary from 2000 to 2002 and as Senior Vice President of Corporate Affairs, General Counsel and Corporate Secretary from 1997 to 2000 of Global TeleSystems Inc. ( GTS ). Prior to joining GTS, Mr. Raclin was Vice-Chairman and a Managing Partner of Gardner, Carton and Douglas in Washington, D.C. Mr. Raclin earned a J.D. degree from Northwestern University Law School, where he served on the Editorial Board of the Northwestern University Law School Law Review, attended business school at the University of Chicago Executive Program and earned a B.S. degree from Northwestern University, where he was a member of Phi Beta Kappa.

**Marwan Fawaz**, 44, *Executive Vice President and Chief Technical Officer*. Mr. Fawaz joined Charter in his current position in August 2006. Prior to that, he served as Senior Vice President and Chief Technical Officer for Adelphia Communications Corporation ( Adelphia ) from March 2003 until July 2006. Adelphia filed a petition under Chapter 11 of the Bankruptcy Code in June 2002. From May 2002 to March 2003, he served as Investment Specialist/Technology Analyst for Vulcan, Inc. Mr. Fawaz served as Regional Vice President of Operations for the Northwest Region for Charter from July 2001 to March 2002. From July 2000 to December 2000, he served as Chief Technology Officer for Infinity Broadband. He served as Vice President Engineering and Operations at MediaOne, Inc. from January 1996 to June 2000. Mr. Fawaz received a B.S. degree in electrical engineering and a M.S. in electrical/communication-engineering from California State University Long Beach.

**Robert A. Quigley**, 63, *Executive Vice President and Chief Marketing Officer*. Mr. Quigley joined Charter in his current position in December 2005. Prior to joining Charter, Mr. Quigley was President and CEO at Quigley Consulting Group, LLC, a private consulting group, from April 2005 to December 2005. From March 2004 to March 2005, he was Executive Vice President of Sales and Marketing at Cardean Education Group (formerly UNext com LLC), a private online education company. From February 2000 to March 2004, Mr. Quigley was Executive Vice President of America Online and Chief Operating Officer of its Consumer Marketing division. Prior to America Online, he was owner, President and CEO of Wordsquare Publishing Co. from July 1994 to February 2000. Mr. Quigley is a graduate of Wesleyan University with a B.A. degree in history and is a member of the Direct Marketing Association board of directors.

**Lynne F. Ramsey**, 49, *Senior Vice President, Human Resources*. Ms. Ramsey joined Charter's Human Resources group in March 2001 and served as Corporate Vice President, Human Resources. She was promoted to her current position in July 2004. Before joining Charter, Ms. Ramsey was Executive Vice President of Human Resources for Broadband Infrastructure Group from March 2000 through November 2000. From 1994 to 1999, Ms. Ramsey served as Senior Vice President of Human Resources for Firststar Bank, previously Mercantile Bank of St. Louis. She served as Vice President of Human Resources for United Postal Savings from 1982 through 1994, when it was acquired by Mercantile Bank of St. Louis. Ms. Ramsey received a bachelor's degree in Education from Maryville College and a master's degree in Human Resources Management from Washington University.

**Kevin D. Howard**, 37, *Vice President and Chief Accounting Officer*. Mr. Howard was promoted to his current position in April 2006. Prior to that, he served as Vice President of Finance from April 2003 until April 2006 and as Director of Financial Reporting since joining Charter in April 2002. Mr. Howard began his career at Arthur Andersen LLP in 1993 where he held a number of positions in the audit division prior to leaving in April 2002. Mr. Howard received a B.S.B.A. degree in finance and economics from the University of Missouri Columbia and is a certified public accountant and certified managerial accountant.



**Table of Contents**

**Executive Compensation  
Report of the Compensation and Benefits Committee**

*The following report does not constitute soliciting materials and is not considered filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, unless the Company specifically states otherwise.*

The Compensation and Benefits Committee has reviewed and discussed with management the Compensation and Analysis ( CD&A ) set forth below including the accompanying tables. The Compensation and Benefits Committee recommended to the board of directors that the CD&A be included in this proxy statement and incorporated into the Company s 2006 Annual Report on Form 10-K.

PAUL G. ALLEN  
ROBERT P. MAY  
DAVID C. MERRITT  
MARC B. NATHANSON

**Compensation Committee Interlocks and Insider Participation**

During 2006, the Compensation and Benefits Committee was comprised of Messrs. Allen, May, Merritt and Nathanson. No member of Charter s Compensation and Benefits Committee was an officer or employee of Charter or any of its subsidiaries during 2006, except for Mr. Allen who served as a non-employee Chairman of the Board. Mr. Nathanson held the title of Vice Chairman of Charter s board of directors, a non-executive, non-salaried position in 2006. Mr. Allen is the 100% owner and a director of Vulcan Inc. and certain of its affiliates, which employs Mr. Conn and Ms. Patton as executive officers.

During 2006, (1) none of Charter s executive officers served on the compensation committee of any other company that has an executive officer currently serving on Charter s board of directors or Compensation and Benefits Committee and (2) none of Charter s executive officers served as a director of another entity, one of whose executive officers served on the Compensation Committee or Option Plan Committee, except for Messrs. Lovett and Fawaz who served as directors, until their resignations in October 2006, of Digeo, Inc., an entity of which Paul Allen is a director and by virtue of his position as Chairman of the board of directors of Digeo, Inc. is also a non-employee executive officer.

**Compensation Discussion and Analysis**

**Overview**

The following discussion and analysis of compensation arrangements of our Named Executive Officers (including our Chief Executive Officer, Chief Financial Officer, Former Interim Chief Financial Officer and other executive officers appearing in the Summary Compensation Table) in 2006 should be read together with the compensation tables and related disclosures set forth elsewhere in this proxy statement.

**Role of the Compensation and Benefits Committee**

The Compensation and Benefits Committee of our board of directors is responsible for overseeing the overall compensation structure, policies and programs of our company, assessing whether our compensation structure results in appropriate compensation levels and incentives for executive management and employees of the Company and

subsidiaries.

Our Chief Executive Officer ( CEO ) annually reviews the performance of each of the other Named Executive Officers. He recommends to the Compensation and Benefits Committee salary adjustments, annual cash bonuses and equity incentive compensation applying specific performance metrics that have been approved by the Compensation and Benefits Committee at the beginning of each year for the other Named Executive Officers. The Compensation and Benefits Committee has, on occasion, requested certain executives to be present at Committee meetings where executive compensation and Company and individual performance are discussed and

## **Table of Contents**

evaluated. These executives are invited for the purpose of providing insight or suggestions regarding executive performance objectives and/or achievements, and the overall competitiveness and effectiveness of our executive compensation program. Although the Compensation and Benefits Committee considers the CEO's recommendations along with analysis provided by the Committee's compensation consultants, it retains full discretion to set all compensation for the Company's Named Executive Officers other than the CEO. The Compensation and Benefits Committee's recommendations for the CEO's compensation goes before our full board of directors, with non-employee directors voting on the approval of any recommendations.

The Compensation and Benefits Committee has the discretion to directly engage the services of a compensation consultant and has done so in the past. In March 2006, it retained the services of Pearl Meyer & Partners to conduct a comprehensive assessment of our annual executive compensation program relative to competitive markets, as well as conduct an analysis on certain retention strategies for our senior management team. Pearl Meyer & Partners was retained directly by the Committee, although in carrying out assignments, it also interacted with management when necessary and appropriate. Pearl Meyer & Partners may, in its discretion, seek input and feedback from management regarding its consulting work product prior to presentation to the Compensation and Benefits Committee in order to confirm alignment with the Company's business strategy, identify data questions or other similar issues, if any, prior to presentation to the Compensation and Benefits Committee.

### **Compensation Philosophy and Objectives**

The Compensation and Benefits Committee believes that attracting and retaining well-qualified executives is a top priority. The Compensation and Benefits Committee's approach is to compensate executives commensurate with their experience, expertise and performance, as well as to ensure that its compensation programs are competitive to executive pay levels within the cable, telecommunications, and other related industries that define our competitive labor markets. We seek to uphold this philosophy through attainment of the following objectives:

*Pay-for-Performance.* We seek to ensure that the amount of compensation for each Named Executive Officer is reflective of the executive's performance and service to the Company for the time period under consideration. Our primary measures of performance used to gauge appropriate levels of performance-based compensation have included revenue, adjusted EBITDA, unlevered free cash flow, operating cash flow, new product growth, operational improvements, and/or such other metrics as the Compensation and Benefits Committee shall determine is then critical to the long-term success of the Company at that time. While we believe that our executives are best motivated when they believe that their performance objectives are attainable, we also believe that these metrics should be challenging and represent important incremental improvements over performance in prior years. Compensation payable pursuant to our annual Executive Bonus Plan and our Long-Term Incentive Program is dependent on company performance.

*Alignment.* We seek to align the interests of the Named Executive Officers with those of our investors by evaluating executive performance on the basis of key financial measurements which we believe closely correlate to long-term stakeholder value creation. The annual cash bonus and long-term stock-based incentives are intended to align executive compensation with our business strategies, values and management initiatives, both short- and long-term. Through this incentive compensation, we place a substantial portion of executive compensation at risk, specifically dependent upon the financial performance of the Company over the relevant periods. This rewards executives for performance that enhances the Company's financial strength and stakeholder value. Moreover, we believe that compensation in the form of equity inherently aligns the interests of our management team with those of shareholders.

*Retention.* We recognize that a key element to our success is our ability to retain a team of highly qualified executives who can provide the leadership necessary to successfully execute our short and long-term business strategies. We also recognize that, because of their qualifications, our senior executives are often presented with other professional opportunities, potentially ones at higher compensation levels. It is often difficult to retain talented management. Our



retention strategy faces additional challenges in that the skill sets possessed by our current management team are attractive to many companies outside of the cable industry and the members of our new management team do not have close ties to the St. Louis area. Two programs have fostered our focus on retention.

## **Table of Contents**

First, our Executive Cash Award Plan provides for a cash award to be paid at the end of a pre-determined period, discussed in detail below. Second, we adopted a Special Compensation Award in March 2007, discussed below.

### **Implementing Our Objectives**

The Compensation and Benefits Committee makes compensation decisions after reviewing the performance of the Company and carefully evaluating an executive's performance during the year against pre-established goals, leadership qualities, operational performance, business responsibilities, career with the Company, current compensation arrangements and long-term potential to enhance stakeholder value. Specific factors affecting compensation decisions for the Named Executive Officers include:

Assessment of Company performance criteria may include revenue, adjusted EBITDA, free cash flow, unlevered free cash flow, average revenue per unit, operating cash flow, new product growth, operational improvements, customer satisfaction and/or such other metrics as the Compensation and Benefits Committee determine is critical to long-term success of the Company. Application of this factor is more specifically discussed under Elements Used to Achieve Compensation Objectives as applicable;

Assessment of individual performance criteria may include individual leadership abilities, management expertise, productivity and effectiveness. Application of this factor is more specifically discussed under Elements Used to Achieve Compensation Objectives as applicable; and

Benchmarking and Total Compensation Level Review Our Compensation and Benefits Committee works with our compensation consultant to assess compensation levels and mix as compared to the market, and more fully discussed below under Pay Levels and Benchmarking.

### **Elements Used to Achieve Compensation Objectives**

The main components of the Company's compensation program:

Base Salary fixed pay that takes into account an individual's role and responsibilities, experience, expertise and individual performance designed to provide a base level of compensation security on an annual basis;

Executive Bonus Plan variable pay designed to reward attainment of annual business goals, with target award opportunities generally expressed as a percentage of base salary;

Long-Term Incentives stock-based awards including Stock Options, Performance Units/Shares and Restricted Shares designed to motivate long-term performance and align executive interests with those of our shareholders; and

Special Compensation Programs programs targeted at executives in critical positions designed to encourage long-term retention.

### ***Details of Each Element***

#### ***(1) Base salary***

Base salaries are set with regard to the level of the position within the Company and the individual's current and sustained performance results. The base salary levels for executives, and any changes in those salary levels, are reviewed each year by the Compensation and Benefits Committee, and such adjustments may be based on factors such

as new roles and/or responsibilities assumed by the executive and the executive's significant impact on then current Company goals. Salary adjustments may also be based on changes in market pay levels for comparable positions in our geographic markets. However, there is no specific weighting applied to any one factor in setting the level of salary, and the process ultimately relies on the subjective exercise of the Compensation and Benefits Committee's judgment. Although salaries are generally targeted at market median compared to an industry peer group (discussed below) and other compensation survey data for experienced professionals, the Compensation and Benefits Committee may also take into account historical compensation, potential as a key contributor as well as

**Table of Contents**

special recruiting/retention situations in setting salaries for individual executives above or below the market median.

**(2) Executive Bonus Plan****2006 Executive Bonus Plan**

Executive Officers of Charter and certain other managerial and professional employees of Charter and its subsidiaries were eligible to participate in Charter's 2006 Executive Bonus Plan. The annual incentive award program provides executive officers an opportunity to receive cash incentive awards contingent on achieving certain performance objectives. It focuses on providing rewards for short-term Company or divisional financial performance. In keeping with the Company's compensation philosophy for annual cash compensation, target annual incentive opportunities are set at levels consistent with the median level of the industry peer group. Bonuses for eligible employees for 2006 were determined based on the extent to which Charter's (or, if applicable, an employee's particular division's or key market area's (KMA)) performance during 2006 met or exceeded budgeted goals with respect to four performance measures. These measures, and the percentage of an employee's bonus allocated to each measure, were revenue (40%), adjusted EBITDA excluding corporate marketing (operating cash flow for divisional and KMA employees) (20%), unlevered free cash flow (20%) and customer satisfaction (20%). Customer satisfaction was measured against quantifiable statistics determined by the board of directors or Compensation and Benefits Committee, and which included 1) repeat service calls within 30 days, 2) total trouble call rate and 3) call center service level.

With respect to each performance measure listed above, the eligible employee would receive 100% of the portion of his or her target bonus allocated to that performance measure if Charter's (or such employee's division's) performance reached the budgeted goal for that measure. Also, for each performance measure, the employee would receive a portion of the allocated percentage provided the performance exceeded a minimum of 95% of the budgeted goal, and could receive as much as 200% (for Revenue) and 150% (for all other measures) of the allocated percentage if the performance exceeded the applicable budgeted goal by 5% representing a maximum payout of 170% of target. Each employee's target bonus was determined based on market data and position within the Company. Target bonuses for executive officers ranged from 40% to 125% of base salary.

In February 2007, the Compensation and Benefits Committee determined that the budgeted goals for 2006 had been exceeded and approved bonuses under the 2006 Executive Bonus Plan in the amount of 115% of targeted bonuses, as detailed in the following chart and disclosed in the Non-Equity Incentive Plan column of the Summary Compensation Table.

<b>Bonus Metric</b>	<b>Weight</b>	<b>Attainment</b>	<b>Bonus Matrixes Attainments</b>
Revenue	40%	102.3%	63%
Adjusted EBITDA	20%	101.8%	23.6%
Unlevered Free Cash Flow	20%	104.2%	28.4%
Customer Satisfaction	20%	0%	0%
<b>Total Corporate Attainment</b>			<b>115%</b>

The Compensation and Benefits Committee has the discretion to increase or decrease payouts under this annual plan based on organizational factors such as acquisitions or significant transactions, performance driven by changes in products or markets and other unusual, unforeseen or exogenous situations. The Compensation and Benefits Committee made certain revisions to the 2006 measures to account for Board-approved actions after the measures

were initially adopted.

**2007 Executive Bonus Plan**

For 2007, bonuses for eligible employees will be determined based on the extent to which Charter's (or, if applicable, an employee's particular division's or KMA's) performance during 2007 meets or exceeds budgeted goals with respect to four performance measures. These measures, and the percentage of an employee's bonus

## **Table of Contents**

allocated to each measure, are revenue (30%), adjusted EBITDA for corporate employees (excluding corporate marketing) or operating cash flow for divisional employees (30%), unlevered free cash flow (20%) and customer satisfaction (20%). The individual target bonuses for Named Executive Officers remained unchanged from 2006. However, as a result of these revised weightings, the 2007 maximum target payout decreased to 165% from 170% in 2006. Target bonuses for executive officers range from 50% to 125% of base salary.

### ***(3) Long-Term Incentives***

The Company's long-term equity incentive award compensation program is designed to recognize scope of responsibilities, reward demonstrated performance and leadership, motivate future superior performance, align the interests of the executive with that of our stakeholders, and retain the executives through the term of the awards. We consider the grant size and the appropriate combination of stock options and full value shares when making award decisions. In 2006, we began to shift a greater portion of our long-term incentive grants away from stock options and towards performance units, which we believe will provide for better retention incentives. We believe that performance units help to drive Company performance through their direct linkage to controllable business results while, at the same time, rewarding executives for the value created through share appreciation. Making grants of full value awards allowed us to reduce the number of shares we had previously granted through the use of stock options, thereby providing for greater efficiency with regard to dilution and the number of new shares coming into the market at any particular time. While the size of the award is ultimately left to the Compensation and Benefits Committee discretion, in accordance with our compensation philosophy, grant levels are generally targeted at the median of our industry peer group.

### **The 2001 Stock Incentive Plan**

The 2001 Stock Incentive Plan provides for the grant of non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock and shares of restricted stock (currently not to exceed 20,000,000 shares) as each term is defined in the 2001 Stock Incentive Plan. Generally, options expire 10 years from the grant date. Unless terminated sooner by our board of directors, the 2001 Stock Incentive Plan will terminate on February 12, 2011, and no option or award can be granted thereafter under that plan.

At December 31, 2006, 2,366,760 shares had been issued under the plan upon exercise of options, 3,103,759 shares had been issued upon vesting of restricted stock granted under the plan. Of the remaining 84,529,481 shares covered by the plan, as of December 31, 2006, 3,033,043 shares were subject to future vesting under restricted stock agreements, 26,403,200 were subject to outstanding options (42% of which were vested), and there were 11,438,566 performance units and shares granted under Charter's Long-Term Incentive Program as of December 31, 2006, to vest on the third anniversary of the date of grant conditional upon Charter's performance against certain financial targets approved by Charter's board of directors at the time of the award. As of December 31, 2006, 34,327,388 shares remained available for future grants under the plan (assuming maximum attainment of performance units). As of December 31, 2006, there were 4,459 participants in the plan.

The plan authorizes the repricing of options, which could include reducing the exercise price per share of any outstanding option, permitting the cancellation, forfeiture or tender of outstanding options in exchange for other awards or for new options with a lower exercise price per share, or repricing or replacing any outstanding options by any other method.

The 2001 Stock Incentive Plan must be administered by, and grants and awards to eligible individuals must be approved by our board of directors or a committee thereof consisting solely of nonemployee directors as defined in Section 16b-3 under the Securities Exchange Act of 1934, as amended. The Compensation and Benefits Committee

approves the grants for Senior Vice Presidents and Executive Vice Presidents and grant levels for all other eligible employees and it determines the terms of each stock option grant, restricted stock grant or other award at the time of grant, including the exercise price to be paid for the shares, the vesting schedule for each option, the price, if any, to be paid by the grantee for the restricted stock, the restrictions placed on the shares, and the time or times when the restrictions will lapse. The board of directors or such committee also has the power to accelerate the vesting of any grant or extend the term thereof.

## **Table of Contents**

Upon a change of control of Charter, the board of directors or the administering committee can shorten the exercise period of any option, have the survivor or successor entity assume the options with appropriate adjustments, or cancel options and pay out in cash. If an optionee's or grantee's employment is terminated by the Company without cause or by the optionee or grantee for good reason within one year following a change in control (as those terms are defined in the plans), unless otherwise provided in an agreement pursuant to the plan, with respect to such optionee's or grantee's awards under the plans, all outstanding options will become immediately and fully exercisable, all outstanding stock appreciation rights will become immediately and fully exercisable, the restrictions on the outstanding restricted stock will lapse, and a number of performance units shall immediately vest, which such number shall be the number of units that would have vested at the end of the vesting period if he or she had continued in employment until the end of such vesting period, assuming that the actual performance of the Company from the grant date through the end of the calendar month before the termination date had continued throughout the entire performance cycle.

### **Long-Term Incentive Plan**

Grants are made from the available shares discussed above to our Named Executive Officers through our Long-Term Incentive Program (LTI Plan), which is administered under the 2001 Stock Incentive Plan. Under the LTI Plan, certain employees are eligible to receive stock options, and more senior level employees are eligible to receive stock options and performance units. The stock options vest 25% on each of the first four anniversaries of the date of grant. Grants of performance units made in 2006 converted to a delineated number of shares upon the achievement of the performance targets, dependent on the attainment of pre-established revenue growth and unlevered free cash flow performance objectives, with payouts of actual shares occurring on the third anniversary of the date of grant. Performance units may convert to performance shares in the amounts of 0% to 200% of units granted, based on performance attainment. The amount of equity incentive compensation granted in 2006 was based upon the strategic, operational and financial performance of the Company overall and reflects the executives' expected contributions to the Company's future success. In 2006 as well as prior years, we have placed a greater emphasis on performance units rather than stock options (70% / 30% split, respectively). We believe that performance units help to drive Company performance through their direct linkage to controllable business results while, at the same time, rewarding executives for the value created through share appreciation.

Charter's Compensation and Benefits Committee approved conversion of the 2006 performance units to performance shares at the level of 160% of granted units as a result of the achievement of the financial performance measures. The attainment level was based on revenue growth of 10.1% versus a target of 7.6% and unlevered free cash flow growth of 8.0% versus a target of 4.7%. These shares will vest in 2009 on the third anniversary of the performance unit grant.

### ***(4) Retention Programs***

#### **2005 Executive Cash Award Plan**

In June 2005, Charter adopted the 2005 Executive Cash Award Plan to provide additional incentive to, and retain the services of, certain officers of Charter and its subsidiaries, to achieve the highest level of individual performance and contribute to the success of Charter. Eligible participants are employees of Charter or any of its subsidiaries who have been recommended by the CEO and designated and approved as Plan participants by the Compensation and Benefits Committee of Charter's board of directors. At the time the Plan was adopted, the interim CEO recommended and the Compensation and Benefits Committee designated and approved as Plan participants the permanent President and Chief Executive Officer position, Executive Vice President positions and selected Senior Vice President positions.

The Plan provides that each participant be granted an award which represents an opportunity to receive cash payments in accordance with the Plan. An award will be credited in book entry format to a participant's account in





## **Table of Contents**

an amount equal to 100% of a participant's base salary on the date of Plan approval in 2005 and 20% of participant's base salary in each year 2006 through 2009, based on that participant's base salary as of May 1 of the applicable year. The Plan awards will vest at the rate of 50% of the plan award balance at the end of 2007 and 100% of the plan award balance at the end of 2009. Participants will be entitled to receive payment of the vested portion of the award if the participant remains employed by Charter continuously from the date of the participant's initial participation through the end of the calendar year in which his or her award becomes vested, subject to payment of pro-rated award balances to a participant who terminates due to death or disability or in the event Charter elects to terminate the Plan.

A participant's eligibility for, and right to receive, any payment under the Plan (except in the case of intervening death) is conditioned upon the participant first executing and delivering to Charter an agreement releasing and giving up all claims that participant may have against Charter and related parties arising out of or based upon any facts or conduct occurring prior to the payment date, and containing additional restrictions on post-employment use of confidential information, non-competition and nonsolicitation and recruitment of customers and employees.

In 2006, the Plan was revised to allow the participation of a new senior executive who became eligible for the Plan beginning in August 2006. For each new participant, an award was credited in book entry format to the participant's account in an amount equal to 100% of a participant's base salary on the date of eligibility approval or hire in 2006 and 20% of participant's base salary in each year 2007 through 2010, based on that participant's base salary as of May 1 of the applicable year. The Plan awards will vest at the rate of 50% of the plan award balance at the end of 2008 and 100% of the Plan award balance at the end of 2010. All other terms and conditions remain the same.

All Named Executive Officers, except Mr. Martin, participate in this Plan.

## **Special Compensation Award 2007**

Pursuant to the Compensation and Benefits Committee's request of management, Pearl Meyer & Partners conducted a compensation analysis of existing special cash and equity compensation plans and programs to determine retention value for key executives. Pearl Meyer & Partners provided us with data regarding marketplace practices and costs associated with retention programs. As a result of the 2006 Pearl Meyer & Partners compensation analysis, the Compensation and Benefits Committee determined that the language and basic provisions of the employment contracts for select executives should be made consistent to reflect some of the market terms suggested by the Pearl Meyer & Partners' analysis and recommendations including:

Standardizing the employment term at either of two or three years, with automatic renewal unless prior notice of non-renewal is provided;

Standardizing the vesting of stock if the executive is not offered an equivalent position within six months following any change-in-control; and,

Standardizing the severance formula to include base salary plus target bonus through the severance period.

Also, as a result of the analysis and as furtherance of the retention of the select executives, the Compensation and Benefits Committee provided for a special equity award that would be conditioned upon the executive executing an employment agreement with the standard language as is acceptable to the Company. The special equity award would consist of a mixture of performance units tied to 2007 performance and restricted shares. The performance units would vest after three years (March 9, 2010), and the restricted shares would vest annually over three years at the rate of one-third per year.

## **Other Compensation Elements**

The Company offers to all employees generally a number of benefits, including: 401(k) plan with a match of 50% of the first 5% of eligible compensation an employee contributes to the plan;

## **Table of Contents**

Medical, dental, vision, accidental death, life and disability insurance with term life coverage equal to an employee's base salary (rounded to the next highest \$1,000), up to \$500,000 and executives may receive an additional amount for long-term disability, if approved;

Vacation, sick and other paid time off benefits to all employees with variances based on an employee's years of service and officer status;

Complimentary and/or reduced rate video, high-speed Internet and telephone services; and

The Company offers a long-term unsecured deferred compensation plan to executives. No Named Executive Officers are enrolled in the plan at this time.

## **Pay Levels and Benchmarking**

Pay levels for executives are determined based on a number of factors, including the individual's roles and responsibilities within the Company, the individual's experience and expertise, pay levels for peers within the Company, pay levels in the marketplace for similar positions, and performance of the individual and the Company as a whole. In determining these pay levels, the Compensation and Benefits Committee considers all forms of compensation and benefits. When establishing the amounts of such compensation, the Compensation and Benefits Committee considers publicly available information concerning executive compensation levels paid by other competitors, and in the industry generally.

In 2006, Hewitt Associates (the Company's former compensation consultants) provided the Compensation and Benefits Committee with information concerning executive compensation levels paid by a large, diverse group of companies which included Comcast Corporation, Bell South Corporation, Sprint Corporation, Tribune Company and Qwest Communications. This information was considered by the Compensation and Benefits Committee in setting base salary and target annual incentive levels for 2006, as well as in determining target levels of long-term incentive grants.

With the assistance of Pearl Meyer & Partners, the Compensation and Benefits Committee approved two distinct peer groups of publicly-traded companies for benchmarking executive compensation effective for 2007. The first is an industry peer group of 11 companies: Cablevision Systems Corp., Clear Channel Communications, Inc., Comcast Corporation, The DIRECTV Group, Inc., E.W. Scripps Company, EchoStar Communications Corp., Embarq Corporation, Global Crossing Ltd., Level 3 Communications, Inc., Mediacom Communications Corp. and Time Warner Cable. These companies include companies in cable, telecommunication or other related industries of similar size and business strategy.

Because we have a much higher level of debt than these industry peers, we also felt it important to analyze pay practices of a secondary peer group. Specifically, in order to understand pay practices and the mix of incentive vehicles in companies with similar leverage (i.e., those with total debt of \$1 billion or more, with a debt to capital ratio of 100% or more), the Compensation and Benefits Committee worked with Pearl Meyer & Partners to analyze a reference group of 10 additional peer companies. While these companies were not used to gauge levels of pay, the Compensation and Benefits Committee felt it was appropriate to examine the types, design and mix of compensation vehicles used within these organizations for pay mix and design purposes.

After consideration of the data collected on external competitive levels of compensation and internal relationships within the executive group, the Compensation and Benefits Committee makes decisions regarding individual executives' target total compensation opportunities based on the need to attract, motivate and retain an experienced and

effective management team.

In light of our practice of making a relatively high portion of each executive officer's compensation based on performance (*i.e.*, at risk) and because most of our performance targets represent stretch goals, the Compensation and Benefits Committee generally examines peer company data at the average, the 25th percentile, the median and the 75th percentile, for performance at target and in excess of target, respectively, or for specialization of skill set. The Compensation and Benefits Committee generally sets compensation for our Named Executive Officers at the median of industry peer group with the opportunity to reach the 75th percentile based on the criteria above.

## **Table of Contents**

As noted above, notwithstanding the Company's overall pay positioning objectives, pay opportunities for specific individuals vary based on a number of factors such as scope of duties, tenure, institutional knowledge and/or difficulty in recruiting a new executive. Actual total compensation in a given year will vary above or below the target compensation levels based primarily on the attainment of operating goals and the creation of shareholder value. In some instances, the amount and structure of compensation results from arm's-length negotiations with executives, which reflect an increasingly competitive market for quality, proven managerial talent.

### **Pay Mix**

We utilize the particular elements of compensation described above because we believe that it provides a well-proportioned mix of security-oriented compensation, retention value and at-risk compensation which produces short-term and long-term performance incentives and rewards. By following this portfolio approach, we provide the executive a measure of security in the minimum level of compensation the executive is eligible to receive, while motivating the executive to focus on the business metrics and actions that will produce a high level of performance for the Company, as well as reducing the risk of recruitment of top executive talent by competitors.

For key executives, the mix of compensation is weighted heavily toward at-risk pay (annual incentives and long-term incentives). Maintaining this pay mix results fundamentally in a pay-for-performance orientation for our executives. We also believe that long-term incentives, and particularly equity compensation, provide a very important motivational and retentive aspect to the compensation package of our key executives.

### **Timing of Equity Grants**

Grants of equity-based awards are determined by the Compensation and Benefits Committee and typically made each calendar year following review by the Compensation and Benefits Committee of the prior year's Company performance. Grants may also be at other times of the year upon execution of a new employment agreement, or in a new hire or promotion situation. Grants of options are made with an exercise price equal to the average of the high and low stock price on the date of grant.

### **Impact of Tax and Accounting**

Section 162(m) of the Internal Revenue Code generally provides that certain kinds of compensation in excess of \$1 million in any single year paid to the chief executive officer and the four other most highly compensated executive officers of a public company are not deductible for federal income tax purposes. However, pursuant to regulations issued by the U.S. Treasury Department, certain limited exemptions to Section 162(m) apply with respect to qualified performance-based compensation. While the tax effect of any compensation arrangement is one factor to be considered, such effect is evaluated in light of our overall compensation philosophy. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation and Benefits Committee has not adopted a policy that all compensation must be deductible. Stock options and performance shares granted under our 2001 Stock Incentive Plan are subject to the approval of the Compensation and Benefits Committee. The grants qualify as performance-based compensation and, as such, are exempt from the limitation on deductions.

Outright grants of restricted stock and certain cash payments (such as base salary and cash bonuses) are not structured to qualify as performance-based compensation and are, therefore, subject to the Section 162(m) limitation on deductions and will count against the \$1 million cap.

When determining amounts and forms of compensation grants to executives and employees, the Compensation and Benefits Committee considers the accounting cost associated with the grants. On January 1, 2006, the Company adopted Statement of Financial Accounting Standard 123 (revised 2004), *Share Based Payment* ( SFAS No. 123R ), which addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for (a) equity instruments of that company or (b) liabilities that are based on the fair value of the company's equity instruments or that may be settled by the issuance of such equity instruments. Under SFAS No. 123R, grants of stock options, restricted stock, performance shares and other share-based payments result in an accounting charge for our company. The accounting charge is equal to the fair value of the instruments being issued. For restricted stock and performance shares, the cost is equal to the fair value of the stock

**Table of Contents**

on the date of grant times the number of shares or units granted. For stock options, the cost is equal to the fair value of the option, estimated using the Black-Scholes option-pricing model, times the number of options granted. The following weighted average assumptions were used for grants during the years ended December 31, 2006, 2005 and 2004, respectively: risk-free interest rates of 4.6%, 4.0% and 3.3%; expected volatility of 87.3%, 70.9%, and 92.4% based on historical volatility; and expected lives of 6.3 years, 4.5 years and 4.6 years, respectively. The valuations assume no dividends are paid. Expenses related to restricted stock, performance shares and stock option grants are amortized over the requisite service period, or vesting period of the instruments. Dollar values included in the Non-Employee Director Compensation Table and the Summary Compensation Table represent the expense recognized in 2006 relating to all awards granted in 2006 and prior.

**Summary Compensation Table**

The following table sets forth information as of December 31, 2006 regarding the compensation to those executive officers listed below for services rendered for the fiscal year ended December 31, 2006. These officers consist of the Chief Executive Officer, Chief Financial Officer, Former Interim Chief Financial Officer and each of the other three most highly compensated executive officers as of December 31, 2006. None of the Named Executive Officers participated in the Supplemental Deferred Compensation Plan.

Name and Principal Position	Year Ended Dec. 31	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	Non-equity Incentive		Total (\$)
						Plan Compensation (\$)(2)	All Other Compensation (\$)	
Neil Smit President and Chief Executive Officer	2006	1,200,000		2,026,364	929,745	1,725,000	30,316(7)	5,911,425
Jeffrey T. Fisher Executive Vice President and Chief Financial Officer	2006	442,308	100,000(4)	43,520	261,728	402,500	120,737(8)	1,370,793
Michael J. Lovett Executive Vice President and Chief Operating Officer	2006	680,768		232,396	279,325	805,000	25,185(9)	2,022,674
Robert A. Quigley Executive Vice President and Chief Marketing Officer	2006	450,000	200,000(5)	78,923	58,559	310,500	34,267(10)	1,132,249
Grier C. Raclin Executive Vice President, General Counsel and Corporate Secretary	2006	443,269		103,078	89,539	310,500	158,151(11)	1,104,537
Paul E. Martin(3) Former Senior Vice President and Interim Chief	2006	65,709	143,596(6)	21,556	77,122		225,077(12)	533,060



Financial Officer

- (1) Amounts were calculated in accordance with SFAS No. 123R and represent expense recognized in 2006 related to all grants in 2006 and prior. For more information on SFAS No. 123R, see Impact of Tax and Accounting under Compensation Discussion and Analysis.
- (2) Amounts reflect 2006 Executive Bonus Plan bonuses earned during the 2006 fiscal year, which were paid in March 2007.
- (3) Mr. Martin resigned from all of his positions with Charter and its subsidiaries in April 2006.
- (4) Pursuant to his employment agreement, Mr. Fisher received a \$100,000 signing bonus.
- (5) Mr. Quigley received a \$200,000 signing bonus paid in January 2006.
- (6) Mr. Martin received a guarantee bonus of \$27,396 and a retention bonus of \$116,200 in connection with his April 15, 2005 Interim Chief Financial Officer agreement and January 6, 2006 retention agreement (see Employment Arrangements ).
- (7) Mr. Smit s amounts include: \$13,504 attributed to personal use of the corporate airplane, \$4,576 in tax advisory services, \$5,804 in relocation expenses, \$4,038 in 401(k) matching contributions and \$2,394 in executive long-term disability premiums.

**Table of Contents**

- (8) Mr. Fisher's amounts include: \$116,420 in relocation expenses, \$3,846 in 401(k) matching contributions, and \$471 in executive long-term disability premiums.
- (9) Mr. Lovett's amounts include: \$9,222 attributed to personal use of the corporate airplane, \$7,200 for automobile allowance, \$722 in relocation expenses, \$5,500 in 401(k) matching contributions and \$2,541 in executive long-term disability premiums.
- (10) Mr. Quigley's amounts include \$7,012 attributed to personal use of the corporate airplane, \$19,840 in relocation expenses, \$3,300 in 401(k) matching contributions and \$4,115 in executive long-term disability premiums.
- (11) Mr. Raclin's amounts include: \$9,418 attributed to personal use of the corporate airplane, \$145,412 in relocation expenses and \$3,321 in executive long-term disability premiums.
- (12) Mr. Martin's amounts include: \$180,469 in severance payments, \$18,506 one-time lump sum payment for COBRA, \$17,047 accrued vacation, \$3,000 in outplacement services, \$5,500 in 401(k) matching contributions and \$555 in executive long-term disability premiums.

**Grants of Plan-Based Awards**

The following table shows information on stock option, restricted stock and performance unit awards granted in 2006 to each of the Company's Named Executive Officers.

Grant Date	Committee Approval Date(1)	Estimated Future Payouts Under Non-Equity			Estimated Future Payouts Under Equity Incentive			All Other Stock Awards: Number of Shares of Stock or Units (#)(4)	All Other Option Awards: Number of Securities Underlying Options (#)(5)	Exercise or Best Price of Option Awards (\$/Sh)(6)
		Incentive Plan Awards(2) Threshold (\$)	Target (\$)	Maximum (\$)	Plan Awards(3) Threshold (#)	Target (#)	Maximum (#)			
0/2006	2/6/2006								248,200	1.00
0/2006	2/6/2006				0	579,154	1,158,308			
0/2006	2/6/2006				0	2,061,860	4,123,720			
		0	1,500,000	2,550,000						
0/2006	2/6/2006								1,000,000	1.19
0/2006	2/6/2006							50,000		
0/2006	2/6/2006				0	83,700	167,400			
0/2006	2/6/2006								145,800	1.00
		0	350,000	595,000						
8/2006	2/6/2006								432,000	1.20
8/2006	2/6/2006							150,000		

8/2006	2/6/2006	0	700,000	1,190,000	0	259,200	518,400		
0/2006	2/6/2006							57,300	1.00
0/2006	2/6/2006	0	270,000	459,000	0	133,741	267,482		
0/2006	2/6/2006							57,300	1.00
0/2006	2/6/2006	0	270,000	459,000	0	133,741	267,482		

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- (1) At the February 6, 2006 Compensation and Benefits Committee meeting, the following were approved: Measures for the 2006 performance and option grants, which awards were later granted on March 10, 2006, ratification of Mr. Fisher's January 20, 2006 employment agreement and 1,000,000 option grant, Mr. Fisher's grant of 50,000 restricted shares and Mr. Lovett's option, performance and restricted grants, which were made on February 28, 2006, in connection with the signing of a new employment agreement.
- (2) These columns show the range of payouts under the 2006 Executive Bonus Plan based on 2006 performance. These payments for 2006 performance were made based on the metrics described in the section titled "2006 Executive Bonus Plan" in the Compensation Discussion & Analysis. These payments are reflected in the Non-Equity Incentive Plan column in the Summary Compensation Table.

**Table of Contents**

- (3) These columns show the range of payouts as performance units targeted for 2006 performance under the Long-Term Incentive Plan, which is administered by the 2001 Stock Incentive Plan. The 2006 payouts, calculated at 160% of target, were made in March 2007 as reflected in the table below:

Name	Performance Shares Granted (#)
Neil Smit	926,646
	1,099,659
Jeffrey T. Fisher	133,920
Michael J. Lovett	414,720
Robert A. Quigley	213,985
Grier C. Raclin	213,985
Paul E. Martin	0

- (4) Awards under this column are granted as restricted shares under the 2001 Stock Incentive Plan.
- (5) These Option Awards are more fully described in the Outstanding Equity Awards at Fiscal Year-End table.
- (6) The exercise prices of Option Awards were determined using the average of high and low stock prices on the date of grant.
- (7) Amounts were calculated in accordance with SFAS No. 123R. For more information on SFAS No. 123R, see Impact of Tax and Accounting under Compensation Discussion and Analysis.

**Employment Agreements***Neil Smit*

Charter and Mr. Smit entered into an agreement as of August 9, 2005 whereby Mr. Smit will serve as Charter's President and Chief Executive Officer (the Employment Agreement) for a term expiring on December 31, 2008; Charter may extend the Employment Agreement for an additional two years by giving Mr. Smit written notice of its intent to extend not less than six months prior to the expiration of the contract (Mr. Smit has the right to reject the extension within a certain time period as set forth in the contract). Under the Employment Agreement, Mr. Smit will receive a \$1,200,000 base salary per year, through the third anniversary of the agreement, and thereafter \$1,440,000 per year for the remainder of the Employment Agreement. Mr. Smit shall be eligible to receive a performance-based target bonus of 125% of annualized salary, with a maximum bonus of 200% of annualized salary, as determined by the Compensation and Benefits Committee of Charter's Board of Directors. Performance criteria shall not include Charter's stock trading price, and may include revenue, ARPU, RGU, OCF, new product growth operational improvements, and/or such other metrics as the Compensation and Benefits Committee shall determine. Under Charter's Long-Term Incentive Plan he received options to purchase 3,333,333 shares of Class A common stock, exercisable for 10 years, with annual vesting of one-third of the grant in each of the three years from the employment date; a performance share award for a maximum of 4,123,720 shares of Class A common stock, one third of which can be earned in each of three one year performance periods starting January 2006; and a restricted stock award of 1,562,500 shares of Class A common stock, with annual vesting over three years following employment date. In addition, Mr. Smit received another restricted stock award for 1,250,000 shares of Class A common stock vesting on the first anniversary of his employment date. He is eligible for other or additional long-term incentives in

the sole discretion of the Compensation and Benefits Committee and/or the Board, including additional stock option grants and restricted stock option awards. The Company has agreed to pay or reimburse him for professional fees he incurs in connection with financial counseling, estate planning, tax preparation and the like, up to a maximum of \$15,000 for each calendar year during the Employment Agreement. Mr. Smit receives employee benefits and perquisites consistent with those made generally available to other senior executives.

***Jeffrey T. Fisher***

As of January 20, 2006, Charter entered into an employment agreement with Jeffrey Fisher, Executive Vice President and Chief Financial Officer (the Fisher Agreement ). The Fisher Agreement provides that Mr. Fisher serves in an executive capacity as its Executive Vice President at a salary of \$500,000, to perform such executive,

**Table of Contents**

managerial and administrative duties as are assigned or delegated by the President and/or Chief Executive Officer, including but not limited to serving as Chief Financial Officer. The term of the Fisher Agreement is two years from the effective date. Under the Fisher Agreement, Mr. Fisher received a signing bonus of \$100,000 and he shall be eligible to receive a performance-based target bonus of up to 70% of salary and to participate in the Long-Term Incentive Plan and to receive such other employee benefits as are available to other senior executives. Mr. Fisher participates in the 2005 Executive Cash Award Plan, as amended, commencing in 2006, and, in addition, Charter will provide the same benefit to Mr. Fisher that he would have been entitled to receive under the Plan if he had participated in the Plan at the time of its inception in 2005. He also received a grant of 50,000 restricted shares of Charter's Class A common stock, which will vest in equal installments over a three-year period from his employment date; an award of options to purchase 1,000,000 shares of Charter's Class A common stock under terms of the 2001 Stock Incentive Plan on the effective date of the Fisher Agreement; and in the first quarter of 2006, an award of additional options to purchase 145,800 shares of Charter's Class A common stock under the 2001 Stock Incentive Plan. Those options shall vest in equal installments over a four-year time period from the grant date. In addition, in the first quarter of 2006, he received 83,700 performance units under the 2001 Stock Incentive Plan which converted into 133,920 performance shares in 2007 and will vest in 2009. Mr. Fisher received relocation assistance pursuant to Charter's executive homeowner relocation plan and the costs for temporary housing.

***Michael J. Lovett***

Charter and Michael Lovett entered into an employment agreement, effective as of February 28, 2006 (the Lovett Agreement), whereby Mr. Lovett will serve as its Executive Vice President and Chief Operating Officer at a salary of \$700,000 per year which is to be reviewed annually, and will perform such duties and responsibilities set forth in the Lovett Agreement. The term of the Agreement is three years from the effective date and will be reviewed and considered for extension at 18-month intervals during Mr. Lovett's employment. Under the Lovett Agreement, Mr. Lovett will be entitled to receive cash bonus payments in an amount per year targeted at 100% of salary in accordance with the senior management plan and to participate in all employee benefit plans that are offered to other senior executives. Mr. Lovett received a grant of 150,000 restricted shares of Charter's Class A common stock on the effective date of the Lovett Agreement, which will vest in equal installments over a three-year period from his employment date; an award of options to purchase 432,000 shares of Charter's Class A common stock under terms of Charter's 2001 Stock Incentive Plan on the effective date of the Lovett Agreement; an award of 259,200 performance units under the 2001 Stock Incentive Plan on the effective date of the Lovett Agreement and will be eligible to earn these shares over a performance cycle from January 2006 to December 2006. On the first anniversary of the Lovett Agreement, he will receive an award of 300,000 restricted shares of Charter's Class A common stock, vesting in equal installments over a three-year period; an award of options to purchase 864,000 shares of Charter's Class A common stock under the terms of the 2001 Stock Incentive Plan; and an award of 518,400 performance units under the 2001 Stock Incentive Plan and will be eligible to earn shares in the 2007 performance period and which would vest in 2010.

***Grier C. Raclin***

On November 14, 2005, Charter executed an employment agreement with Grier Raclin, effective as of October 10, 2005 (the Raclin Agreement). The Raclin Agreement provides that Mr. Raclin shall be employed in an executive capacity as Executive Vice President and General Counsel with management responsibility for Charter's legal affairs, governmental affairs, compliance and regulatory functions and to perform such other legal, executive, managerial and administrative duties as are assigned or delegated by the Chief Executive Officer or the equivalent position, at a salary of \$425,000, to be reviewed on an annual basis. The agreement also provides for a one time signing bonus of \$200,000, the grant of 50,000 restricted shares of Charter's Class A common stock, an option to purchase 100,000 shares of Charter's Class A common stock under the 2001 Stock Incentive Plan, an option to purchase 145,800 shares of Charter's Class A common stock under the 2001 Stock Incentive Plan, and 62,775 performance units under the 2001 Stock Incentive Plan. He is eligible to participate in the incentive bonus plan with a target bonus of at

least 60% of salary, the 2005 Executive Cash Award Plan and to receive such other employee benefits as are available to other senior executives. The term of this agreement is two years from the effective date of the agreement.

**Table of Contents**

***Robert A. Quigley***

On December 9, 2005, Charter executed an employment agreement with Robert Quigley, Executive Vice President and Chief Marketing Officer (the Quigley Agreement). The Quigley Agreement provides that Mr. Quigley shall be employed in an executive capacity to perform such executive, managerial and administrative duties as are assigned or delegated by the President and Chief Executive Officer or the designee thereof, at a salary of \$450,000. He is eligible to participate in the incentive bonus plan, the 2001 Stock Incentive Plan and to receive such other employee benefits as are available to other senior executives. The term of the Quigley Agreement is two years from the effective date of the agreement. In addition, at the time of his employment, Charter agreed to pay him a signing bonus of \$200,000 deferred until January 2006; grant options to purchase 145,800 shares of Charter's Class A common stock under the 2001 Stock Incentive Plan; an allocation of 2006 performance units in line with other executives at his level under our 2001 Stock Incentive Plan; and 50,000 shares of restricted stock which vest over a three year period.

***Paul E. Martin***

On September 2, 2005, Charter had entered into an employment agreement with Paul Martin. The agreement provided that Mr. Martin would be employed in an executive capacity to perform such duties as were assigned or delegated by the President and Chief Executive Officer or the designee thereof, at a salary of \$240,625. The term of this agreement was two years from the date of the agreement. Mr. Martin was eligible to participate in Charter's Long-Term Incentive Plan, 2001 Stock Incentive Plan and to receive such employee benefits as available to other senior executives. In the event that he was terminated by Charter without cause or for good reason, as those terms are defined in the agreement, he would receive his salary for the remainder of the term of the agreement or twelve months' salary, whichever was greater; a pro rata bonus for the year of termination; a lump sum payment equal to payments due under COBRA for the greater of twelve months or the number of full months remaining in the term of the agreement; and the vesting of options and restricted stock for as long as severance payments are made. The agreement contained one-year, non-compete provisions (or until the end of the term of the agreement, if longer) in a Competitive Business, as such term was defined in the agreement, and two-year non-solicitation clauses.

Previously, effective April 15, 2005, Charter had entered into an agreement governing the terms of the service of Mr. Martin as Interim Chief Financial Officer. Under the terms of the agreement, Mr. Martin received approximately \$13,700 each month for his service in the capacity of Interim Chief Financial Officer until a permanent Chief Financial Officer was employed. Under the agreement, Mr. Martin was also eligible to receive an additional bonus opportunity of up to approximately \$13,600 per month while serving as Interim Chief Financial Officer, payable in accordance with Charter's 2005 Executive Bonus Plan. The amounts payable to Mr. Martin under the agreement were in addition to all other amounts Mr. Martin received for his services in his capacity as Senior Vice President, Principal Accounting Officer and Corporate Controller.

**Outstanding Equity Awards At Fiscal Year End**

The following table provides information concerning unexercised options and unvested restricted stock and performance units for each of the Company's Named Executive Officers, which remained outstanding as of



**Table of Contents**

December 31, 2006. None of the Company's Named Executive Officers have been granted incentive-based stock options.

Name	Option Awards				Stock Awards			Equity Incentive: Plan Awards Market or Pay out Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3)
	Number of Securities Underlying	Number of Securities Underlying	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive: Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	
	Underlying Unexercised Options (#) Exercisable	Unexercised Options (#) Unexercisable (1)						
Neil Smit	811,111	2,222,222	1.18	8/22/2015	1,041,666	3,187,498	2,641,014	8,081,503
		248,200	1.00	3/10/2016				
Jeffrey T. Fisher		1,000,000	1.19	1/20/2016	50,000	153,000	83,700	256,122
		145,800	1.00	3/10/2016				
Michael J. Lovett	75,000	25,000	5.06	7/23/2013	311,780	954,047	259,200	793,152
	38,750	38,750	5.17	1/27/2014				
	6,250	6,250	4.56	4/27/2014				
	41,000	41,000	2.87	10/26/2014				
		162,000	1.30	4/26/2015				
		432,000	1.20	2/28/2016				