

CHARTER COMMUNICATIONS INC /MO/
Form 10-K/A
April 30, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13
OR 15(d) OF THE SECURITIES EXCHANGE

ACT OF 1934

For the fiscal year ended December 31, 2008
or

TRANSITION REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____
Commission File Number: 000-27927

Charter Communications, Inc.
(Exact name of registrant as specified in its charter)

(Debtor - in - Possession as of March 27, 2009)

Delaware 43-1857213
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

12405 Powerscourt Drive
St. Louis, Missouri 63131 (314) 965-0555
(Address of principal executive offices including zip code) (Registrant's telephone number, including area code)

Securities registered pursuant to section 12(b) of the Act:
Title of each class Name of Exchange which registered

Securities registered pursuant to section 12(g) of the Act:
Class A Common Stock, \$.001 Par Value
Preferred Share Purchase Rights

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 229.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of "accelerated filer," "large accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated
filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The aggregate market value of the registrant of outstanding Class A Common Stock held by non-affiliates of the registrant at June 30, 2008 was approximately \$393 million, computed based on the closing sale price as quoted on the NASDAQ Global Select Market on that date. For purposes of this calculation only, directors, executive officers and the principal controlling shareholder or entities controlled by such controlling shareholder of the registrant are deemed to be affiliates of the registrant.

There were 392,705,927 shares of Class A Common Stock outstanding as of March 31, 2009. There were 50,000 shares of Class B Common Stock outstanding as of the same date.

Documents Incorporated By Reference

Information required by Part III is incorporated by reference from Registrant's amendment to this Annual Report on Form 10-K to be filed by April 30, 2009.

Charter Communications, Inc. ("Charter" or the "Company") and its subsidiaries have filed petitions under Chapter 11 of the United States Bankruptcy Code on March 27, 2009. See Charter's 2008 Annual Report on Form 10-K filed March 16, 2009, "Part I., Item 1. Recent Developments – Restructuring" and its Form 8-K filed March 27, 2009, for more information on the Company's financial restructuring.

PART III

Item 10: Directors and Executive Officers of the Registrant

Directors

The persons listed below are directors of Charter.

Director	Position(s)
Paul G. Allen	Chairman of the board of directors
W. Lance Conn	Director
Rajive Johri	Director
Robert P. May	Director
David C. Merritt	Director
Jo Allen Patton	Director
Neil Smit	Director, President and Chief Executive Officer
John H. Tory	Director
Larry W. Wangberg	Director

The following sets forth certain biographical information with respect to the directors listed above.

Paul G. Allen, 56, 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., which oversees Mr. Allen's business and philanthropic efforts. He has interests in real estate and more than 40 energy, technology, media and content companies. Mr. Allen has made and continues to make philanthropic donations through the Paul G. Allen Family Foundation and also founded the Allen Institute for Brain Science and other philanthropic endeavors. 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 and is part of the primary ownership group for the Seattle Sounders FC Major League Soccer franchise. In addition, Mr. Allen is a director of Vulcan Ventures, Inc., Vulcan Productions, Inc., the Paul G. Allen Family Foundation and numerous privately held companies.

W. Lance Conn, 40, 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 is a director at Plains All American Pipeline, L.P., Plains GP Holdings, L.P. and Vulcan Energy Corp. 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.

Rajive Johri, 59, was elected to the board of directors of Charter in April 2006. Since January 2009, Mr. Johri has served as director of ConAgra Foods, Inc. From June 2006 to January 2009, Mr. Johri served as President and Director of First National Bank of Omaha. From September 2005 to June 2006, he served as President of First National Credit Cards Center for First National Bank of Omaha. Mr. Johri served as Executive Consultant for Park Li Group in New York from August 2004 to September 2005. Prior to that, he served as Executive Vice President, Marketing for J.P. Morgan Chase Bank from September 1999 until August 2004. He serves as director of High Mark Credit Information Services Pvt Ltd in India. 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.

Robert P. May, 59, 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. Since March 2001, Mr. May has been a private investor and principal of RPM Systems, which provides strategic business consulting services. Mr. May served as Chief Executive Officer and a director of Calpine Corporation, a power company, from December 2005 to August 2008. 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 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. 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.

David C. Merritt, 54, 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. Effective March 2009, he is a managing director of BC Partners, Inc., a financial advisory firm. Mr. Merritt served as Senior Vice President of iCrete from October 2007 until March 2009. From October 2003 to September 2007, Mr. Merritt was a Managing Director of Salem Partners, LLC, an investment banking firm. From 1975 to 1999, Mr. Merritt was an audit and consulting partner of KPMG, LLP ("KPMG") serving in a variety of capacities during his years with the firm, including national partner in charge of the media and

entertainment practice. In December 2003, he became a director of Outdoor Channel Holdings, Inc. and serves as Chairman of its audit committee. In February 2006, Mr. Merritt became a director of Calpine Corporation and serves as Chairman of its Audit Committee. Mr. Merritt holds a B.S. degree in business and accounting from California State University — Northridge.

Jo Allen Patton, 51, 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 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, 50, 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.A. degree with a focus in international business from Tufts University's Fletcher School of Law and Diplomacy.

John H. Tory, 54, 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. From September 2004 through March 2009, Mr. Tory served as Leader of the Ontario Progressive Conservative Party. From March 2005 to October 2007, Mr. Tory served as, a Member of the Provincial Parliament and as Leader of Her Majesty's Loyal Opposition.

Larry W. Wangberg, 66, 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 then-controlled by Paul Allen. He also served as its Chairman and Chief Executive Officer from August 1997 through July 2002. 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. 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 and Committees of the Board of Directors

Our board of directors meets regularly throughout the year on an established schedule. The board also holds special meetings and acts by written consent from time to time as necessary.

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. Tory, Johri and Merritt. Mr. Tory joined the Audit Committee in December 2008; replacing Nathaniel Davis, who resigned from the board of directors. A copy of the Audit Committee's charter is available on the Company's website, www.charter.com. The Company's board of directors has determined that, in its judgment, Mr. Merritt is an audit committee financial expert within the meaning of the applicable federal regulations. All members were determined by the board in 2008 to be independent in accordance with the listing standards of the NASDAQ Global Select Market.

As previously reported, the Company has filed a petition under Chapter 11 of the Bankruptcy Code and, as part of those proceedings, a plan of reorganization. As a result of the Company's filing of the bankruptcy petition, the Company's common stock was delisted by NASDAQ as of April 7, 2009, and the Company is no longer required to follow the independence rules required by the NASDAQ Global Select Market listing standards.

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.

Executive Officers	Position
Neil Smit	President and Chief Executive Officer
Michael J. Lovett	Executive Vice President and Chief Operating Officer
Eloise E. Schmitz	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 Technology Officer
Ted W. Schremp	Executive Vice President and Chief Marketing Officer
Gregory L. Doody	Chief Restructuring Officer and Senior Counsel

Joshua L. Jamison	President, East Operations
Steven E. Apodaca	President, West Operations
Kevin D. Howard	Vice President, Controller and Chief Accounting Officer

Michael J. Lovett, 47, 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; as Senior Vice President, Midwest Division Operations; and as Senior Vice President of Operations Support, since joining Charter in August 2003 through 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 Regional Operating Vice President on and after October 1989 at Jones Intercable and became Senior Vice President at that company in 1997 and continued in that position to June 1999.

Eloise E. Schmitz, 44, Executive Vice President and Chief Financial Officer. Ms. Schmitz was promoted to her current position in July 2008. Ms. Schmitz has been employed in several management positions with Charter since July 1998, when she joined as Vice President, Finance & Acquisitions and Assistant Secretary. Prior to joining Charter, Ms. Schmitz served as Vice President, Group Manager, of the Franchise and Communications Group for Mercantile Bank, now US Bank, in St. Louis from 1992 to 1998. Ms. Schmitz received a bachelor's degree in Finance from Tulane University.

Grier C. Raclin, 56, 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 Inc. 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.A. degree from Northwestern University, where he was a member of Phi Beta Kappa.

Marwan Fawaz, 46, Executive Vice President and Chief Technology 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 Adelpia Communications Corporation ("Adelpia") from March 2003 until July 2006. 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.

Ted W. Schremp, 37, Executive Vice President and Chief Marketing Officer. Mr. Schremp was promoted to his current position in July 2008. Prior to that, he served as Senior Vice President, Product Management and Strategy from February 2008 to June 2008 and Senior Vice President and General Manager of Charter Telephone from October 2005 to February 2008. Mr. Schremp joined Charter as Vice President of IP Product Management in May 2005. He served as Segment Manager for Hewlett-Packard from February 2001 to May 2005, where he co-founded its Cable, Media and Entertainment division. Mr. Schremp graduated from the University of Pittsburgh with a double-major in economics and business and earned an M.B.A. from Penn State University.

Gregory L. Doody, 44, Chief Restructuring Officer and Senior Counsel. Mr. Doody was appointed to his current position on March 25, 2009 to serve as Charter's Chief Restructuring Officer and Senior Counsel in connection with its Chapter 11 proceedings. Prior to coming to work for Charter, Mr. Doody served as Executive Vice President, General Counsel and Secretary of Calpine Corporation from July 2006 through August 2008. Calpine Corporation filed for Chapter 11 bankruptcy reorganization in December 2005. From July 2003 through July 2006, Mr. Doody held various positions at HealthSouth Corporation, including Executive Vice President, General Counsel and Secretary. Mr. Doody earned a J.D. degree from Emory University School of Law and received a bachelor's degree in management from Tulane University. Mr. Doody is a certified public accountant.

Joshua L. Jamison, 53, President, East Operations. Mr. Jamison was promoted to his current position in July 2006. He joined Charter in May 1999 as Vice President of Operations for the company's former Northeast Region and was promoted to divisional leadership in January 2003. Prior to joining Charter, Mr. Jamison held several management positions during his 18 years at Time Warner Cable. Mr. Jamison received a bachelor's degree in human development from the University of Nebraska at Lincoln and a master's degree in business administration from the University of New Haven.

Steven E. Apodaca, 42, President, West Operations. Mr. Apodaca was promoted to his current position in December 2008. Prior to that, he served as Vice President of Operations Support from September 2005 to December 2008, Interim President of the former West Division from February 2007 to May 2007 and Interim Senior Vice President – Operations for the former Great Lakes Division from April 2005 to September 2005. Mr. Apodaca joined Charter as Vice President of Marketing for the former Great Lakes Division in 2003. Prior to joining Charter, Mr. Apodaca served as Senior Director of Marketing for nCUBE from 2002 to 2003 and Executive Director of Marketing for AT&T Broadband from 1998 to 2002. Mr. Apodaca received a B.S. degree in marketing and an M.B.A from Colorado State University.

Kevin D. Howard, 39, Vice President, Contoller 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.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16 of the Exchange Act requires our directors and certain of our officers, and persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership with the SEC. Such persons are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms furnished to us and written representations from these officers and directors, we believe that all Section 16(a) filing requirements were met in 2008 with the exception of the Form 3s filed by Messrs. Howard and Apodaca. In both cases, equity awards previously granted to these officers were inadvertently excluded from their Form 3s. In both cases, amended Form 3s were filed.

Code of Ethics

Charter has adopted a Code of Conduct that constitutes a Code of Ethics within the meaning of federal securities regulations for our employees, including all executive officers, and established a hotline and website for reporting alleged violations of the code of conduct, established procedures for processing complaints and implemented educational programs to inform our employees regarding the Code of Conduct. The Code of Conduct is posted on Charter's website at www.charter.com.

Controlled Company and Election of Directors

By virtue of Mr. Allen's control of more than 50% of the voting power of the Company as of December 31, 2008, the Company is a "controlled company" under NASDAQ rule 4350(c)(5). As such, the Company is currently 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.

Pursuant to the Company's proposed plan of reorganization, upon the Company's emergence from bankruptcy, the reorganized Company's initial board of directors will be comprised of up to 11 members. Each holder expected to hold 10% or more of the voting power of the reorganized Company on the effective date of the plan of reorganization will have the right to appoint one member of the initial board of directors for each 10% of the Class A stock voting power held as of a date to be determined. Mr. Allen will have the right to

appoint four board members of the initial board of directors, and Mr. Smit will also serve on the initial board of directors. Members of the initial board of directors will serve until the next annual meeting of stockholders which will not be held until at least 12 months following the effective date of the plan of reorganization. Thereafter, for as long as shares of the post-emergence Class B Stock are outstanding, holders of same will have the right to elect 35% of the members of the board of directors (rounded up to the nearest whole number), and all other members of the board of directors will be elected by majority vote of the holders of the post-emergence Class A Stock and post-emergence Preferred Stock, voting together as a single class.

Item 11. 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, as amended, or the Securities Exchange Act of 1934, as amended, 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 the Company's 2008 Annual Report on Form 10-K.

PAUL G. ALLEN
ROBERT P. MAY
DAVID C. MERRITT

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 Officers¹, and other executive officers appearing in the Summary Compensation Table) in 2006, 2007 and 2008 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 and assessing whether our compensation structure results in appropriate compensation levels and incentives for executive management and employees of the Company and its 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,

¹ Jeffrey T. Fisher was the Company's Chief Financial Officer at the beginning of 2008. Mr. Fisher separated from the Company effective April 4, 2008. Eloise E. Schmitz was appointed to replace Mr. Fisher. As a result, the compensation tables were prepared for both individuals.

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 Compensation and Benefits Committee meetings where executive compensation and Company and individual performance are discussed and 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 Compensation and Benefits Committee's compensation consultants, it retains full discretion to set all compensation for the Company's Named Executive Officers, except that 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, subject to any employment agreements.

The Compensation and Benefits Committee has the discretion to directly engage the services of a compensation consultant or other advisors and has done so in the past. Beginning in 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 Compensation and Benefits 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 and to ensure that the Company's 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, customer satisfaction, 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 the financial measurements noted above, which we believe closely correlate to long-term stakeholder value creation. The annual cash bonus and long-term 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.

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 skills of our current management team are attractive to many companies outside of the cable industry and several members of our management team do not have long-standing ties to the St. Louis area where the Company's headquarters is located. Two programs underscore our focus on retention. First, the Executive Cash Award Plan provided for a cash award to be paid at the end of a pre-determined period, but was modified and cancelled in the first quarter of 2009, as discussed in detail below. Second, an Incentive Program was approved in March 2008 and modified in February 2009, and is also discussed below. In addition, the Value Creation Plan was approved by the board of directors in 2009.

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, such as proxy statements, as well as third-party administered benchmark surveys concerning executive compensation levels paid by other competitors and in the industry generally.

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 2008. 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 Inc. These companies include companies in cable, telecommunications 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.

In addition to these specific peer companies, the Compensation and Benefits Committee also reviews data from a number of published compensation surveys that provide broader market data for specific functional responsibilities for companies of similar revenue size to the Company.

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), the Compensation and Benefits Committee generally examines peer company data at the average, the 25th percentile, the 50th percentile (i.e., the median) and the 75th percentile, for performance at target and in excess of target, respectively, or for specialization of a skill set. The Compensation and Benefits Committee generally sets compensation for our Named Executive Officers at the median of the industry peer group with the opportunity to reach the 75th percentile based on the criteria above.

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 preservation of stakeholder value. Based on data provided by our outside advisor, total direct compensation (i.e. salary, bonus and long-term incentive) is, on average, at competitive median levels for each Named Executive Officer (NEO).

Pay Mix

We utilize the particular elements of compensation described above because we believe that it provides a well-proportioned mix of 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 stability 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 toward at-risk pay (annual incentives and long-term incentives). We believe that maintaining this pay mix results in a fundamental 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. In 2008 and prior years, a portion of an executive's at-risk compensation was security-oriented compensation. While the Company anticipates again instituting a stock incentive plan after emergence from bankruptcy, there has been no stock-based compensation granted to date in 2009.

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 have included:

- 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 stability on an annual basis;
- Executive Bonus Plan — variable performance-based pay designed to reward attainment of annual business goals, with target award opportunities generally expressed as a percentage of base salary;
- Long-Term Incentives — awards historically included stock options, performance units/shares and restricted shares designed to motivate long-term performance and align executive interests with those of our shareholders and, in 2008, awards of "performance cash" were added; and
- Special Compensation Programs — cash and equity programs targeted at executives in critical positions designed to incentivize performance and encourage long-term retention.

Details of Each Compensation 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 competitive markets. Base Salaries are reviewed and adjusted with regard to (a) market competitive Base Salary levels and increases, (b) the employee's impact on and contributions to the business performance, and (c) Company-wide total salary increase budgets. With regard to 2008, the Compensation and Benefits Committee approved the following Base Salary increases: effective July 1, 2008, Mr. Smit received a \$300,000 increase per the terms of his Employment Agreement; Mr. Lovett received a \$26,029 increase; Mr. Raclin received a \$16,733 increase; and Mr. Fawaz received a \$16,733 increase. Pursuant to the terms of her Employment Agreement, Ms. Schmitz received a \$134,425 increase when she was appointed to the position of the Company's Interim Chief Financial Officer in April 2008 and received an additional \$25,000 increase when she was appointed to the position of Executive Vice President and Chief Financial Officer in July 2008. 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 and to a peer group of comparably leveraged companies 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 special recruiting/retention situations in setting salaries for individual executives above or below the market median. Based upon data provided by our outside advisor, Base Salaries for our NEOs are, on average, at median competitive levels.

(2) Executive Bonus Plan

2008 Executive Bonus Plan

For 2008, bonuses for eligible employees were determined based on Charter's (or, if applicable, an employees' particular division's or KMA's) performance during 2008 measured against four performance goals or measures. These measures, and the percentage of an employee's bonus allocated to each measure, are revenue (30%), adjusted EBITDA for corporate employees or operating cash flow for divisional and KMA employees (30%), unlevered free cash flow (20%) and customer satisfaction (20%). Target bonuses for executive officers ranged from 40% to 200% of base salary in 2008, subject to applicable employment agreements (see "Employment Agreements"). The range of potential payouts relative to target range from 50% to 150% of target bonus amounts.

In January 2009, the Compensation and Benefits Committee determined that achievement toward performance goals for 2008 resulted in bonuses under the 2008 Executive Bonus Plan at the corporate level in the amount of 104.6% of targeted bonuses, as detailed in the following chart and as set forth in the Non-Equity Incentive Plan column of the Summary Compensation Table.

Bonus Metrics for 2008	Weight	Performance Goal	Attainment of Performance Goal	Payout Percentage	Bonus Matrixes Attainments
Revenue	30%	\$6,578.5 (Million)	98.3%	83%	24.9%
Adjusted EBITDA	30%	\$2,321 (Million)	99.7%	97%	29.1%
Unlevered Free Cash Flow	20%	\$1,140.1 (Million)	100.3%	103%	20.6%
Customer Excellence Index Plus ("CEI+")	20%	10.00	10.54	150%	30.0%
TOTAL CORPORATE ATTAINMENT					104.6 %

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. In addition to the bonuses paid under the 2008 Executive Bonus Plan, the Compensation and Benefits Committee approved discretionary bonuses of \$60,000 to Ms. Schmitz, \$75,000 to Mr. Lovett and \$25,000 to Mr. Fawaz for their performances in 2008.

(3) Long-Term Incentives

The Company's long-term 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 incent and retain the executives through the term of the awards. In 2006, we began to shift a greater portion of our long-term incentive grants away from stock options and towards restricted shares and performance units. In 2008, we included performance cash incentives in our program. We believe that performance-based incentives 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 price appreciation. Making grants of restricted shares also 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, grant levels are generally targeted at the median of our industry peer group in accordance with our compensation philosophy.

Stock Incentive Plan

The 2001 Stock Incentive Plan provides for the potential 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 and in the discretion of the Compensation and Benefits Committee. Generally, options expire 10 years from the grant date. Unless terminated sooner, the 2001 Stock Incentive Plan will terminate on February 12, 2011, and no option or award can be granted thereafter under that plan. It is expected that prior to the Company's emergence from the Chapter 11 proceedings, the 2001 Stock Incentive Plan will be terminated and awards under it will be cancelled. It is anticipated that a new Stock Incentive Plan will be put in place after the Company emerges from the Chapter 11 proceedings.

As of December 31, 2008, 9,546,607 shares remained available for future grants under the plan (assuming actual attainment of performance units). As of December 31, 2008, there were 3,089 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.

Long-Term Incentive Program

Grants of equity compensation in the form of stock options, restricted shares and performance units were previously made to our Named Executive Officers through our Long-Term Incentive Program ("LTIP"), which was administered under the 2001 Stock Incentive Plan as discussed above. Following the end of each year, the Compensation and Benefits Committee reviewed the Company's performance and determined the number of performance units that would be converted into performance shares.

The amount of equity incentive compensation granted in 2008 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 2008, as in the recent past, the Company capped the amount of equity awards which was available to all employees of the Company at 2.09% of the outstanding equity and the Compensation and Benefits Committee includes consideration of this limitation in awarding such compensation and determining what awards are available at all levels of the Company. In 2008, the Company changed the mix of awards made to individuals under the LTIP, granting restricted shares, performance units and performance cash, but not stock options, to participants. In 2009, Charter's Compensation and Benefits Committee approved conversion of the 2008 performance

units to performance shares, and adjusted the performance cash awards, at the level of 83.4% of granted units and cash awards as a result of the achievement of the financial performance measures. The level of award attainment was based on revenue growth of 8.5% versus a target of 10.4% and unlevered free cash flow growth of 33.9% versus a target of 33.5%. One-third of these shares was scheduled to vest in each of 2009, 2010 and 2011, respectively, subject to adjustment for each year's performance attainment percentage. However, in March 2009, most participants including all Named Executive Officers forfeited their equity awards due to the Company's pending financial restructuring. See, "Recent Events relating to Equity Awards" below.

Timing of Equity Grants

Grants of equity-based awards are determined by the Compensation and Benefits Committee and are typically made each calendar year following review by the Compensation and Benefits Committee of the prior year's Company performance. Grants may also be made 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.

(4) Retention Programs

Executive Cash Award Plan

In 2005, Charter adopted the Executive Cash Award Plan ("ECAP") 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 ECAP participants by the Compensation and Benefits Committee of Charter's board of directors. At the time the ECAP 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 ECAP provides that each participant be granted an award which represents an opportunity to receive cash payments in accordance with the ECAP. An award was credited in book entry format to a participant's notional account in 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 ECAP awards vested at the rate of 50% of the ECAP award balance at the end of 2007 and 100% of the ECAP award balance was to vest at the end of 2009. Participants are 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 ECAP.

A participant's eligibility for, and right to receive, any payment under the ECAP (except in the case of intervening death) would be 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.

The ECAP was revised to allow the participation of new senior executives who became eligible for the plan beginning in 2006. For each new participant, an award was credited in book entry format to the new participant's notional account in an amount equal to 100% of a new participant's base salary on the date of eligibility approval or hire in 2006 and 20% of the new participant's base salary in each year 2007 through 2010, based on the new participant's base salary as of May 1 of the applicable year. The plan awards would 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.

In 2007, the plan was amended and restated to make it consistent with the 2001 Stock Incentive Plan to include the acceleration and payment of awards in the event of a change in control of the Company.

All Named Executive Officers participated in this plan.

In December 2008, the Company announced that it was in discussions with certain of its bondholders about a potential financial restructuring of the Company's balance sheet and as part of that process, the Compensation and Benefits Committee hired Towers Perrin as consultants to consider changes to compensation. Based on recommendations of Towers Perrin, the Company determined that prepayment of amounts under the ECAP, subject to repayment obligation if the participants' employment were terminated voluntarily or "for cause" prior to December 31, 2009 would provide a valuable retention incentive to ECAP participants. Therefore, the prepayment of all awards under the ECAP to all participants including the Named Executive Officers was made in January 2009, provided, however, that if any participant leaves the Company prior to December 31, 2009 as a result of a "for cause" termination by the Company or a termination by the participant other than for "good reason" (as such terms are defined in the ECAP Plan), such participant will be required to refund to the Company the full amount of the prepayment, net of any taxes paid by the employee on receipt of the award. See the Summary Compensation Table below.

Value Creation Plan

On March 12, 2009, the Company, after discussion with certain of its bondholders and upon the recommendation of Towers Perrin, adopted the Value Creation Plan (the "VCP") comprised of two components, the Restructuring Value Program (the "RVP"), and the Cash Incentive Program (the "CIP").

The RVP provides incentives to encourage and reward participants for a successful financial restructuring of the Company. Participants who continue to be employed by the Company or its subsidiaries until payment of RVP awards earn payments under the RVP upon the Company's emergence from its Chapter 11 restructuring proceeding (the "Proceeding"); provided that, if the Company's restructuring plan is the Joint Plan (as defined in the VCP) presently being advocated by the Company, the payment of RVP awards shall occur after emergence and the Company has \$600 million of cash. Participants also earn their RVP payments upon an earlier of (i) their termination of employment due to death or disability, or their termination on or after the Company's emergence from the Proceeding by the Company for a reason other than "cause," or voluntarily due to a "good reason" (as each such term is defined in the Plan) or (ii) a "change in control" of the Company if they are then employed by the

Company or its subsidiaries. The target RVP awards for the Company's named executive officers (which are subject to change in accordance with the terms of the Plan) are: Mr. Smit - \$6 million; Mr. Lovett - \$2.38 million; Ms. Schmitz - \$765,000; Mr. Fawaz - \$765,000; and Mr. Raclin - \$765,000.

The CIP provides annual incentives for participants to achieve specified individual performance goals during each of the three years following the Company's emergence from the Proceeding. Reasonably attainable individual performance goals for each of the first three years following the Company's emergence from the Proceeding will be established by the CEO, subject to approval by the board of directors (or by the board for the CEO), within thirty days following the Company's emergence from the Proceeding. Participants will earn all or a portion of their target bonus based on the degree to which these goals are achieved in a particular year; provided that any amount not paid in a year other than the third year will be added to the amounts potentially payable upon the participant's achievement of the performance goals in future years. The CEO may decrease (including to zero) any Participant's RVP and CIP awards at any time prior to their Vesting Date (as defined in the Value Creation Plan). Any such reduction shall be used to increase the amounts otherwise payable under the RVP or CIP component, as applicable, to one or more other Participants, as selected by the CEO, it being understood that the CEO may not increase his own RVP award without the consent of the Board. Amounts that are not earned by a participant in a particular year may be earned by that participant in a subsequent year if the participant's performance goals applicable to that subsequent year are achieved. Participants also earn the CIP payments upon an earlier of, or due to (i) a termination of their employment on or after the Company's emergence from the Proceeding due to death, disability, by the Company for a reason other than "cause," or voluntarily due to a "good reason" (as each such term is defined in the Plan) and (ii) a "change in control" of the Company if they are then employed by the Company. The annual target awards for the Company's named executive officers (which are subject to change in accordance with the terms of the Plan) are: Mr. Smit - \$2.5 million; Mr. Lovett - \$910,000; Ms. Schmitz - \$664,000; Mr. Fawaz - \$597,000; and Mr. Raclin - \$597,000.

Other Compensation Elements

The Named Executive Officers participate in all other benefit programs offered to all employees generally.

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 three other most highly compensated executive officers other than the chief financial officer 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 and is amortized over the requisite service period, or vesting period of the instruments. For restricted stock and performance shares, the cost is equal to the fair value of the stock 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, 2008, 2007 and 2006, respectively: risk-free interest rates of 3.5%, 4.6% and 4.6%; expected volatility of 88.1%, 70.3%, and 87.3% based on historical volatility; and expected lives of 6.3 years, 6.3 years and 4.5 years, respectively. The valuations assume no dividends are paid. Dollar values included in the “Non-Employee Director Compensation Table” and the “Summary Compensation Table” represent the expense recognized in 2008 relating to all awards granted in 2008 and prior.

Recent Events Relating to Equity Awards

As set forth in Part I, Item 1, "Recent Events – Restructuring" of the Company's annual report on Form 10-K filed on March 16, 2009, the Company announced on February 12, 2009 that it had reached agreements in principle on a financial restructuring with certain of the Company's bondholders and that it would file Chapter 11 petition to implement those agreements on or before April 1, 2009. Due in part to the implications of this on the Company's equity, the Company's plan to adopt a new employee equity incentive plan upon emergence from bankruptcy, and also due in part to low trading prices of the Company's common stock, the Company's management decided to offer employees the option of forfeiting certain grants of restricted stock and performance shares scheduled to vest in 2009. The forfeiture offer was accepted by the Named Executive Officers detailed in the following compensation tables. The compensation tables were prepared regarding compensation earned during the fiscal year ending December 31, 2008. As a result of the forfeiture of his or her vesting, the amount of the NEO's equity as reflected in the following tables prepared as of December 31, 2008, will decrease and the amounts in the following tables may not, therefore, accurately reflect future equitable vesting in the Company by any NEO.

Summary Compensation Table

The following table sets forth information as of December 31, 2008, 2007 and 2006 regarding the compensation to those executive officers listed below for services rendered for the fiscal years ended December 31, 2008, 2007 and 2006. These officers consist of the Chief Executive Officer, Chief Financial Officers and each of the other three most highly compensated executive officers as of December 31, 2008.

Name and Principal Position	Year	Salary (\$)	Bonus (\$) (1)	Stock Awards (\$) (2)	Option Awards (\$) (2)	Non-Equity Incentive Plan Compensation (\$) (3)	All Other Compensation (\$) (5)	Total (\$)
Neil Smit President and Chief Executive Officer	2008	1,344,837	3,196,785 (4)	7,379,056	608,255	2,824,200	31,705	15,384,838
	2007	1,200,000	870,000 (4)	2,104,677	435,687	1,596,750	20,752	6,227,866
	2006	1,200,000	-	2,026,364	929,745	1,725,000	30,316	5,911,425
Eloise E. Schmitz Executive Vice President and Chief Financial Officer	2008	477,492	446,330 (4)	688,458	69,023	377,541	7,544	2,066,388
	2007	361,381	251,577 (4)	310,766	55,984	194,578	6,067	1,180,353
	2006	313,869	100,000	54,168	31,418	201,250	8,798	709,503
Jeffrey T. Fisher Executive Vice President and Chief Financial Officer	2008	151,977	-	872,318	338,211	-	680,404	2,042,910
	2007	510,961	351,500	178,973	283,845	383,752	128,096	1,837,127
	2006	442,308	100,000 (4)	43,520	261,728	402,500	120,737	1,370,793
Michael J. Lovett Executive Vice President and Chief Operating Officer	2008	751,931	1,287,433 (4)	3,520,734	638,716	990,012	16,010	7,204,836
	2007	722,762	1,078,978 (4)	1,211,191	515,376	778,309	29,673	4,336,289
	2006	680,768	-	232,396	279,325	805,000	25,185	2,022,674
Grier C. Raclin Executive Vice President, General Counsel and Corporate Secretary	2008	484,013	473,452	974,485	88,237	381,862	6,641	2,408,690
	2007	464,634	354,503 (4)	331,221	68,893	300,205	9,140	1,528,596
	2006	443,269	-	103,078	89,539	310,500	158,151	1,104,537
Marwan Fawaz Executive Vice President and Chief Technology Officer	2008	486,219	812,229	985,684	102,875	381,862	8,810	2,777,679
	2007	464,634	40,000	333,945	79,312	350,240	7,750	1,275,881
	2006	180,000	100,000 (4)	36,787	16,272	362,250	-	695,309

(1) 2008 amounts reflect payouts of the balance of each Named Executive Officer's ECAP Account discounted at 6% per annum for present value. In January 2009, the Compensation and Benefits Committee approved the prepayment of all awards under the plan.

(2) These awards were forfeited in the first quarter of 2009 and the underlying equity cancelled with the exception of equity grants to Michael J. Lovett for the years 2010 and thereafter. Amounts were calculated in accordance with SFAS No. 123R and represent expense recognized in the period indicated related to all grants in such period and prior. For more information on SFAS No. 123R, see "Impact of Tax and Accounting" under Compensation Discussion and Analysis.

(3) Amounts reflect the 2006, 2007 and 2008 Executive Bonus Plan bonuses earned during the 2006 fiscal year, paid in March 2007; during the 2007 fiscal year, paid in March 2008; and during the 2008 fiscal year, paid in January 2009.

(4) Pursuant to his 2008 Employment Agreement, Mr. Smit received a \$2,000,000 signing bonus. In addition to his ECAP payout, Mr. Smit received a \$150,000 discretionary bonus for 2007, paid in March 2008. In addition to her ECAP payout, Ms. Schmitz received a \$60,000 discretionary bonus for 2008, paid in January 2009. In addition to her ECAP payout, Ms. Schmitz received a \$50,000 discretionary bonus for 2007, paid in March 2008. Pursuant to his Employment Agreement, Mr. Fisher received a \$100,000 signing bonus. In addition to his ECAP payout, Mr. Lovett received a \$75,000 discretionary bonus for 2008, paid in January 2009. In addition to his ECAP payout, Mr. Lovett received a \$100,000 discretionary bonus for 2007 paid in March 2008. In addition to his ECAP payout, Mr. Raclin received a \$50,000 discretionary bonus for 2007 paid in March 2008. In addition to his ECAP earned, Mr. Fawaz received a \$25,000 discretionary bonus for 2008 paid in January 2009. Pursuant to his Employment Agreement, Mr. Fawaz received a \$100,000 signing bonus.

(5) The following table identifies the perquisites and personal benefits received by the Named Executive Officers:

Name	Year	Personal		Executive			Tax	
		Use of Corporate Airplane (\$)	401(k) Matching Contributions (\$)	Long-Term Disability Premiums (\$)	Relocation Expenses (\$)	Automobile Allowance (\$)	Other (\$)	Advisory Services (\$)
Neil Smit	2008	3,810	3,923	1,060	-	-	22,552 (6)	360
	2007	10,352	4,288	3,192	-	-	-	2,920
	2006	13,504	4,038	2,394	5,804	-	-	4,576
Elosie Schmitz	2008	-	6,484	1,060	-	-	-	-
	2007	-	6,067	-	-	-	-	-
	2006	-	5,500	-	-	-	3,298 (7)	-
Jeffrey Fisher	2008	-	7,369	320	-	-	672,715 (8)	-
	2007	-	7,269	2,824	118,003	-	-	-
	2006	-	3,846	471	116,420	-	-	-

Michael Lovett								
	2008	-	7,750	1,060	-	7,200	-	-
	2007	12,182	7,750	2,541	-	7,200	-	-
	2006	9,222	5,500	2,541	722	7,200	-	-
Grier Raclin								
	2008	-	5,581	1,060	-	-	-	-
	2007	-	5,154	3,986	-	-	-	-
	2006	9,418	-	3,321	145,412	-	-	-
Marwan Fawaz								
	2008	-	7,750	1,060	-	-	-	-
	2007	-	7,750	-	-	-	-	-
	2006	-	-	-	-	-	-	-

(6) Amount reported includes reimbursement of expenses for promotional family trip to Olympic games paid for, in part, by a Charter program supplier.

(7) Amount reported includes a payment adjustment of \$3,298 to Ms. Schmitz in lieu of an insurance payment.

(8) Amount reported includes a severance payment of \$642,760 and a severance payment to cover COBRA expenses of \$29,955.

2008 Grants of Plan Based Awards

Name	Grant Date	Committee Approval	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (2)		Estimated Future Payouts Under Non-Equity Incentive Plan Awards (3)		Estimated Future Payouts Under Equity Incentive Plan Awards (4)		All Other Stock	Awards: Number of Shares or Units (#) (5)	Securities Underlying Outstanding Awards (#) (6)	Fair Value of Stock Price (\$)	Other Option Awards (7)	Grant Date
			Threshold (\$)	Maximum (\$)	Threshold (\$)	Maximum (\$)	Threshold (#)	Maximum (#)						
Smith	1/10/2008		-	-	-	-	687,286	1,374,572	-	-	-	570,4	-	
	4/23/2008		-	-	-	-	2,178,660	4,357,320	-	-	-	2,352,9	-	
	4/23/2008		-	-	-	-	-	-	1,851,840	-	-	1,990,7	-	
	4/23/2008		-	-	1,500,000	3,000,000	-	-	-	-	-	-	-	
	-		-	2,700,000	5,400,000	-	-	-	-	-	-	-	-	
Seese	3/18/2008		-	-	-	-	-	-	123,450	-	-	102,4	-	
	3/18/2008		-	-	-	-	145,230	290,460	-	-	-	120,5	-	
	7/16/2008		-	-	-	-	-	-	92,593	-	-	100,0	-	
	7/16/2008		-	-	-	-	108,932	217,864	-	-	-	117,6	-	
	3/18/2008		-	-	99,990	199,980	-	-	-	-	-	-	-	
	7/16/2008		-	-	100,000	200,000	-	-	-	-	-	-	-	
	-		-	367,500	735,000	-	-	-	-	-	-	-	-	
Grey Fisher	-		-	-	-	-	-	-	-	-	-	-	-	
Michael	1/18/2008		-	-	-	-	-	-	1,152,270	-	-	956,3	-	
	3/18/2008		-	-	-	-	-	-	-	-	-	-	-	