

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2007

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)

Delaware

(State or other jurisdiction of incorporation or organization)

43-1857213

(I.R.S. Employer Identification Number)

12405 Powerscourt Drive

St. Louis, Missouri 63131

(Address of principal executive offices including zip code)

(314) 965-0555

(Registrant's telephone number, including area code)

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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

Number of shares of Class A common stock outstanding as of June 30, 2007: 400,398,208

Number of shares of Class B common stock outstanding as of June 30, 2007: 50,000



Charter Communications, Inc.
Quarterly Report on Form 10-Q for the Period ended June 30, 2007

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This quarterly report on Form 10-Q is for the three and six months ended June 30, 2007. The Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this quarterly report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this quarterly report. In this quarterly report, "we," "us" and "our" refer to Charter Communications, Inc., Charter Communications Holding Company, LLC and their subsidiaries.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS:

This quarterly report includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), regarding, among other things, our plans, strategies and prospects, both business and financial including, without limitation, the forward-looking statements set forth in the "Results of Operations" and "Liquidity and Capital Resources" sections under Part I, Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this quarterly report. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions including, without limitation, the factors described under "Risk Factors" under Part II, Item 1A. Many of the forward-looking statements contained in this quarterly report may be identified by the use of forward-looking words such as "believe," "expect," "anticipate," "should," "planned," "will," "may," "intend," "estimated," "aim," "on track," "target," "opportunity" and "potential" among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this quarterly report are set forth in this quarterly report and in other reports or documents that we file from time to time with the SEC, and include, but are not limited to:

- the availability, in general, of funds to meet interest payment obligations under our debt and to fund our operations and necessary capital expenditures, either through cash flows from operating activities, further borrowings or other sources and, in particular, our ability to be able to provide under the applicable debt instruments such funds (by dividend, investment or otherwise) to the applicable obligor of such debt;
- our ability to comply with all covenants in our indentures and credit facilities, any violation of which could trigger a default of our other obligations under cross-default provisions;
- our ability to pay or refinance debt prior to or when it becomes due and/or refinance that debt through new issuances, exchange offers or otherwise, including restructuring our balance sheet and leverage position;
- competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers, and DSL providers;
- difficulties in introducing and operating our telephone services, such as our ability to adequately meet customer expectations for the reliability of voice services, and our ability to adequately meet demand for installations and customer service;
- our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services, and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition;
- our ability to obtain programming at reasonable prices or to adequately raise prices to offset the effects of higher programming costs;
- general business conditions, economic uncertainty or slowdown; and
- the effects of governmental regulation, including but not limited to local and state franchise authorities, on our business.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. We are under no duty or obligation to update any of the forward-looking statements after the date of this quarterly report.

PART I. FINANCIAL INFORMATION.

Item 1. Financial Statements.

**CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)**

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u>
	<u>(Unaudited)</u>	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 81	\$ 60
Accounts receivable, less allowance for doubtful accounts of \$19 and \$16, respectively	224	195
Prepaid expenses and other current assets	58	84
Total current assets	<u>363</u>	<u>339</u>
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation of \$8,283 and \$7,644, respectively	5,121	5,217
Franchises, net	9,201	9,223
Total investment in cable properties, net	<u>14,322</u>	<u>14,440</u>
OTHER NONCURRENT ASSETS		
	366	321
Total assets	<u>\$ 15,051</u>	<u>\$ 15,100</u>
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	\$ 1,258	\$ 1,298
Total current liabilities	<u>1,258</u>	<u>1,298</u>
LONG-TERM DEBT		
	19,576	19,062
NOTE PAYABLE – RELATED PARTY	61	57
DEFERRED MANAGEMENT FEES – RELATED PARTY	14	14
OTHER LONG-TERM LIABILITIES	792	692
MINORITY INTEREST	195	192
PREFERRED STOCK – REDEEMABLE; \$.001 par value; 1 million shares authorized; 36,713 shares issued and outstanding	4	4
SHAREHOLDERS' DEFICIT:		
Class A Common stock; \$.001 par value; 1.75 billion shares authorized; 400,398,208 and 407,994,585 shares issued and outstanding, respectively	--	--
Class B Common stock; \$.001 par value; 750 million shares authorized; 50,000 shares issued and outstanding	--	--
Preferred stock; \$.001 par value; 250 million shares authorized; no non-redeemable shares issued and outstanding	--	--
Additional paid-in capital	5,324	5,313
Accumulated deficit	(12,221)	(11,536)
Accumulated other comprehensive income	48	4
Total shareholders' deficit	<u>(6,849)</u>	<u>(6,219)</u>
Total liabilities and shareholders' deficit	<u>\$ 15,051</u>	<u>\$ 15,100</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)

Unaudited

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
REVENUES	\$ 1,499	\$ 1,383	\$ 2,924	\$ 2,703
COSTS AND EXPENSES:				
Operating (excluding depreciation and amortization)	647	611	1,278	1,215
Selling, general and administrative	317	279	620	551
Depreciation and amortization	334	340	665	690
Asset impairment charges	--	--	--	99
Other operating expenses, net	<u>1</u>	<u>7</u>	<u>5</u>	<u>10</u>
	<u>1,299</u>	<u>1,237</u>	<u>2,568</u>	<u>2,565</u>
Operating income from continuing operations	<u>200</u>	<u>146</u>	<u>356</u>	<u>138</u>
OTHER EXPENSES:				
Interest expense, net	(471)	(475)	(935)	(943)
Other expense, net	<u>(30)</u>	<u>(21)</u>	<u>(34)</u>	<u>(10)</u>
	<u>(501)</u>	<u>(496)</u>	<u>(969)</u>	<u>(953)</u>
Loss from continuing operations before income taxes	(301)	(350)	(613)	(815)
INCOME TAX EXPENSE	<u>(59)</u>	<u>(52)</u>	<u>(128)</u>	<u>(60)</u>
Loss from continuing operations	(360)	(402)	(741)	(875)
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	<u>--</u>	<u>20</u>	<u>--</u>	<u>34</u>
Net loss	<u>\$ (360)</u>	<u>\$ (382)</u>	<u>\$ (741)</u>	<u>\$ (841)</u>
LOSS PER COMMON SHARE, BASIC AND DILUTED:				
Loss from continuing operations	<u>\$ (.98)</u>	<u>\$ (1.27)</u>	<u>\$ (2.02)</u>	<u>\$ (2.76)</u>
Net loss	<u>\$ (.98)</u>	<u>\$ (1.20)</u>	<u>\$ (2.02)</u>	<u>\$ (2.65)</u>
Weighted average common shares outstanding, basic and diluted	<u>367,582,677</u>	<u>317,646,946</u>	<u>366,855,427</u>	<u>317,531,492</u>

The accompanying notes are an integral part of these condensed consolidated financial statements.

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN MILLIONS)
Unaudited

	Six Months Ended June 30,	
	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (741)	\$ (841)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	665	698
Asset impairment charges	--	99
Noncash interest expense	30	87
Deferred income taxes	123	60
Other, net	34	17
Changes in operating assets and liabilities, net of effects from acquisitions and dispositions:		
Accounts receivable	(29)	30
Prepaid expenses and other assets	26	29
Accounts payable, accrued expenses and other	10	26
Net cash flows from operating activities	<u>118</u>	<u>205</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(579)	(539)
Change in accrued expenses related to capital expenditures	(39)	(9)
Other, net	31	(5)
Net cash flows from investing activities	<u>(587)</u>	<u>(553)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	7,247	5,830
Repayments of long-term debt	(6,727)	(5,858)
Proceeds from issuance of debt	--	440
Payments for debt issuance costs	(33)	(29)
Other, net	3	--
Net cash flows from financing activities	<u>490</u>	<u>383</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	21	35
CASH AND CASH EQUIVALENTS, beginning of period	<u>60</u>	<u>21</u>
CASH AND CASH EQUIVALENTS, end of period	<u>\$ 81</u>	<u>\$ 56</u>
CASH PAID FOR INTEREST	<u>\$ 918</u>	<u>\$ 791</u>
NONCASH TRANSACTIONS:		
Cumulative adjustment to Accumulated Deficit for the adoption of FIN 48	\$ 56	\$ --
Issuance of debt by Charter Communications Operating, LLC	\$ --	\$ 37
Retirement of Renaissance Media Group LLC debt	\$ --	\$ (37)

The accompanying notes are an integral part of these condensed consolidated financial statements.

1. Organization and Basis of Presentation

Charter Communications, Inc. ("Charter") is a holding company whose principal assets at June 30, 2007 are the 55% controlling common equity interest (52% for accounting purposes) in Charter Communications Holding Company, LLC ("Charter Holdco") and "mirror" notes that are payable by Charter Holdco to Charter and have the same principal amount and terms as those of Charter's convertible senior notes. Charter Holdco is the sole owner of CCHC, LLC ("CCHC"), which is the sole owner of Charter Communications Holdings, LLC ("Charter Holdings"). The condensed consolidated financial statements include the accounts of Charter, Charter Holdco, CCHC, Charter Holdings and all of their subsidiaries where the underlying operations reside, which are collectively referred to herein as the "Company." Charter has 100% voting control over Charter Holdco and had historically consolidated Charter Holdco and its subsidiaries on that basis. Charter continues to consolidate Charter Holdco as a variable interest entity under Financial Accounting Standards Board ("FASB") Interpretation ("FIN") 46(R) *Consolidation of Variable Interest Entities*. Charter Holdco's limited liability company agreement provides that so long as Charter's Class B common stock retains its special voting rights, Charter will maintain a 100% voting interest in Charter Holdco. Voting control gives Charter full authority and control over the operations of Charter Holdco. All significant intercompany accounts and transactions among consolidated entities have been eliminated.

The Company is a broadband communications company operating in the United States. The Company offers to residential and commercial customers traditional cable video programming (analog and digital video), high-speed Internet services, advanced broadband services such as high definition television, Charter OnDemand™, and digital video recorder service, and, in many of our markets, telephone service. The Company sells its cable video programming, high-speed Internet, telephone, and advanced broadband services on a subscription basis. The Company also sells local advertising on cable networks.

The accompanying condensed consolidated financial statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and the rules and regulations of the Securities and Exchange Commission (the "SEC"). Accordingly, certain information and footnote disclosures typically included in Charter's Annual Report on Form 10-K have been condensed or omitted for this quarterly report. The accompanying condensed consolidated financial statements are unaudited and are subject to review by regulatory authorities. However, in the opinion of management, such financial statements include all adjustments, which consist of only normal recurring adjustments, necessary for a fair presentation of the results for the periods presented. Interim results are not necessarily indicative of results for a full year.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Areas involving significant judgments and estimates include capitalization of labor and overhead costs; depreciation and amortization costs; impairments of property, plant and equipment, franchises and goodwill; income taxes; and contingencies. Actual results could differ from those estimates.

2. Liquidity and Capital Resources

The Company incurred net losses of \$360 million and \$382 million for the three months ended June 30, 2007 and 2006, respectively, and \$741 million and \$841 million for the six months ended June 30, 2007 and 2006, respectively. The Company's net cash flows from operating activities were \$118 million and \$205 million for the six months ended June 30, 2007 and 2006, respectively.

The Company has a significant amount of debt. The Company's long-term financing as of June 30, 2007 consisted of \$6.9 billion of credit facility debt, \$12.3 billion accreted value of high-yield notes, and \$411 million accreted value of convertible senior notes. For the remaining two quarterly periods of 2007, none of the Company's debt matures. In 2008, \$65 million of the Company's debt matures, and in 2009, \$666 million matures. In 2010 and beyond, significant additional amounts will become due under the Company's remaining long-term debt obligations.

The Company requires significant cash to fund debt service costs, capital expenditures and ongoing operations. The Company has historically funded these requirements through cash flows from operating activities, borrowings under its credit facilities, sales of assets, issuances of debt and equity securities, and cash on hand. However, the mix of funding sources changes from period to period. For the six months ended June 30, 2007, the Company generated \$118 million of net cash flows from operating activities, after paying cash interest of \$918 million. In addition, the Company used approximately \$579 million for purchases of property, plant and equipment. Finally, the Company generated net cash flows from financing activities of \$490 million, as a result of refinancing transactions completed during the period.

The Company expects that cash on hand, cash flows from operating activities, and the amounts available under its credit facilities will be adequate to meet its cash needs through 2008. The Company believes that cash flows from operating activities and amounts available under the Company's credit facilities may not be sufficient to fund the Company's operations and satisfy its interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. The Company continues to work with its financial advisors concerning its approach to addressing liquidity, debt maturities, and overall balance sheet leverage.

Credit Facility Availability

The Company's ability to operate depends upon, among other things, its continued access to capital, including credit under the Charter Communications Operating, LLC ("Charter Operating") credit facilities. The Charter Operating credit facilities, along with the Company's indentures and the CCO Holdings, LLC ("CCO Holdings") credit facilities, contain certain restrictive covenants, some of which require the Company to maintain specified leverage ratios, meet financial tests, and provide annual audited financial statements with an unqualified opinion from the Company's independent auditors. As of June 30, 2007, the Company was in compliance with the covenants under its indentures and credit facilities, and the Company expects to remain in compliance with those covenants for the next twelve months. As of June 30, 2007, the Company's potential availability under its revolving credit facility totaled approximately \$1.4 billion, none of which was limited by covenant restrictions. Continued access to the Company's credit facilities is subject to the Company remaining in compliance with these covenants, including covenants tied to the Company's leverage ratio. If any event of non-compliance were to occur, funding under the credit facilities may not be available and defaults on some or potentially all of the Company's debt obligations could occur. An event of default under any of the Company's debt instruments could result in the acceleration of its payment obligations under that debt and, under certain circumstances, in cross-defaults under its other debt obligations, which could have a material adverse effect on the Company's consolidated financial condition and results of operations.

Limitations on Distributions

As long as Charter's convertible notes remain outstanding and are not otherwise converted into shares of common stock, Charter must pay interest on the convertible senior notes and repay the principal amount in November 2009. Charter's ability to make interest payments on its convertible senior notes, and, in 2009, to repay the outstanding principal of its convertible senior notes of \$413 million, net of \$450 million of convertible senior notes now held by Charter Holdco, will depend on its ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco and its subsidiaries. As of June 30, 2007, Charter Holdco was owed \$4 million in intercompany loans from its subsidiaries and had \$14 million in cash, which were available to pay interest and principal on Charter's convertible senior notes. In addition, Charter has \$25 million of U.S. government securities pledged as security for the semi-annual interest payments on Charter's convertible senior notes scheduled in 2007. On August 1, 2007, Charter Holdings distributed to CCHC an intercompany note issued by Charter Operating with an outstanding balance, including accrued interest, of \$119 million. On the same day, CCHC distributed such note to Charter Holdco along with \$450 million of Charter's convertible senior notes and an investment account with \$26 million of cash. As long as Charter Holdco continues to hold the \$450 million of Charter's convertible senior notes, Charter Holdco will receive interest payments from the government securities pledged for Charter's convertible senior notes. The cumulative amount of interest payments expected to be received by Charter Holdco is \$40 million and may be available to be distributed to pay semiannual interest due in 2008 and May 2009 on the outstanding principal amount of \$413 million of Charter's convertible senior notes, although Charter Holdco may use those amounts for other purposes.

Distributions by Charter's subsidiaries to a parent company (including Charter, Charter Holdco and CCHC) for payment of principal on parent company notes, are restricted under the indentures governing the CCH I Holdings, LLC ("CIH") notes, CCH I, LLC ("CCH I") notes, CCH II, LLC ("CCH II") notes, CCO Holdings notes, and Charter Operating notes and under the CCO Holdings credit facilities unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary's leverage ratio test is met at the time of such distribution. For the quarter ended June 30, 2007, there was no default under any of these indentures or credit facilities and each subsidiary met its applicable leverage ratio tests based on June 30, 2007 financial results. Such distributions would be restricted, however, if any such subsidiary fails to meet these tests at the time of the contemplated distribution. In the past, certain subsidiaries have from time to time failed to meet their leverage ratio test. There can be no assurance that they will satisfy these tests at the time of the contemplated distribution. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

Distributions by CIH, CCH I, CCH II, CCO Holdings, and Charter Operating to a parent company for payment of parent company interest are permitted if there is no default under the aforementioned indentures and CCO Holdings credit facilities.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on Charter's convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings' indentures, and other specified tests are met. For the quarter ended June 30, 2007, there was no default under Charter Holdings' indentures, the other specified tests were met, and Charter Holdings met its leverage ratio test based on June 30, 2007 financial results. Such distributions would be restricted, however, if Charter Holdings fails to meet these tests at the time of the contemplated distribution. In the past, Charter Holdings has from time to time failed to meet this leverage ratio test. There can be no assurance that Charter Holdings will satisfy these tests at the time of the contemplated distribution. During periods in which distributions are restricted, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments (that are not restricted payments) in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

Recent Financing Transactions

In March 2007, Charter Operating entered into an Amended and Restated Credit Agreement (the "Charter Operating Credit Agreement") which provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (which was refinanced with new term loans in April 2007), and a \$1.5 billion new term loan facility, which was funded in March and April 2007. In March 2007, CCO Holdings entered into a credit agreement which consisted of a \$350 million term loan facility funded in March and April 2007. In April 2007, Charter Holdings completed a cash tender offer to purchase \$97 million of its outstanding notes. In addition, Charter Holdings redeemed \$187 million of its 8.625% senior notes due April 1, 2009 and CCO Holdings redeemed \$550 million of its senior floating rate notes due December 15, 2010. These redemptions closed in April 2007. See Note 6.

3. Sale of Assets

In 2006, the Company sold certain cable television systems serving a total of approximately 356,000 analog video customers in 1) West Virginia and Virginia to Cebridge Connections, Inc. (the "Cebridge Transaction"); 2) Illinois and Kentucky to Telecommunications Management, LLC, doing business as New Wave Communications (the "New Wave Transaction") and 3) Nevada, Colorado, New Mexico and Utah to Orange Broadband Holding Company, LLC (the "Orange Transaction") for a total sales price of approximately \$971 million. The Company used the net proceeds from the asset sales to reduce borrowings, but not commitments, under the revolving portion of the Company's credit facilities. These cable systems met the criteria for assets held for sale. As such, the assets were written down to fair value less estimated costs to sell resulting in asset impairment charges during the six months ended June 30, 2006 of approximately \$99 million related to the New Wave Transaction and the Orange Transaction. The Company determined that the West Virginia and Virginia cable systems comprise operations and cash flows that for financial

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

reporting purposes meet the criteria for discontinued operations. Accordingly, the results of operations for the West Virginia and Virginia cable systems have been presented as discontinued operations, net of tax for the three and six months ended June 30, 2006.

Summarized consolidated financial information for the three and six months ended June 30, 2006 for the West Virginia and Virginia cable systems is as follows:

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Revenues	\$ 55	\$ 109
Income before income taxes	\$ 23	\$ 38
Income tax expense	\$ (3)	\$ (4)
Net income	\$ 20	\$ 34
Earnings per common share, basic and diluted	\$ 0.06	\$ 0.11

4. Franchises and Goodwill

Franchise rights represent the value attributed to agreements with local authorities that allow access to homes in cable service areas acquired through the purchase of cable systems. Management estimates the fair value of franchise rights at the date of acquisition and determines if the franchise has a finite-life or an indefinite-life as defined by Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets*. Franchises that qualify for indefinite-life treatment under SFAS No. 142 are tested for impairment annually each October 1 based on valuations, or more frequently as warranted by events or changes in circumstances. Franchises are aggregated into essentially inseparable asset groups to conduct the valuations. The asset groups generally represent geographical clustering of the Company's cable systems into groups by which such systems are managed. Management believes such grouping represents the highest and best use of those assets.

As of June 30, 2007 and December 31, 2006, indefinite-lived and finite-lived intangible assets are presented in the following table:

	June 30, 2007			December 31, 2006		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises with indefinite lives	\$ 9,187	\$ --	\$ 9,187	\$ 9,207	\$ --	\$ 9,207
Goodwill	64	--	64	61	--	61
	<u>\$ 9,251</u>	<u>\$ --</u>	<u>\$ 9,251</u>	<u>\$ 9,268</u>	<u>\$ --</u>	<u>\$ 9,268</u>
Finite-lived intangible assets:						
Franchises with finite lives	\$ 23	\$ 9	\$ 14	\$ 23	\$ 7	\$ 16

For the six months ended June 30, 2007, the net carrying amount of indefinite-lived franchises was reduced by \$20 million, related to cable asset sales completed in the first six months of 2007. Franchise amortization expense represents the amortization relating to franchises that did not qualify for indefinite-life treatment under SFAS No. 142, including costs associated with franchise renewals. Franchise amortization expense for the three and six months ended June 30, 2007 was approximately \$1 million and \$2 million, respectively. The Company expects that amortization expense on franchise assets will be approximately \$3 million annually for each of the next five years. Actual amortization expense in future periods could differ from these estimates as a result of new intangible asset acquisitions or divestitures, changes in useful lives and other relevant factors.

For the six months ended June 30, 2007, the net carrying amount of goodwill increased \$3 million as a result of the Company's purchase of certain cable systems in Pasadena, California in June 2007.

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2007 and December 31, 2006:

	<u>June 30, 2007</u>	<u>December 31, 2006</u>
Accounts payable - trade	\$ 100	\$ 92
Accrued capital expenditures	58	97
Accrued expenses:		
Interest	397	410
Programming costs	283	268
Franchise-related fees	52	68
Compensation	102	110
Other	266	253
	<u>\$ 1,258</u>	<u>\$ 1,298</u>

6. Long-Term Debt

Long-term debt consists of the following as of June 30, 2007 and December 31, 2006:

	<u>June 30, 2007</u>		<u>December 31, 2006</u>	
	<u>Principal Amount</u>	<u>Accreted Value</u>	<u>Principal Amount</u>	<u>Accreted Value</u>
Long-Term Debt				
Charter Communications, Inc.:				
5.875% convertible senior notes due November 16, 2009	\$ 413	\$ 411	\$ 413	\$ 408
Charter Communications Holdings, LLC:				
8.250% senior notes due April 1, 2007	--	--	105	105
8.625% senior notes due April 1, 2009	--	--	187	187
10.000% senior notes due April 1, 2009	88	88	105	105
10.750% senior notes due October 1, 2009	63	63	71	71
9.625% senior notes due November 15, 2009	37	37	52	52
10.250% senior notes due January 15, 2010	18	18	32	32
11.750% senior discount notes due January 15, 2010	16	16	21	21
11.125% senior discount notes due January 15, 2011	47	47	52	52
13.500% senior discount notes due January 15, 2011	60	60	62	62
9.920% senior discount notes due April 1, 2011	51	51	63	63
10.000% senior notes due May 15, 2011	69	69	71	71
11.750% senior discount notes due May 15, 2011	54	54	55	55
12.125% senior discount notes due January 15, 2012	75	75	91	91
CCH I Holdings, LLC:				
11.125% senior notes due January 15, 2014	151	151	151	151
13.500% senior discount notes due January 15, 2014	581	581	581	581
9.920% senior discount notes due April 1, 2014	471	471	471	471

CHARTER COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)
(dollars in millions, except per share amounts and where indicated)

10.000% senior notes due May 15, 2014	299	299	299	299
11.750% senior discount notes due May 15, 2014	815	815	815	815
12.125% senior discount notes due January 15, 2015	217	217	217	216
CCH I, LLC:				
11.000% senior notes due October 1, 2015	3,987	4,087	3,987	4,092
CCH II, LLC:				
10.250% senior notes due September 15, 2010	2,198	2,190	2,198	2,190
10.250% senior notes due October 1, 2013	250	261	250	262
CCO Holdings, LLC:				
Senior floating notes due December 15, 2010	--	--	550	550
8 3/4% senior notes due November 15, 2013	800	795	800	795
Credit facility	350	350	--	--
Charter Communications Operating, LLC:				
8.000% senior second lien notes due April 30, 2012	1,100	1,100	1,100	1,100
8 3/8% senior second lien notes due April 30, 2014	770	770	770	770
Credit facilities	6,500	6,500	5,395	5,395
	<u>\$ 19,480</u>	<u>\$ 19,576</u>	<u>\$ 18,964</u>	<u>\$ 19,062</u>

The accreted values presented above generally represent the principal amount of the notes less the original issue discount at the time of sale plus the accretion to the balance sheet date. However, certain of the CIH notes, CCH I notes and CCH II notes issued in exchange for Charter Holdings notes and Charter convertible notes in 2006 and 2005 are recorded for financial reporting purposes at values different from the current accreted value for legal purposes and notes indenture purposes (the amount that is currently payable if the debt becomes immediately due). As of June 30, 2007, the accreted value of the Company's debt for legal purposes and notes indenture purposes is approximately \$19.4 billion.

In March 2007, Charter Operating entered into the Charter Operating Credit Agreement which provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (the "Existing Term Loan"), and a \$1.5 billion new term loan facility (the "New Term Loan"), which was funded in March and April 2007. Borrowings under the Charter Operating Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate, plus in either case, an applicable margin. The applicable margin for LIBOR loans under the New Term Loan and revolving loans is 2.00% above LIBOR. The revolving line of credit commitments terminate in March 2013. The Existing Term Loan and the New Term Loan are subject to amortization at 1% of their initial principal amount per annum commencing on March 31, 2008 with the remaining principal amount of the New Term Loan due in March 2014. The Charter Operating Credit Agreement also modified the quarterly consolidated leverage ratio to be less restrictive.

In March 2007, CCO Holdings entered into a credit agreement (the "CCO Holdings Credit Agreement") which consisted of a \$350 million term loan facility (the "Term Facility"). The Term Facility matures in September 2014 (the "Maturity Date"). Borrowings under the CCO Holdings Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. The CCO Holdings Credit Agreement is secured by the equity interests of Charter Operating, and all proceeds thereof.

As part of the refinancing, the existing \$350 million revolving/term credit facility was terminated. The refinancing resulted in a loss on extinguishment of debt for the three and six months ended June 30, 2007 of approximately \$12 million and \$13 million, respectively, included in other expense, net on the Company's condensed consolidated statements of operations.

In April 2007, Charter Holdings completed a tender offer, in which \$97 million of Charter Holdings' notes were accepted in exchange for \$100 million of total consideration, including premiums and accrued interest. In addition, Charter Holdings redeemed \$187 million of its 8.625% senior notes due April 1, 2009 and CCO Holdings redeemed

\$550 million of its senior floating rate notes due December 15, 2010. These redemptions closed in April 2007. The redemptions and tender resulted in a loss on extinguishment of debt for each of the three and six months ended June 30, 2007 of approximately \$22 million included in other expense, net on the Company's condensed consolidated statements of operations.

On April 1, 2007, \$105 million of Charter Holdings 8.25% notes matured and were paid off with proceeds from the CCO Holdings Credit Agreement.

7. Minority Interest and Equity Interest of Charter Holdco

Charter is a holding company whose primary assets are a controlling equity interest in Charter Holdco, the indirect owner of the Company's cable systems, and \$413 million at June 30, 2007 and December 31, 2006 of mirror notes that are payable by Charter Holdco to Charter, and which have the same principal amount and terms as those of Charter's convertible senior notes. Minority interest on the Company's consolidated balance sheets represents Mr. Allen's, Charter's chairman and controlling shareholder, 5.6% preferred membership interests in CC VIII, LLC ("CC VIII"), an indirect subsidiary of Charter Holdco, of \$195 million and \$192 million as of June 30, 2007 and December 31, 2006, respectively.

8. Share Lending Agreement

As of June 30, 2007, there were 29.8 million shares of Charter Class A common stock outstanding that were issued in various offerings as required by the share lending agreement, pursuant to which Charter had previously agreed to loan up to 150 million shares to Citigroup Global Markets Limited ("CGML"). These offerings of Charter's Class A common stock were conducted to facilitate transactions by which investors in Charter's 5.875% convertible senior notes due 2009, issued on November 22, 2004, hedged their investments in the convertible senior notes. Charter did not receive any of the proceeds from the sale of this Class A common stock. However, under the share lending agreement, Charter received a loan fee of \$.001 for each share that it lent to CGML. Charter has no further obligation to issue shares pursuant to this share lending agreement.

The issuance of shares pursuant to this share lending agreement is essentially analogous to a sale of shares coupled with a forward contract for the reacquisition of the shares at a future date. An instrument that requires physical settlement by repurchase of a fixed number of shares in exchange for cash is considered a forward purchase instrument. While the share lending agreement does not require a cash payment upon return of the shares, physical settlement is required (i.e., the shares borrowed must be returned at the end of the arrangement). The fair value of the 29.8 million loaned shares outstanding was approximately \$121 million as of June 30, 2007. However, the net effect on shareholders' deficit of the shares lent pursuant to the share lending agreement, which includes Charter's requirement to lend the shares and the counterparties' requirement to return the shares, is de minimis and represents the cash received upon lending of the shares and is equal to the par value of the common stock to be issued.

9. Comprehensive Loss

Certain marketable equity securities are classified as available-for-sale and reported at market value with unrealized gains and losses recorded as accumulated other comprehensive income on the accompanying condensed consolidated balance sheets. Additionally, the Company reports changes in the fair value of interest rate agreements designated as hedging the variability of cash flows associated with floating-rate debt obligations, that meet the effectiveness criteria of SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, in accumulated other comprehensive income, after giving effect to the minority interest share of such gains and losses. Comprehensive loss was \$310 million and \$381 million for the three months ended June 30, 2007 and 2006, respectively, and \$697 million and \$841 million for the six months ended June 30, 2007 and 2006, respectively.

10. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate risk management derivative instruments, including but not limited to interest rate swap agreements and interest rate collar agreements (collectively referred to herein as interest rate agreements) to manage its interest costs. The Company's policy is to manage its exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt within a targeted range. Using interest rate swap agreements, the Company has agreed to exchange, at specified intervals through 2013, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts.

The Company's hedging policy does not permit it to hold or issue derivative instruments for trading purposes. The Company does, however, have certain interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, SFAS No. 133 allows derivative gains and losses to offset related results on hedged items in the consolidated statement of operations. The Company has formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. For each of the three months ended June 30, 2007 and 2006, other expense, net includes \$0, and for the six months ended June 30, 2007 and 2006, other expense, net includes \$0 and a gain of \$2 million, respectively, which represent cash flow hedge ineffectiveness on interest rate hedge agreements. This ineffectiveness arises from differences between critical terms of the agreements and the related hedged obligations. Changes in the fair value of interest rate agreements that are designated as hedging instruments of the variability of cash flows associated with floating rate debt obligations, and that meet the effectiveness criteria of SFAS No. 133 are reported in accumulated other comprehensive income. For the three months ended June 30, 2007 and 2006, gains of \$50 million and \$1 million, respectively, and for the six months ended June 30, 2007 and 2006, a gain of \$48 million and \$0, respectively, related to derivative instruments designated as cash flow hedges, were recorded in accumulated other comprehensive income. The amounts are subsequently reclassified as an increase or decrease to interest expense in the same periods in which the related interest on the floating-rate debt obligations affects earnings (losses).

Certain interest rate derivative instruments are not designated as hedges as they do not meet the effectiveness criteria specified by SFAS No. 133. However, management believes such instruments are closely correlated with the respective debt, thus managing associated risk. Interest rate derivative instruments not designated as hedges are marked to fair value, with the impact recorded as other income (expense) in the Company's condensed consolidated statements of operations. For the three months ended June 30, 2007 and 2006, other expense, net, includes gains of \$6 million and \$3 million, respectively, and for the six months ended June 30, 2007 and 2006, other expense, net includes gains of \$5 million and \$9 million, respectively, resulting from interest rate derivative instruments not designated as hedges.

As of June 30, 2007 and December 31, 2006, the Company had outstanding \$3.0 billion and \$1.7 billion, respectively, in notional amounts of interest rate swaps. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

Certain provisions of the Company's 5.875% convertible senior notes due 2009 are considered embedded derivatives for accounting purposes and are required to be accounted for separately from the convertible senior notes. In accordance with SFAS No. 133, these derivatives are marked to market with gains or losses recorded in interest expense on the Company's condensed consolidated statement of operations. For the three months ended June 30, 2007 and 2006, the Company recognized losses of \$9 million and \$0, respectively, and for the six months ended June 30, 2007 and 2006, the Company recognized losses of \$9 million and gains of \$2 million, respectively. The losses resulted in an increase in interest expense related to these derivatives and the gains resulted in a decrease in interest expense. At June 30, 2007 and December 31, 2006, \$9 million and \$12 million, respectively, is recorded in accounts payable and accrued expenses relating to the short-term portion of these derivatives and \$12 million and \$0, respectively, is recorded in other long-term liabilities related to the long-term portion.

11. Other Operating Expenses, Net

Other operating expenses, net consist of the following for the three and six months ended June 30, 2007 and 2006

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Loss on sale of assets, net	\$ --	\$ --	\$ 3	\$ --
Special charges, net	1	7	2	10
	<u>\$ 1</u>	<u>\$ 7</u>	<u>\$ 5</u>	<u>\$ 10</u>

Special charges, net for the three and six months ended June 30, 2007 and 2006 primarily represent severance associated with the closing of call centers and divisional restructuring.

12. Other Expense, Net

Other expense, net consists of the following for the three and six months ended June 30, 2007 and 2006:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Gain on derivative instruments and hedging activities, net	\$ 6	\$ 3	\$ 5	\$ 11
Loss on extinguishment of debt	(34)	(27)	(35)	(27)
Minority interest	(1)	(1)	(3)	(1)
Gain (loss) on investments	(1)	5	(1)	4
Other, net	--	(1)	--	3
	<u>\$ (30)</u>	<u>\$ (21)</u>	<u>\$ (34)</u>	<u>\$ (10)</u>

13. Income Taxes

All operations are held through Charter Holdco and its direct and indirect subsidiaries. Charter Holdco and the majority of its subsidiaries are generally limited liability companies that are not subject to income tax. However, certain of these limited liability companies are subject to state income tax. In addition, the subsidiaries that are corporations are subject to federal and state income tax. All of the taxable income, gains, losses, deductions and credits of Charter Holdco are passed through to its members: Charter, Charter Investment, Inc. ("CII") and Vulcan Cable III Inc. ("Vulcan Cable"). Charter is responsible for its allocated share of taxable income or loss of Charter Holdco in accordance with the Charter Holdco limited liability company agreement (the "LLC Agreement") and partnership tax rules and regulations. Charter also records financial statement deferred tax assets and liabilities related to its investments in Charter Holdco.

As of June 30, 2007 and December 31, 2006, the Company had net deferred income tax liabilities of approximately \$582 million and \$514 million, respectively. Included in these deferred tax liabilities is approximately \$197 million and \$200 million of deferred tax liabilities at June 30, 2007 and December 31, 2006, respectively, relating to certain indirect subsidiaries of Charter Holdco, which file separate income tax returns.

During the three and six months ended June 30, 2007, the Company recorded \$59 million and \$128 million of income tax expense, respectively. During the three and six months ended June 30, 2006, the Company recorded \$55 million

and \$64 million of income tax expense, respectively. Income tax expense of \$3 million and \$4 million was associated with discontinued operations for the same periods. Income tax expense is recognized through increases in the deferred tax liabilities related to Charter's investment in Charter Holdco, as well as current federal and state income tax expense and increases to the deferred tax liabilities of certain of Charter's indirect corporate subsidiaries.

The Company recorded an additional deferred tax asset of approximately \$238 million during the six months ended June 30, 2007, relating to net operating loss carryforwards, but recorded a valuation allowance with respect to this amount because of the uncertainty of the ability to realize a benefit from the Company's carryforwards in the future. The Company had deferred tax assets of approximately \$4.9 billion and \$4.6 billion as of June 30, 2007 and December 31, 2006, respectively, which included \$2.0 billion of financial losses in excess of tax losses allocated to Charter from Charter Holdco. The deferred tax assets also included approximately \$2.9 billion and \$2.7 billion of tax net operating loss carryforwards as of June 30, 2007 and December 31, 2006, respectively (expiring in years 2007 through 2027), of Charter and its indirect corporate subsidiaries. Valuation allowances of \$4.4 billion and \$4.2 billion as of June 30, 2007 and December 31, 2006, respectively, existed with respect to these deferred tax assets, of which \$2.4 billion and \$2.2 billion, respectively, relate to the tax net operating loss carryforwards.

The amount of any potential benefit from the Company's tax net operating losses is dependent on: (1) Charter and its indirect corporate subsidiaries' ability to generate future taxable income and (2) the impact of any future "ownership changes" of Charter's common stock. An "ownership change" as defined in the applicable federal income tax rules, would place significant limitations, on an annual basis, on the use of such net operating losses to offset any future taxable income the Company may generate. Such limitations, in conjunction with the net operating loss expiration provisions, could effectively eliminate the Company's ability to use a substantial portion of its net operating losses to offset any future taxable income. Future transactions and the timing of such transactions could cause such an ownership change. Transactions that could contribute to causing such an ownership change include, but are not limited to, the following: The issuance of shares of common stock upon future conversion of Charter's convertible senior notes; reacquisition of the shares borrowed under the share lending agreement by Charter (of which 29.8 million remain outstanding as of June 30, 2007); or acquisitions or sales of shares by certain holders of Charter's shares, including persons who have held, currently hold, or accumulate in the future five percent or more of Charter's outstanding stock (including upon an exchange by Mr. Allen or his affiliates, directly or indirectly, of membership units of Charter Holdco into CCI common stock). Many of the foregoing transactions, including whether Mr. Allen exchanges his Charter Holdco units, are beyond management's control.

The Company's deferred tax liability arises from Charter's investment in Charter Holdco, and is largely attributable to the characterization of franchises for financial reporting purposes as indefinite-lived. If certain exchanges, as described above, were to take place, Charter would likely record for financial reporting purposes additional deferred tax liability related to its increased interest in Charter Holdco.

Charter Holdco is currently under examination by the Internal Revenue Service for the tax years ending December 31, 2002 through 2005. In addition, Charter and one of the Company's indirect corporate subsidiaries are under examination by the Internal Revenue Service for the tax year ended December 31, 2004. Management does not expect the results of these examinations to have a material adverse effect on the Company's consolidated financial condition or results of operations.

In January 2007, the Company adopted FIN 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement No. 109*, which provides criteria for the recognition, measurement, presentation and disclosure of uncertain tax positions. A tax benefit from an uncertain position may be recognized only if it is "more likely than not" that the position is sustainable based on its technical merits. The adoption of FIN 48 resulted in a deferred tax benefit of \$56 million related to a settlement with Mr. Allen regarding ownership of the CC VIII preferred membership interests, which was recognized as a cumulative adjustment to accumulated deficit in the first quarter of 2007.

14. Contingencies

The Company is a defendant or co-defendant in several unrelated lawsuits claiming infringement of various patents relating to various aspects of its businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, the Company expects that any potential liability would be the responsibility of its equipment vendors pursuant to applicable contractual indemnification provisions. In the event that a court ultimately determines that the Company infringes on any intellectual property rights, it may be subject to substantial damages and/or an injunction that could require the Company or its vendors to modify certain products and services the Company offers to its subscribers. While the Company believes the lawsuits are without merit and intends to defend the actions vigorously, the lawsuits could be material to the Company's consolidated results of operations of any one period, and no assurance can be given that any adverse outcome would not be material to the Company's consolidated financial condition, results of operations, or liquidity.

Charter is a party to other lawsuits and claims that arise in the ordinary course of conducting its business. The ultimate outcome of these other legal matters pending against the Company or its subsidiaries cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on the Company's consolidated financial condition, results of operations, or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on the Company's consolidated financial condition, results of operations, or liquidity.

15. Stock Compensation Plans

The Company has stock option plans (the "Plans") which provide for the grant of non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock and/or restricted stock (not to exceed 20,000,000 shares of Charter Class A common stock), as each term is defined in the Plans. Employees, officers, consultants and directors of the Company and its subsidiaries and affiliates are eligible to receive grants under the Plans. Options granted generally vest over four years from the grant date, with 25% generally vesting on the anniversary of the grant date and ratably thereafter. Generally, options expire 10 years from the grant date. The Plans allow for the issuance of up to a total of 90,000,000 shares of Charter Class A common stock (or units convertible into Charter Class A common stock). During the three and six months ended June 30, 2007, Charter granted 0.1 million and 3.9 million stock options, respectively, and 0.2 million and 6.9 million performance units, respectively, under Charter's Long-Term Incentive Program. The Company recorded \$5 million and \$3 million of stock compensation expense for the three months ended June 30, 2007 and 2006, respectively, and \$10 million and \$7 million for the six months ended June 30, 2007 and 2006, which is included in selling, general, and administrative expense.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.**General**

Charter Communications, Inc. ("Charter") is a holding company whose principal assets at June 30, 2007 are the 55% controlling common equity interest (52% for accounting purposes) in Charter Communications Holding Company, LLC ("Charter Holdco") and "mirror" notes that are payable by Charter Holdco to Charter and have the same principal amount and terms as Charter's convertible senior notes. "We," "us" and "our" refer to Charter and its subsidiaries.

We are a broadband communications company operating in the United States. We offer our residential and commercial customers traditional cable video programming (analog and digital video, which we refer to as "video service"), high-speed Internet services, advanced broadband cable services (such as Charter OnDemand™ video service ("OnDemand"), high definition television service, and digital video recorder ("DVR") service) and, in many of our markets, telephone service. We sell our cable video programming, high-speed Internet, telephone, and advanced broadband services on a subscription basis.

The following table summarizes our customer statistics for analog and digital video, residential high-speed Internet and residential telephone as of June 30, 2007 and 2006:

	Approximate as of	
	June 30, 2007 (a)	June 30, 2006 (a)
Video Cable Services:		
Analog Video:		
Residential (non-bulk) analog video customers (b)	5,107,800	5,600,300
Multi-dwelling (bulk) and commercial unit customers (c)	269,000	275,800
Total analog video customers (b)(c)	<u>5,376,800</u>	<u>5,876,100</u>
Digital Video:		
Digital video customers (d)	2,866,000	2,889,000
Non-Video Cable Services:		
Residential high-speed Internet customers (e)	2,583,200	2,375,100
Telephone customers (f)	700,300	257,600

After giving effect to sales of certain non-strategic cable systems in the third quarter of 2006, January 2007 and May 2007, analog video customers, digital video customers, high-speed Internet customers and telephone customers would have been 5,439,800, 2,703,300, 2,252,500 and 257,600, respectively, as of June 30, 2006.

- (a) "Customers" include all persons our corporate billing records show as receiving service (regardless of their payment status), except for complimentary accounts (such as our employees). At June 30, 2007 and 2006, "customers" include approximately 33,600 and 55,900 persons whose accounts were over 60 days past due in payment, approximately 4,000 and 14,300 persons whose accounts were over 90 days past due in payment, and approximately 1,700 and 8,900 of which were over 120 days past due in payment, respectively.
- (b) "Analog video customers" include all customers who receive video services.
- (c) Included within "video customers" are those in commercial and multi-dwelling structures, which are calculated on an equivalent bulk unit ("EBU") basis. EBU is calculated for a system by dividing the bulk price charged to accounts in an area by the most prevalent price charged to non-bulk residential customers in that market for the comparable tier of service. The EBU method of estimating analog video customers is consistent with the methodology used in determining costs paid to programmers and has been used consistently.

- (d) "Digital video customers" include all households that have one or more digital set-top boxes or cable cards deployed.
- (e) "Residential high-speed Internet customers" represent those residential customers who subscribe to our high-speed Internet service.
- (f) "Telephone customers" include all customers receiving telephone service.

Overview

For the three months ended June 30, 2007 and 2006, our operating income from continuing operations was \$200 million and \$146 million, respectively, and for the six months ended June 30, 2007 and 2006, our operating income from continuing operations was \$356 million and \$138 million, respectively. We had operating margins of 13% and 11% for the three months ended June 30, 2007 and 2006, respectively, and 12% and 5% for the six months ended June 30, 2007 and 2006, respectively. The increase in operating income from continuing operations and operating margins for the three and six months ended June 30, 2007 compared to the three and six months ended June 30, 2006 was principally due to revenues increasing at a faster rate than expenses, reflecting increased operational efficiencies, improved geographic footprint, and benefits from improved third party contracts, coupled with asset impairment charges during the six months ended June 30, 2006, which did not recur in 2007.

We have a history of net losses. Further, we expect to continue to report net losses for the foreseeable future. Our net losses are principally attributable to insufficient revenue to cover the combination of operating expenses and interest expenses we incur because of our high level of debt, and depreciation expenses resulting from the capital investments we have made and continue to make in our cable properties. We expect that these expenses will remain significant.

Sale of Assets

In 2006, we sold cable systems serving a total of approximately 356,000 analog video customers for a total sales price of approximately \$971 million. We used the net proceeds from the asset sales to reduce borrowings, but not commitments, under the revolving portion of our credit facilities. These cable systems met the criteria for assets held for sale. As such, the assets were written down to fair value less estimated costs to sell resulting in asset impairment charges during the six months ended June 30, 2006 of approximately \$99 million. The results of operations for the West Virginia and Virginia cable systems have been presented as discontinued operations, net of tax for the three and six months ended June 30, 2006.

Critical Accounting Policies and Estimates

For a discussion of our critical accounting policies and the means by which we develop estimates therefore, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2006 Annual Report on Form 10-K.

RESULTS OF OPERATIONS

The following table sets forth the percentages of revenues that items in the accompanying condensed consolidated statements of operations constituted for the periods presented (dollars in millions, except per share data):

	Three Months Ended June 30,				Six Months Ended June 30,			
	2007		2006		2007		2006	
REVENUES	\$ 1,499	100%	\$ 1,383	100%	\$ 2,924	100%	\$ 2,703	100%
COSTS AND EXPENSES:								
Operating (excluding depreciation and amortization)	647	43%	611	44%	1,278	44%	1,215	45%
Selling, general and administrative	317	21%	279	20%	620	21%	551	20%
Depreciation and amortization	334	23%	340	25%	665	23%	690	26%
Asset impairment charges	--	--	--	--	--	--	99	4%
Other operating expenses, net	1	--	7	--	5	--	10	--
	<u>1,299</u>	<u>87%</u>	<u>1,237</u>	<u>89%</u>	<u>2,568</u>	<u>88%</u>	<u>2,565</u>	<u>95%</u>
Operating income from continuing operations	<u>200</u>	<u>13%</u>	<u>146</u>	<u>11%</u>	<u>356</u>	<u>12%</u>	<u>138</u>	<u>5%</u>
OTHER EXPENSES:								
Interest expense, net	(471)		(475)		(935)		(943)	
Other expense, net	<u>(30)</u>		<u>(21)</u>		<u>(34)</u>		<u>(10)</u>	
	<u>(501)</u>		<u>(496)</u>		<u>(969)</u>		<u>(953)</u>	
Loss from continuing operations before income taxes	(301)		(350)		(613)		(815)	
INCOME TAX EXPENSE	<u>(59)</u>		<u>(52)</u>		<u>(128)</u>		<u>(60)</u>	
Loss from continuing operations	(360)		(402)		(741)		(875)	
INCOME FROM DISCONTINUED OPERATIONS, NET OF TAX	<u>--</u>		<u>20</u>		<u>--</u>		<u>34</u>	
Net loss	<u>\$ (360)</u>		<u>\$ (382)</u>		<u>\$ (741)</u>		<u>\$ (841)</u>	
LOSS PER COMMON SHARE, BASIC AND DILUTED:								
Loss from continuing operations	<u>\$ (.98)</u>		<u>\$ (1.27)</u>		<u>\$ (2.02)</u>		<u>\$ (2.76)</u>	
Net loss	<u>\$ (.98)</u>		<u>\$ (1.20)</u>		<u>\$ (2.02)</u>		<u>\$ (2.65)</u>	
Weighted average common shares outstanding, basic and diluted	<u>367,582,677</u>		<u>317,646,946</u>		<u>366,855,427</u>		<u>317,531,492</u>	

Revenues. Average monthly revenue per analog video customer increased to \$93 for the three months ended June 30, 2007 from \$82 for the three months ended June 30, 2006 and increased to \$88 for the six months ended June 30, 2007 from \$80 for the six months ended June 30, 2006, primarily as a result of increases in digital, high-speed Internet and telephone customers, and incremental revenues from OnDemand, DVR, high-definition television services, and rate adjustments. Average monthly revenue per analog video customer represents total quarterly revenue, divided by the number of respective months, divided by the average number of analog video customers during the respective period.

Revenues by service offering were as follows (dollars in millions):

	Three Months Ended June 30,					
	2007		2006		2007 over 2006	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	\$ 859	57%	\$ 853	62%	\$ 6	1%
High-speed Internet	310	21%	261	19%	49	19%
Telephone	80	5%	29	2%	51	176%
Advertising sales	76	5%	79	6%	(3)	(4)%
Commercial	83	6%	76	5%	7	9%
Other	91	6%	85	6%	6	7%
	<u>\$ 1,499</u>	<u>100%</u>	<u>\$ 1,383</u>	<u>100%</u>	<u>\$ 116</u>	<u>8%</u>

	Six Months Ended June 30,					
	2007		2006		2007 over 2006	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	\$ 1,697	58%	\$ 1,684	62%	\$ 13	1%
High-speed Internet	606	21%	506	19%	100	20%
Telephone	142	5%	49	2%	93	190%
Advertising sales	139	4%	147	5%	(8)	(5)%
Commercial	164	6%	149	6%	15	10%
Other	176	6%	168	6%	8	5%
	<u>\$ 2,924</u>	<u>100%</u>	<u>\$ 2,703</u>	<u>100%</u>	<u>\$ 221</u>	<u>8%</u>

Video revenues consist primarily of revenues from analog and digital video services provided to our non-commercial customers. Analog video customers decreased by 259,700 customers from June 30, 2006, 196,700 of which was related to asset sales, compared to June 30, 2007. Digital video customers increased by 97,000, offset by a loss of 65,600 customers related to asset sales. The increase in video revenues is attributable to the following (dollars in millions):

	Three months ended June 30, 2007 compared to three months ended June 30, 2006	Six months ended June 30, 2007 compared to six months ended June 30, 2006
	Increase / (Decrease)	Increase / (Decrease)
Rate adjustments and incremental video services	\$ 24	\$ 43
Increase in digital video customers	16	32
Decrease in analog video customers	(11)	(18)
System sales	(23)	(44)
	<u>\$ 6</u>	<u>\$ 13</u>

High-speed Internet customers grew by 291,100 customers, offset by a loss of 39,600 customers related to asset sales, from June 30, 2006 to June 30, 2007. The increase in high-speed Internet revenues from our non-commercial customers is attributable to the following (dollars in millions):

	Three months ended June 30, 2007 compared to three months ended June 30, 2006 Increase / (Decrease)	Six months ended June 30, 2007 compared to six months ended June 30, 2006 Increase / (Decrease)
Increase in high-speed Internet customers	\$ 40	\$ 76
Price increases	14	33
System sales	(5)	(9)
	<u>\$ 49</u>	<u>\$ 100</u>

Revenues from telephone services increased primarily as a result of an increase of 442,700 telephone customers from June 30, 2006 to June 30, 2007.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers, and other vendors. Advertising sales revenues decreased primarily as a result of a decrease in national advertising sales, including political advertising and as a result of decreases in advertising sales revenues from programmers. For the three months ended June 30, 2007 and 2006, we received \$2 million and \$4 million, and for the six months ended June 30, 2007 and 2006, we received \$6 million and \$10 million, in advertising sales revenues from programmers, respectively.

Commercial revenues consist primarily of revenues from cable video and high-speed Internet services provided to our commercial customers. Commercial revenues increased primarily as a result of an increase in commercial video and high-speed Internet revenues, offset by decreases of \$2 million and \$5 million related to asset sales for the three months and six months ended June 30, 2007, respectively.

Other revenues consist of franchise fees, equipment rental, customer installations, home shopping, dial-up Internet service, late payment fees, wire maintenance fees and other miscellaneous revenues. For the three months ended June 30, 2007 and 2006, franchise fees represented approximately 49% and 52%, respectively, of total other revenues. For the six months ended June 30, 2007 and 2006, franchise fees represented approximately 50% and 53%, respectively, of total other revenues. The increase in other revenues was primarily the result of increases in wire maintenance fees and late payment fees.

Operating expenses. The increase in operating expenses is attributable to the following (dollars in millions):

	Three months ended June 30, 2007 compared to three months ended June 30, 2006 Increase / (Decrease)	Six months ended June 30, 2007 compared to six months ended June 30, 2006 Increase / (Decrease)
Programming costs	\$ 21	\$ 47
Costs of providing telephone services	10	21
Labor costs	16	17
Maintenance costs	4	8
Other, net	2	5
System sales	(17)	(35)
	<u>\$ 36</u>	<u>\$ 63</u>

Programming costs were approximately \$388 million and \$379 million, representing 60% and 62% of total operating expenses for the three months ended June 30, 2007 and 2006, respectively, and were approximately \$781 million and \$755 million, representing 61% and 62% of total operating expenses for the six months ended June 30, 2007 and 2006, respectively. Programming costs consist primarily of costs paid to programmers for analog, premium, digital, OnDemand, and pay-per-view programming. The increase in programming costs is primarily a result of contractual rate increases and in the three months ended June 30, 2007 was offset by approximately \$4 million of favorable programming contract settlements. Programming costs were also offset by the amortization of payments received from programmers in support of launches of new channels of \$5 million and \$4 million for the three months ended June 30, 2007 and 2006 and \$10 million and \$9 million for the six months ended June 30, 2007 and 2006, respectively. System sales above include decreases in expense of approximately \$12 million and \$21 million, respectively, for the three and six months ended June 30, 2007 related to programming. We expect programming expenses to continue to increase due to a variety of factors, including annual increases imposed by programmers, and additional programming, including high-definition and OnDemand programming, being provided to customers.

Selling, general and administrative expenses. The increase in selling, general and administrative expenses is attributable to the following (dollars in millions):

	Three months ended June 30, 2007 compared to three months ended June 30, 2006 Increase / (Decrease)	Six months ended June 30, 2007 compared to six months ended June 30, 2006 Increase / (Decrease)
Customer care costs	\$ 19	\$ 37
Marketing costs	17	35
Employee costs	8	15
Other, net	(1)	(8)
System sales	(5)	(10)
	<u>\$ 38</u>	<u>\$ 69</u>

Depreciation and amortization. Depreciation and amortization expense decreased by \$6 million and \$25 million for the three and six months ended June 30, 2007 compared to June 30, 2006, respectively, and was primarily the result of systems sales and certain assets becoming fully depreciated.

Other operating expenses, net. For the three months ended June 30, 2007 compared to June 30, 2006, the decrease in other operating expenses, net is attributable to a \$6 million decrease in special charges. For the six months ended June 30, 2007 compared to June 30, 2006, the decrease in other operating expenses, net is attributable to an \$8 million decrease in special charges, offset by a \$3 million increase in losses on sales of assets. For more information, see Note 11 to the accompanying condensed consolidated financial statements contained in "Item 1. Financial Statements."

Interest expense, net. For the three months ended June 30, 2007 compared to the three months ended June 30, 2006, net interest expense decreased by \$4 million, which was a result of a decrease in our average debt outstanding from \$19.7 billion for the second quarter of 2006 to \$19.2 billion for the second quarter of 2007 as well as a decrease in our average borrowing rate from 9.4% in the second quarter of 2006 to 9.2% in the second quarter of 2007. For the six months ended June 30, 2007 compared to the six months ended June 30, 2006, net interest expense decreased by \$8 million, which was a result of a decrease in our average debt outstanding from \$19.7 billion to \$19.2 billion as well as a decrease in our average borrowing rate from 9.4% for the six months ended June 30, 2006 to 9.3% for the six months ended June 30, 2007, respectively.

Other expense, net. The decrease in other expense, net is attributable to the following (dollars in millions):

	Three months ended June 30, 2007 compared to three months ended June 30, 2006 Increase / (Decrease)	Six months ended June 30, 2007 compared to six months ended June 30, 2006 Increase / (Decrease)
Increase (decrease) in gain on derivative instruments and hedging activities, net	\$ 3	\$ (6)
Increase in loss on extinguishment of debt	(7)	(8)
Increase in minority interest	--	(2)
Increase in loss on investments	(6)	(5)
Other, net	1	(3)
	<u>\$ (9)</u>	<u>\$ (24)</u>

For more information, see Note 12 to the accompanying condensed consolidated financial statements contained in "Item 1. Financial Statements."

Income tax expense. Income tax expense was recognized through increases in deferred tax liabilities related to our investment in Charter Holdco, as well as through current federal and state income tax expense, and increases in the deferred tax liabilities of certain of our indirect corporate subsidiaries. Income tax expense was offset by deferred tax benefits of \$21 million related to asset impairment charges recorded in the six months ended June 30, 2006. Income tax expense includes \$19 million of deferred tax expense related to asset sales occurring in the six months ended June 30, 2007.

Income from discontinued operations, net of tax. Income from discontinued operations, net of tax decreased in the three and six months ending June 30, 2007 compared to three and six months ended June 30, 2006 due to the sale of the West Virginia and Virginia systems in July 2006. For more information, see Note 3 to the accompanying condensed consolidated financial statements contained in "Item 1. Financial Statements."

Net loss. Net loss decreased by \$22 million, or 6%, for the three months ended June 30, 2007 compared to the three months ended June 30, 2006 and by \$100 million, or 12%, for the six months ended June 30, 2007 compared to the six months ended June 30, 2006 as a result of the factors described above.

Loss per common share. During the three months ended June 30, 2007 compared to the three months ended June 30, 2006, net loss per common share decreased by \$0.22, or 18%, and during the six months ended June 30, 2007, net loss per common share decreased by \$0.63, or 24%, compared to the six months ended June 30, 2006, as a result of the factors described above.

Liquidity and Capital Resources

Introduction

This section contains a discussion of our liquidity and capital resources, including a discussion of our cash position, sources and uses of cash, access to credit facilities and other financing sources, historical financing activities, cash needs, capital expenditures and outstanding debt.

We have significant amounts of debt. Our long-term financing as of June 30, 2007 consisted of \$6.9 billion of credit facility debt, \$12.3 billion accreted value of high-yield notes, and \$411 million accreted value of convertible senior notes. For the remaining two quarterly periods of 2007, none of our debt matures. In 2008, \$65 million of our debt matures, and in 2009, \$666 million matures. In 2010 and beyond, significant additional amounts will become due under our remaining long-term debt obligations.

Our business requires significant cash to fund debt service costs, capital expenditures and ongoing operations. We have historically funded these requirements through cash flows from operating activities, borrowings under our

credit facilities, sales of assets, issuances of debt and equity securities and cash on hand. However, the mix of funding sources changes from period to period. For the six months ended June 30, 2007, we generated \$118 million of net cash flows from operating activities after paying cash interest of \$918 million. In addition, we used approximately \$579 million for purchases of property, plant and equipment. Finally, we had net cash flows provided by financing activities of \$490 million, as a result of refinancing transactions completed during the period. We expect that our mix of sources of funds will continue to change in the future based on overall needs relative to our cash flow and on the availability of funds under our credit facilities, our access to the debt and equity markets, the timing of possible asset sales and based on our ability to generate cash flows from operating activities. We continue to explore asset dispositions as one of several possible actions that we could take in the future to improve our liquidity, but we do not presently believe future asset sales to be a significant source of liquidity.

We expect that cash on hand, cash flows from operating activities, and the amounts available under our credit facilities will be adequate to meet our cash needs through 2008. We believe that cash flows from operating activities and amounts available under our credit facilities may not be sufficient to fund our operations and satisfy our interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. We continue to work with our financial advisors concerning our approach to addressing liquidity, debt maturities and our overall balance sheet leverage.

Credit Facility Availability

Our ability to operate depends upon, among other things, our continued access to capital, including credit under the Charter Communications Operating, LLC (“Charter Operating”) credit facilities. The Charter Operating credit facilities, along with our indentures and the CCO Holdings, LLC (“CCO Holdings”) credit facilities, contain certain restrictive covenants, some of which require us to maintain specified leverage ratios and meet financial tests and to provide annual audited financial statements with an unqualified opinion from our independent auditors. As of June 30, 2007, we were in compliance with the covenants under our indentures and credit facilities, and we expect to remain in compliance with those covenants for the next twelve months. As of June 30, 2007, our potential availability under our revolving credit facility totaled approximately \$1.4 billion, none of which was limited by covenant restrictions. Continued access to our credit facilities is subject to our remaining in compliance with these covenants, including covenants tied to our leverage ratio. If any events of non-compliance occur, funding under the credit facilities may not be available and defaults on some or potentially all of our debt obligations could occur. An event of default under any of our debt instruments could result in the acceleration of our payment obligations under that debt and, under certain circumstances, in cross-defaults under our other debt obligations, which could have a material adverse effect on our consolidated financial condition and results of operations.

Limitations on Distributions

As long as Charter’s convertible notes remain outstanding and are not otherwise converted into shares of common stock, Charter must pay interest on the convertible senior notes and repay the principal amount in November 2009. Charter’s ability to make interest payments on its convertible senior notes, and, in 2009, to repay the outstanding principal of its convertible senior notes of \$413 million, net of \$450 million of convertible senior notes now held by Charter Holdco, will depend on its ability to raise additional capital and/or on receipt of payments or distributions from Charter Holdco and its subsidiaries. As of June 30, 2007, Charter Holdco was owed \$4 million in intercompany loans from its subsidiaries and had \$14 million in cash, which were available to pay interest and principal on Charter’s convertible senior notes. In addition, Charter has \$25 million of U.S. government securities pledged as security for the semi-annual interest payments on Charter’s convertible senior notes scheduled in 2007. On August 1, 2007, Charter Holdings distributed to CCHC an intercompany note issued by Charter Operating with an outstanding balance, including accrued interest, of \$119 million. On the same day, CCHC distributed such note to Charter Holdco along with \$450 million of Charter’s convertible senior note and an investment account with \$26 million of cash. As long as Charter Holdco continues to hold the \$450 million of Charter’s convertible senior notes, Charter Holdco will receive interest payments from the government securities pledged for the convertible senior notes. The cumulative amount of interest payments expected to be received by Charter Holdco is \$40 million and may be available to be distributed to pay semiannual interest due in 2008 and May 2009 on the outstanding principal amount of \$413 million of Charter’s convertible senior notes, although Charter Holdco may use those amounts for other purposes.

Distributions by Charter’s subsidiaries to a parent company (including Charter, Charter Holdco and CCHC) for payment of principal on parent company notes, are restricted under the indentures governing the CCH I Holdings,

LLC (“CIH”) notes, CCH I, LLC (“CCH I”) notes, CCH II, LLC (“CCH II”) notes, CCO Holdings notes, and Charter Operating notes and under the CCO Holdings credit facilities unless there is no default under the applicable indenture and credit facilities, and unless each applicable subsidiary’s leverage ratio test is met at the time of such distribution. For the quarter ended June 30, 2007, there was no default under any of these indentures or credit facilities and each subsidiary met its applicable leverage ratio tests based on June 30, 2007 financial results. Such distributions would be restricted, however, if any such subsidiary fails to meet these tests at the time of the contemplated distribution. In the past, certain subsidiaries have from time to time failed to meet their leverage ratio test. There can be no assurance that they will satisfy these tests at the time of the contemplated distribution. Distributions by Charter Operating for payment of principal on parent company notes are further restricted by the covenants in its credit facilities.

Distributions by CIH, CCH I, CCH II, CCO Holdings and Charter Operating to a parent company for payment of parent company interest are permitted if there is no default under the aforementioned indentures and CCO Holdings Credit facilities.

The indentures governing the Charter Holdings notes permit Charter Holdings to make distributions to Charter Holdco for payment of interest or principal on Charter’s convertible senior notes, only if, after giving effect to the distribution, Charter Holdings can incur additional debt under the leverage ratio of 8.75 to 1.0, there is no default under Charter Holdings’ indentures, and other specified tests are met. For the quarter ended June 30, 2007, there was no default under Charter Holdings’ indentures, the other specified tests were met, and Charter Holdings met its leverage ratio test based on June 30, 2007 financial results. Such distributions would be restricted, however, if Charter Holdings fails to meet these tests at the time of the contemplated distribution. In the past, Charter Holdings has from time to time failed to meet this leverage ratio test. There can be no assurance that Charter Holdings will satisfy these tests at the time of the contemplated distribution. During periods in which distributions are restricted, the indentures governing the Charter Holdings notes permit Charter Holdings and its subsidiaries to make specified investments (that are not restricted payments) in Charter Holdco or Charter, up to an amount determined by a formula, as long as there is no default under the indentures.

In addition to the limitation on distributions under the various indentures discussed above, distributions by our subsidiaries may be limited by applicable law. See “Risk Factors — Because of our holding company structure, our outstanding notes are structurally subordinated in right of payment to all liabilities of our subsidiaries. Restrictions in our subsidiaries’ debt instruments and under applicable law limit their ability to provide funds to us or our various debt issuers.”

Access to Capital

Our significant amount of debt could negatively affect our ability to access additional capital in the future. Additionally, our ability to incur additional debt may be limited by the restrictive covenants in our indentures and credit facilities. No assurances can be given that we will not experience liquidity problems if we do not obtain sufficient additional financing on a timely basis as our debt becomes due or because of adverse market conditions, increased competition or other unfavorable events. If, at any time, additional capital or borrowing capacity is required beyond amounts internally generated or available under our credit facilities or through additional debt or equity financings, we would consider:

- issuing equity that would significantly dilute existing shareholders;
- issuing convertible debt or some other securities that may have structural or other priority over our existing notes and may also, in the case of convertible debt, significantly dilute Charter’s existing shareholders;
- further reducing our expenses and capital expenditures, which may impair our ability to increase revenue and grow operating cash flows;
- selling assets; or
- requesting waivers or amendments with respect to our credit facilities, which may not be available on acceptable terms; and cannot be assured.

If the above strategies were not successful, we could be forced to restructure our obligations or seek protection under the bankruptcy laws. In addition, if we need to raise additional capital through the issuance of equity or find it necessary to engage in a recapitalization or other similar transaction, our shareholders could suffer significant dilution and our noteholders might not receive the full principal and interest payments to which they are contractually entitled.

Recent Financing Transactions

On March 6, 2007, Charter Operating entered into an Amended and Restated Credit Agreement among Charter Operating, CCO Holdings, the several lenders from time to time that are parties thereto, JPMorgan Chase Bank, N.A., as administrative agent, and certain other agents (the "Charter Operating Credit Agreement").

The Charter Operating Credit Agreement provides for a \$1.5 billion senior secured revolving line of credit, a continuation of the existing \$5.0 billion term loan facility (which was refinanced with new term loans in April 2007) ("Replacement Existing Term Loan"), and a \$1.5 billion new term loan facility (the "New Term Loan") which was funded in March and April 2007. Borrowings under the Charter Operating Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate, plus in either case, an applicable margin. The applicable margin for LIBOR loans under the Replacement Existing Term Loan, the New Term Loan, and revolving loans is 2.00% above LIBOR. The revolving line of credit commitments terminate on March 6, 2013. The Replacement Existing Term Loan and the New Term Loan are subject to amortization at 1% of their initial principal amount per annum and amortization commences on March 31, 2008. The remaining principal amount of the Replacement Existing Term Loan and the New Term Loan will be due on March 6, 2014. The Charter Operating Credit Agreement contains financial covenants requiring Charter Operating to maintain a quarterly consolidated leverage ratio not to exceed 5 to 1 and a first lien leverage ratio not to exceed 4 to 1.

On March 6, 2007, CCO Holdings entered into a credit agreement among CCO Holdings, the several lenders from time to time that are parties thereto, Bank of America, N.A., as administrative agent, and certain other agents (the "CCO Holdings Credit Agreement"). The CCO Holdings Credit Agreement consists of a \$350 million term loan facility (the "Term Facility"). The term loan matures on September 6, 2014 (the "Maturity Date"). Borrowings under the CCO Holdings Credit Agreement bear interest at a variable interest rate based on either LIBOR or a base rate plus, in either case, an applicable margin. The applicable margin for LIBOR term loans is 2.50% above LIBOR. The CCO Holdings Credit Agreement is secured by the equity interests of Charter Operating, and all proceeds thereof.

We used a portion of the additional proceeds from the Charter Operating Credit Agreement and CCO Holdings Credit Agreement to redeem \$550 million of CCO Holdings' outstanding floating rate notes due 2010, to redeem approximately \$187 million of Charter Holdings' outstanding 8.625% senior notes due 2009, to fund the purchase of notes in a tender offer for total consideration (including premiums and accrued interest) of \$100 million of certain Charter Holdings' notes outstanding at Charter Holdings, and to repay \$105 million of Charter Holdings' notes maturing in April 2007. The remainder was used for other general corporate purposes.

Historical Operating, Financing and Investing Activities

Our cash flows for the six months ended June 30, 2006 include the cash flows related to our discontinued operations.

We held \$81 million in cash and cash equivalents as of June 30, 2007 compared to \$60 million as of December 31, 2006. For the six months ended June 30, 2007, we generated \$118 million of net cash flows from operating activities after paying cash interest of \$918 million. In addition, we used approximately \$579 million for purchases of property, plant and equipment. Finally, we had net cash flows provided by financing activities of \$490 million.

Operating Activities. Net cash provided by operating activities decreased \$87 million, or 42%, from \$205 million for the six months ended June 30, 2006 to \$118 million for the six months ended June 30, 2007. For the six months ended June 30, 2007, net cash provided by operating activities decreased primarily as a result of changes in operating assets and liabilities that provided \$78 million less cash during the six months ended June 30, 2007 than the corresponding period in 2006, and an increase of \$49 million in interest on cash pay obligations during the same period, offset by revenues increasing at a faster rate than cash expenses.

Investing Activities. Net cash used by investing activities increased to \$587 million for the six months ended June 30, 2007 compared to \$553 million for the six months ended June 30, 2006, which was primarily related to an increase in cash used for the purchase of property, plant, and equipment and a decrease in accrued expenses related to capital expenditures.

Financing Activities. Net cash provided by financing activities was \$490 million and \$383 million for the six months ended June 30, 2007 and 2006, respectively. The increase in cash provided during the six months ended June 30, 2007 as compared to the corresponding period in 2006, was primarily the result of increased borrowings of long-term debt.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were \$579 million and \$539 million for the six months ended June 30, 2007 and 2006, respectively. Capital expenditures increased as a result of spending on customer premise equipment and support capital to meet increased digital, high-speed Internet, and telephone customer growth. See the table below for more details.

Our capital expenditures are funded primarily from cash flows from operating activities, the issuance of debt and borrowings under credit facilities. In addition, during the six months ended June 30, 2007 and 2006, our liabilities related to capital expenditures decreased \$39 million and \$9 million, respectively.

During 2007, we expect capital expenditures to be approximately \$1.2 billion. We expect that the nature of these expenditures will continue to be composed primarily of purchases of customer premise equipment related to telephone and other advanced services, support capital, and for scalable infrastructure costs. We have funded and expect to continue to fund capital expenditures for 2007 primarily from cash flows from operating activities and borrowings under our credit facilities.

We have adopted capital expenditure disclosure guidance, which was developed by eleven publicly traded cable system operators, including Charter, with the support of the National Cable & Telecommunications Association ("NCTA"). The disclosure is intended to provide more consistency in the reporting of operating statistics in capital expenditures among peer companies in the cable industry. These disclosure guidelines are not required disclosure under Generally Accepted Accounting Principles ("GAAP"), nor do they impact our accounting for capital expenditures under GAAP.

The following table presents our major capital expenditures categories in accordance with NCTA disclosure guidelines for the three and six months ended June 30, 2007 and 2006 (dollars in millions):

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2007	2006	2007	2006
Customer premise equipment (a)	\$ 128	\$ 128	\$ 289	\$ 258
Scalable infrastructure (b)	51	63	100	97
Line extensions (c)	25	33	49	59
Upgrade/Rebuild (d)	12	14	24	23
Support capital (e)	65	60	117	102
Total capital expenditures	\$ 281	\$ 298	\$ 579	\$ 539

- (a) Customer premise equipment includes costs incurred at the customer residence to secure new customers, revenue units and additional bandwidth revenues. It also includes customer installation costs in accordance with SFAS No. 51, *Financial Reporting by Cable Television Companies*, and customer premise equipment (e.g., set-top boxes and cable modems, etc.).
- (b) Scalable infrastructure includes costs, not related to customer premise equipment or our network, to secure growth of new customers, revenue units and additional bandwidth revenues or provide service enhancements (e.g., headend equipment).
- (c) Line extensions include network costs associated with entering new service areas (e.g., fiber/coaxial cable, amplifiers, electronic equipment, make-ready and design engineering).
- (d) Upgrade/rebuild includes costs to modify or replace existing fiber/coaxial cable networks, including betterments.
- (e) Support capital includes costs associated with the replacement or enhancement of non-network assets due to technological and physical obsolescence (e.g., non-network equipment, land, buildings and vehicles).

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Interest Rate Risk

We are exposed to various market risks, including fluctuations in interest rates. We use interest rate risk management derivative instruments, including but not limited to interest rate swap agreements and interest rate collar agreements (collectively referred to herein as interest rate agreements) as required under the terms of the credit facilities of our subsidiaries. Our policy is to manage our exposure to fluctuations in interest rates by maintaining a mix of fixed and variable rate debt within a targeted range. Using interest rate swap agreements, we agree to exchange, at specified intervals through 2013, the difference between fixed and variable interest amounts calculated by reference to agreed-upon notional principal amounts. Interest rate risk management agreements are not held or issued for speculative or trading purposes.

As of June 30, 2007 and December 31, 2006, our long-term debt totaled approximately \$19.6 billion and \$19.1 billion, respectively. This debt was comprised of approximately \$6.9 billion and \$5.4 billion of credit facilities debt, \$12.3 billion and \$13.3 billion accreted amount of high-yield notes and \$411 million and \$408 million accreted amount of convertible senior notes, respectively.

As of June 30, 2007 and December 31, 2006, the weighted average interest rate on the credit facility debt was approximately 7.1% and 7.9%, respectively, the weighted average interest rate on the high-yield notes was approximately 10.3% and the weighted average interest rate on the convertible senior notes was approximately 5.9%, resulting in a blended weighted average interest rate of 9.2% and 9.5%, respectively. The interest rate on approximately 80% and 78% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate hedge agreements as of June 30, 2007 and December 31, 2006, respectively. The fair value of our high-yield notes was \$12.5 billion and \$13.3 billion at June 30, 2007 and December 31, 2006, respectively. The fair value of our convertible senior notes was \$730 million and \$576 million at June 30, 2007 and December 31, 2006, respectively. The fair value of our credit facilities is \$6.8 billion and \$5.4 billion at June 30, 2007 and December 31, 2006, respectively. The fair value of high-yield and convertible notes is based on quoted market prices, and the fair value of the credit facilities is based on dealer quotations.

We do not hold or issue derivative instruments for trading purposes. We do, however, have certain interest rate derivative instruments that have been designated as cash flow hedging instruments. Such instruments effectively convert variable interest payments on certain debt instruments into fixed payments. For qualifying hedges, SFAS No. 133 allows derivative gains and losses to offset related results on hedged items in the consolidated statement of operations. We have formally documented, designated and assessed the effectiveness of transactions that receive hedge accounting. For each of the three months ended June 30, 2007 and 2006, other expense, net includes \$0 and for the six months ended June 30, 2007 and 2006, other expense, net includes \$0 and a gain of \$2 million, respectively, which represent cash flow hedge ineffectiveness on interest rate hedge agreements arising from differences between critical terms of the agreements and the related hedged obligations. Changes in the fair value of interest rate agreements that are designated as hedging instruments of the variability of cash flows associated with floating-rate debt obligations, and that meet the effectiveness criteria of SFAS No. 133 are reported in accumulated other comprehensive income. For the three months ended June 30, 2007 and 2006, gains of \$50 million and \$1 million, respectively, and for the six months ended June 30, 2007 and 2006, a gain of \$48 million and \$0, respectively, related to derivative instruments designated as cash flow hedges, was recorded in accumulated other comprehensive income. The amounts are subsequently reclassified as an increase or decrease to interest expense in the same periods in which the related interest on the floating-rate debt obligations affects earnings (losses).

Certain interest rate derivative instruments are not designated as hedges as they do not meet the effectiveness criteria specified by SFAS No. 133. However, management believes such instruments are closely correlated with the respective debt, thus managing associated risk. Interest rate derivative instruments not designated as hedges are marked to fair value, with the impact recorded as other income (expense) in the Company's condensed consolidated statements of operations. For the three months ended June 30, 2007 and 2006, other expense, net includes gains of \$6 million and \$3 million, respectively, and for the six months ended June 30, 2007 and 2006, other expense, net includes gains of \$5 million and \$9 million, respectively, resulting from interest rate derivative instruments not designated as hedges.

The table set forth below summarizes the fair values and contract terms of financial instruments subject to interest rate risk maintained by us as of June 30, 2007 (dollars in millions):

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>Thereafter</u>	<u>Total</u>	<u>Fair Value at June 30, 2007</u>
Debt:									
Fixed Rate	\$ --	\$ --	\$ 601	\$ 2,232	\$ 282	\$ 1,175	\$ 8,340	\$ 12,630	\$ 13,212
Average Interest Rate	--	--	7.22%	10.26%	11.25%	8.26%	10.70%	10.24%	
Variable Rate									
Variable Rate	\$ --	\$ 65	\$ 65	\$ 65	\$ 65	\$ 65	\$ 6,525	\$ 6,850	\$ 6,792
Average Interest Rate	--	7.19%	7.27%	7.41%	7.52%	7.60%	7.34%	7.34%	
Interest Rate Instruments:									
Variable to Fixed Swaps	\$ 200	\$ --	\$ --	\$ 500	\$ 300	\$ 1,000	\$ 1,000	\$ 3,000	\$ 53
Average Pay Rate	6.74%	--	--	6.81%	6.98%	6.89%	6.94%	6.89%	
Average Receive Rate	7.34%	--	--	7.42%	7.45%	7.58%	7.65%	7.55%	

The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of our exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts. The estimated fair value approximates the costs (proceeds) to settle the outstanding contracts. Interest rates on variable debt are estimated using the average implied forward London Interbank Offering Rate (LIBOR) rates for the year of maturity based on the yield curve in effect at June 30, 2007.

At June 30, 2007 and December 31, 2006, we had outstanding \$3.0 billion and \$1.7 billion, respectively, in notional amounts of interest rate swaps. The notional amounts of interest rate instruments do not represent amounts exchanged by the parties and, thus, are not a measure of exposure to credit loss. The amounts exchanged are determined by reference to the notional amount and the other terms of the contracts.

Item 4. Controls and Procedures.

As of the end of the period covered by this report, management, including our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures with respect to the information generated for use in this quarterly report. The evaluation was based in part upon reports and certifications provided by a number of executives. Based upon, and as of the date of that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures were effective to provide reasonable assurances that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Commission's rules and forms.

There was no change in our internal control over financial reporting during the quarter ended June 30, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

In designing and evaluating the disclosure controls and procedures, our management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance of achieving the desired control objectives and management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Based upon the above evaluation, Charter's management believes that its controls provide such reasonable assurances.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

We are a defendant or co-defendant in several unrelated lawsuits claiming infringement of various patents relating to various aspects of our businesses. Other industry participants are also defendants in certain of these cases, and, in many cases, we expect that any potential liability would be the responsibility of our equipment vendors pursuant to applicable contractual indemnification provisions. In the event that a court ultimately determines that we infringe on any intellectual property rights, we may be subject to substantial damages and/or an injunction that could require us or our vendors to modify certain products and services we offer to our subscribers. While we believe the lawsuits are without merit and intend to defend the actions vigorously, the lawsuits could be material to our consolidated results of operations of any one period, and no assurance can be given that any adverse outcome would not be material to our consolidated financial condition, results of operations or liquidity.

We are a party to other lawsuits and claims that arise in the ordinary course of conducting our business. The ultimate outcome of these other legal matters pending against us or our subsidiaries cannot be predicted, and although such lawsuits and claims are not expected individually to have a material adverse effect on our consolidated financial condition, results of operations or liquidity, such lawsuits could have, in the aggregate, a material adverse effect on our consolidated financial condition, results of operations or liquidity.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2006 includes "Risk Factors" under Item 1A of Part I. Except for the updated risk factors described below, there have been no material changes from the risk factors described in our Form 10-K. The information below updates, and should be read in conjunction with, the risk factors and information disclosed in our Form 10-K.

Risks Related to Significant Indebtedness of Us and Our Subsidiaries

We and our subsidiaries have a significant amount of debt and may incur significant additional debt, including secured debt, in the future, which could adversely affect our financial health and our ability to react to changes in our business.

We and our subsidiaries have a significant amount of debt and may (subject to applicable restrictions in their debt instruments) incur additional debt in the future. As of June 30, 2007, our total debt was approximately \$19.6 billion, our shareholders' deficit was approximately \$6.8 billion and the deficiency of earnings to cover fixed charges for the three and six months ended June 30, 2007 was \$300 million and \$610 million, respectively.

As of June 30, 2007, approximately \$413 million aggregate principal amount of Charter's convertible notes were outstanding, which matures in 2009. We will need to raise additional capital and/or receive distributions or payments from our subsidiaries in order to satisfy this debt obligation. An additional \$450 million aggregate principal amount of Charter's convertible notes are held by Charter Holdco.

Because of our significant indebtedness, our ability to raise additional capital at reasonable rates or at all is uncertain, and the ability of our subsidiaries to make distributions or payments to their parent companies is subject to availability of funds and restrictions under our subsidiaries' applicable debt instruments and under applicable law. If we need to raise additional capital through the issuance of equity or find it necessary to engage in a recapitalization or other similar transaction, our shareholders could suffer significant dilution, and in the case of a recapitalization or other similar transaction, our noteholders might not receive principal and interest payments to which they are contractually entitled.

Our significant amount of debt could have other important consequences. For example, the debt will or could:

- require us to dedicate a significant portion of our cash flow from operating activities to make payments on our debt, which will reduce our funds available for working capital, capital expenditures and other general corporate expenses;
- limit our flexibility in planning for, or reacting to, changes in our business, the cable and telecommunications industries and the economy at large;

- place us at a disadvantage as compared to our competitors that have proportionately less debt;
- make us vulnerable to interest rate increases, because approximately 20% of our borrowings are, and will continue to be, subject to variable rates of interest;
- expose us to increased interest expense as we refinance existing lower interest rate instruments;
- adversely affect our relationship with customers and suppliers;
- limit our ability to borrow additional funds in the future, due to applicable financial and restrictive covenants in our debt;
- make it more difficult for us to satisfy our obligations to the holders of our notes and for our subsidiaries to satisfy their obligations to their lenders under their credit facilities and to their noteholders; and
- limit future increases in the value, or cause a decline in the value of our equity, which could limit our ability to raise additional capital by issuing equity.

A default by one of our subsidiaries under its debt obligations could result in the acceleration of those obligations, which in turn could trigger cross defaults under other agreements governing our long-term indebtedness. In addition, the secured lenders under our credit facilities and the holders of the Charter Operating senior second-lien notes could foreclose on their collateral, which includes equity interest in our subsidiaries, and exercise other rights of secured creditors. Any default under those credit facilities or the indentures governing our convertible notes or our subsidiaries' debt could adversely affect our growth, our financial condition, our results of operations, and our ability to make payments on our convertible notes, our credit facilities, and other debt of our subsidiaries, and could force us to seek the protection of the bankruptcy laws. We and our subsidiaries may incur significant additional debt in the future. If current debt amounts increase, the related risks that we now face will intensify.

We may not be able to access funds under the Charter Operating credit facilities if we fail to satisfy the covenant restrictions in such credit facilities, which could adversely affect our financial condition and our ability to conduct our business.

Our subsidiaries have historically relied on access to credit facilities in order to fund operations and to service parent company debt, and we expect such reliance to continue in the future. Our total potential borrowing availability under our revolving credit facility was approximately \$1.4 billion as of June 30, 2007, none of which is limited by covenant restrictions. There can be no assurance that our actual availability under our credit facilities will not be limited by covenant restrictions in the future.

One of the conditions to the availability of funding under our credit facilities is the absence of a default under such facilities, including as a result of any failure to comply with the covenants under the facilities. Among other covenants, the Charter Operating credit facilities require us to maintain specific leverage ratios. The Charter Operating credit facilities also provide that Charter Operating has to obtain an unqualified audit opinion from its independent accountants for each fiscal year. There can be no assurance that Charter Operating will be able to continue to comply with these or any other of the covenants under the credit facilities.

An event of default under the credit facilities or indentures, if not waived, could result in the acceleration of those debt obligations and, consequently, could trigger cross defaults under other agreements governing our long-term indebtedness. In addition, the secured lenders under the Charter Operating credit facilities and the holders of the Charter Operating senior second-lien notes could foreclose on their collateral, which includes equity interest in our subsidiaries, and exercise other rights of secured creditors. Any default under those credit facilities or the indentures governing our convertible notes or our subsidiaries' debt could adversely affect our growth, our financial condition, our results of operations, and our ability to make payments on our convertible notes, our credit facilities, and other debt of our subsidiaries, and could force us to seek the protection of the bankruptcy laws, which could materially adversely impact our ability to operate our business and to make payments under our debt instruments.

We depend on generating sufficient cash flow and having access to additional external liquidity sources to fund our debt obligations, capital expenditures, and ongoing operations.

Our ability to service our debt and to fund our planned capital expenditures and ongoing operations will depend on both our ability to generate cash flow and our access to additional external liquidity sources. Our ability to generate cash flow is dependent on many factors, including:

- competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers and DSL providers;
- difficulties in introducing and operating our telephone services, such as our ability to adequately meet customer expectations for the reliability of voice services, and our ability to adequately meet demand for installations and customer service;
- our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services, and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition;
- our ability to obtain programming at reasonable prices or to adequately raise prices to offset the effects of higher programming costs;
- general business conditions, economic uncertainty or slowdown; and
- the effects of governmental regulation, including but not limited to local and state franchise authorities, on our business.

Some of these factors are beyond our control. If we are unable to generate sufficient cash flow or access additional external liquidity sources, we may not be able to service and repay our debt, operate our business, respond to competitive challenges, or fund our other liquidity and capital needs. Although we and our subsidiaries have been able to raise funds through issuances of debt in the past, we may not be able to access additional sources of external liquidity on similar terms, if at all. We expect that cash on hand, cash flows from operating activities, and the amounts available under our credit facilities will be adequate to meet our cash needs through 2008. We believe that cash flows from operating activities and amounts available under our credit facilities may not be sufficient to fund our operations and satisfy our interest and principal repayment obligations in 2009, and will not be sufficient to fund such needs in 2010 and beyond. See “Part I. Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

Because of our holding company structure, our outstanding notes are structurally subordinated in right of payment to all liabilities of our subsidiaries. Restrictions in our subsidiaries’ debt instruments and under applicable law limit their ability to provide funds to us or our various debt issuers.

Charter’s primary assets are its equity interests in its subsidiaries. Our operating subsidiaries are separate and distinct legal entities and are not obligated to make funds available to us for payments on our notes or other obligations in the form of loans, distributions or otherwise. Our subsidiaries’ ability to make distributions to us is subject to their compliance with the terms of their credit facilities and indentures and restrictions under applicable law. Under the Delaware limited liability company act, our subsidiaries may only make distributions to us if they have “surplus” as defined in the act. Under fraudulent transfer laws, our subsidiaries may not make distributions to us or the applicable debt issuers to service debt obligations if they are insolvent or are rendered insolvent thereby. The measures of insolvency for purposes of these fraudulent transfer laws vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, an entity would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or
- it could not pay its debts as they became due.

While we believe that our relevant subsidiaries currently have surplus and are not insolvent, there can be no assurance that these subsidiaries will be permitted to make distributions in the future in compliance with these restrictions in amounts needed to service our indebtedness. Our direct or indirect subsidiaries include the borrowers and guarantors under the Charter Operating and CCO Holdings credit facilities. Several of our subsidiaries are also obligors and guarantors under other senior high yield notes. Our convertible notes are structurally subordinated in right of payment to all of the debt and other liabilities of our subsidiaries. As of June 30, 2007, our total debt was approximately \$19.6 billion, of which approximately \$19.2 billion was structurally senior to our convertible notes.

In the event of bankruptcy, liquidation or dissolution of one or more of our subsidiaries, that subsidiary’s assets would first be applied to satisfy its own obligations, and following such payments, such subsidiary may not have sufficient assets remaining to make payments to us as an equity holder or otherwise. In that event:

- the lenders under Charter Operating's credit facilities whose interests are secured by substantially all of our operating assets, will have the right to be paid in full before us from any of our subsidiaries' assets; and
- the holders of preferred membership interests in our subsidiary, CC VIII, would have a claim on a portion of its assets that may reduce the amounts available for repayment to holders of our outstanding notes.

Risks Related to Our Business

We operate in a very competitive business environment, which affects our ability to attract and retain customers and can adversely affect our business and operations

The industry in which we operate is highly competitive and has become more so in recent years. In some instances, we compete against companies with fewer regulatory burdens, easier access to financing, greater personnel resources, greater brand name recognition, and long-established relationships with regulatory authorities and customers. Increasing consolidation in the cable industry and the repeal of certain ownership rules may provide additional benefits to certain of our competitors, either through access to financing, resources, or efficiencies of scale.

Our principal competitors for video services throughout our territory are direct broadcast satellite operators ("DBS"). The two largest DBS providers are The DIRECTV Group, Inc. and EchoStar Communications, Inc. Competition from DBS, including intensive marketing efforts with aggressive pricing and exclusive programming has had an adverse impact on our ability to retain customers. DBS has grown rapidly over the last several years. The cable industry, including us, has lost a significant number of video customers to DBS competition, and we face serious challenges in this area in the future. In some areas, DBS operators have entered into co-marketing arrangements with other of our competitors to offer service bundles combining video services provided by the DBS operator and digital subscriber line Internet services ("DSL") along with traditional telephone service offered by the telephone companies. These service bundles substantially resemble our bundles. We believe that competition from DBS service providers may present greater challenges in areas of lower population density, and that our systems service a higher concentration of such areas than those of certain other major cable service providers.

Local telephone companies and electric utilities can offer video and other services in competition with us and they increasingly may do so in the future. Two major local telephone companies, AT&T and Verizon, have both announced that they are making upgrades of their networks. Some upgraded portions of these networks are or will be capable of carrying two-way video services that are comparable to ours, high-speed data services that operate at speeds as high or higher than those we make available to customers in these areas, and digital voice services that are similar to ours. In addition, these companies continue to offer their traditional telephone services as well as bundles that include wireless voice services provided by affiliated companies. Based on internal estimates, we believe that AT&T's and Verizon's upgrades have been completed in systems representing approximately 6% to 7% of our homes passed as of June 30, 2007, an increase from an estimated 2% at March 31, 2007. Additional upgrades in markets in which we operate are expected. In areas where they have launched video services, these parties are aggressively marketing video, voice and data bundles at entry level prices similar to those we use to market our bundles.

The existence of more than one cable system operating in the same territory is referred to as an overbuild. Overbuilds could adversely affect our growth, financial condition, and results of operations, by creating or increasing competition. Based on internal estimates, as of June 30, 2007, we are aware of traditional overbuild situations impacting approximately 8% of our estimated homes passed, and potential traditional overbuild situations in areas servicing approximately an additional 1% of our estimated homes passed. Additional overbuild situations may occur in other systems.

With respect to our Internet access services, we face competition, including intensive marketing efforts and aggressive pricing, from telephone companies and other providers of DSL. DSL service is competitive with high-speed Internet service over cable systems. In addition, DBS providers have entered into joint marketing arrangements with Internet access providers to offer bundled video and Internet service, which competes with our ability to provide bundled services to our customers. Moreover, as we expand our telephone offerings, we will face considerable competition from established telephone companies and other carriers.

In order to attract new customers, from time to time we make promotional offers, including offers of temporarily reduced price or free service. These promotional programs result in significant advertising, programming and operating expenses, and also require us to make capital expenditures to acquire customer premise equipment. Customers who subscribe to our services as a result of these offerings may not remain customers for any significant period of time following the end of the promotional period. A failure to retain existing customers and customers added through promotional offerings or to collect the amounts they owe us could have a material adverse effect on our business and financial results.

Mergers, joint ventures, and alliances among franchised, wireless, or private cable operators, DBS providers, local exchange carriers, and others, may provide additional benefits to some of our competitors, either through access to financing, resources, or efficiencies of scale, or the ability to provide multiple services in direct competition with us.

In addition to the various competitive factors discussed above, our business is subject to risks relating to increasing competition for the leisure and entertainment time of consumers. Our business competes with all other sources of entertainment and information delivery, including broadcast television, movies, live events, radio broadcasts, home video products, console games, print media, and the Internet. Technological advancements, such as video-on-demand, new video formats, and Internet streaming and downloading, have increased the number of entertainment and information delivery choices available to consumers, and intensified the challenges posed by audience fragmentation. The increasing number of choices available to audiences could negatively impact not only consumer demand for our products and services, but also advertisers' willingness to purchase advertising from us. If we do not respond appropriately to further increases in the leisure and entertainment choices available to consumers, our competitive position could deteriorate, and our financial results could suffer.

We cannot assure you that our cable systems will allow us to compete effectively. Additionally, as we expand our offerings to include other telecommunications services, and to introduce new and enhanced services, we will be subject to competition from other providers of the services we offer. We cannot predict the extent to which competition may affect our business and operations in the future.

Risks Related to Regulatory and Legislative Matters

Our cable system franchises are non-exclusive. Accordingly, local franchising authorities can grant additional franchises and create competition in market areas where none existed previously, resulting in overbuilds, which could adversely affect results of operations.

Our cable system franchises are non-exclusive. Consequently, local franchising authorities can grant additional franchises to competitors in the same geographic area or operate their own cable systems. In addition, certain telephone companies are seeking authority to operate in communities without first obtaining a local franchise. As a result, competing operators may build systems in areas in which we hold franchises. In some cases, municipal utilities may legally compete with us without obtaining a franchise from the local franchising authority.

Legislative proposals have been introduced in many state legislatures that would greatly streamline cable franchising. This legislation is intended to facilitate entry by new competitors, particularly local telephone companies. Such legislation has passed in numerous states, including states where we have significant operations. Although most of these states have provided some regulatory relief for incumbent cable operators, some of these proposals are viewed as being more favorable to new entrants due to a number of factors, including efforts to withhold streamlined cable franchising from incumbents until after the expiration of their existing franchises, and the potential for new entrants to serve only higher-income areas of a particular community. To the extent we are not able to avail ourselves of this streamlined franchising process, we may continue to be subject to more onerous franchise requirements at the local level than new entrants. In March 2007, the FCC released a ruling designed to streamline competitive cable franchising. Among other things, the FCC prohibited local franchising authorities from imposing "unreasonable" build-out requirements and established a mechanism whereby competing providers can secure "interim authority" to offer cable service if the local franchising authority has not acted on a franchise application within 90 days (in the case of competitors with existing right of way authority) or 180 days (in the case of competitors without existing right of way authority). Local regulators have appealed the FCC's ruling.

We may be required to provide access to our network to other Internet service providers, which could significantly increase our competition and adversely affect our ability to provide new products and services.

A number of companies, including independent Internet service providers, or ISPs, have requested local authorities and the FCC to require cable operators to provide non-discriminatory access to cable's broadband infrastructure, so that these companies may deliver Internet services directly to customers over cable facilities. In a 2005 ruling, commonly referred to as *Brand X*, the Supreme Court upheld an FCC decision making it less likely that any nondiscriminatory "open access" requirements (which are generally associated with common carrier regulation of "telecommunications services") will be imposed on the cable industry by local, state or federal authorities. The Supreme Court held that the FCC was correct in classifying cable provided Internet service as an "information service," rather than a "telecommunications service." Notwithstanding *Brand X*, there has been continued advocacy by certain Internet content providers and consumer groups for new federal laws or regulations to adopt so-called "net neutrality" principles limiting the ability of broadband network owners (like Charter) to manage and control their own networks. The proposals might prevent network owners, for example, from charging bandwidth intensive content providers, such as certain online gaming, music, and video service providers, an additional fee to ensure quality delivery of the services to consumers. If we were required to allocate a portion of our bandwidth capacity to other Internet service providers, or were prohibited from charging heavy bandwidth intensive services a fee for use of our networks, we believe that it could impair our ability to use our bandwidth in ways that would generate maximum revenues. In April 2007, the FCC issued a notice of inquiry regarding the marketing practices of broadband providers as a precursor to considering the need for any FCC regulation of internet service providers.

Changes in channel carriage regulations could impose significant additional costs on us.

Cable operators also face significant regulation of their channel carriage. We can be required to devote substantial capacity to the carriage of programming that we might not carry voluntarily, including certain local broadcast signals, local public, educational and government access programming, and unaffiliated commercial leased access programming. This carriage burden could increase in the future, particularly if we are required to carry both an analog and digital versions of local broadcast signals (dual carriage) or to carry multiple program streams included with a single digital broadcast transmission (multicast carriage). Additional government-mandated broadcast carriage obligations could disrupt existing programming commitments, interfere with our preferred use of limited channel capacity, and limit our ability to offer services that would maximize our revenue potential. The FCC recently initiated a new rulemaking to explore the cable industry's carriage obligations once the broadcast industry transition from analog to digital transmission is completed in February 2009. The FCC is considering new carriage obligations in an effort to facilitate that transition that could increase the capacity cable operators must devote to the retransmission of broadcast signals.

Item 4. Submission of Matters to a Vote of Security Holders.

The annual meeting of shareholders of Charter Communications, Inc. was held on June 12, 2007. Of the total 408,616,474 shares of Class A common stock issued, outstanding and eligible to be voted at the meeting, 364,693,586 shares, representing the same number of votes, were represented in person or by proxy at the meeting. Of the total 50,000 shares of Class B common stock issued, outstanding and eligible to be voted at the meeting, 50,000 shares, representing 3,391,820,310 votes, were represented in person or by proxy at the meeting. Three matters were submitted to a vote of the shareholders at the meeting.

ELECTION OF ONE CLASS A/CLASS B DIRECTOR. The holders of the Class A common stock and the Class B common stock voting together elected Robert P. May as the Class A/Class B director, to hold office for a term of one year. The voting results are set forth below:

<u>NOMINEE</u>	<u>FOR</u>	<u>WITHHELD</u>	<u>BROKER NON-VOTE</u>
Robert P. May	3,751,644,025	4,869,871	N/A

ELECTION OF ELEVEN CLASS B DIRECTORS. The holder of the Class B common stock elected eleven Class B directors to the Board of Directors, each to hold office for a term of one year. The voting results are set forth below:

NOMINEE	FOR	WITHHELD
Paul G. Allen	3,391,820,310	0
W. Lance Conn	3,391,820,310	0
Nathaniel A. Davis	3,391,820,310	0
Jonathan L. Dolgen	3,391,820,310	0
Rajive Johri	3,391,820,310	0
David C. Merritt	3,391,820,310	0
Marc B. Nathanson	3,391,820,310	0
Jo Allen Patton	3,391,820,310	0
Neil Smit	3,391,820,310	0
John H. Tory	3,391,820,310	0
Larry W. Wangberg	3,391,820,310	0

RATIFICATION OF KPMG LLP AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM. The holders of the Class A common stock and the Class B common stock voting together ratified KPMG LLP as Charter Communications, Inc.'s independent registered public accounting firm for the year ended December 31, 2007. The voting results are set forth below:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTE
3,753,652,733	2,573,249	287,914	N/A

Under the Certificate of Incorporation and Bylaws of Charter Communications, Inc. for purposes of determining whether votes have been cast, abstentions and broker "non-votes" are not counted and therefore do not have an effect on the proposals

Item 5. Other Information.

Charter entered into amended and restated employment agreements ("New Agreements") as of August 1, 2007, with J. T. Fisher, Executive Vice President and Chief Financial Officer; Michael J. Lovett, Executive Vice President and Chief Operating Officer; Grier C. Raclin, Executive Vice President, General Counsel and Corporate Secretary; and Robert A. Quigley, Executive Vice President and Chief Marketing Officer, all Named Executive Officers ("NEO") of Charter. These New Agreements replace the existing employment agreements for each of the individuals. In addition, Charter will enter into an Addendum to Employment Agreement (the "Addendum") as of August 1, 2007, with Neil Smit, President and Chief Executive Officer, who is also a NEO. The following is a brief description of the New Agreements and the general terms of the Addendum. The full text of each of the New Agreements and the Addendum have been filed as exhibits to this Form 10-Q.

The New Agreements are for terms of between two and three years, automatically renewable for a one-year period unless either party gives written notice not later than 90 days prior to the termination of the agreement. The New Agreements set forth annual base salary amounts, target bonus amounts as a percentage of annual base salary under Charter's Executive Bonus Plan and special equity grants to each NEO. The specific amounts for each NEO are set forth in the table below. The New Agreements also provide that the NEOs shall be entitled to receive such benefits and perquisites that are generally provided to senior executives of a comparable level at Charter and to participate in the 2005 Executive Cash Award Plan (the "Cash Award Plan"). The New Agreement of Mr. Lovett provides that Mr. Lovett will receive a one time additional contribution to the Cash Award Plan equal to 1.5 times base salary.

The New Agreements provide that, in the event that the Executive is terminated by Charter without "Cause" or the Executive elects to terminate the New Agreement for "Good Reason," as those terms are defined in the New Agreements, the Executive will receive the severance payment set forth in the table below in 52 bi-weekly installments; a lump sum payment equal to payments due under COBRA for at least 24 months; and the vesting of options and restricted stock for as long as severance payments are made, subject to acceleration if a "Change of Control" (as such term is defined in the New Agreements) occurs during the severance period (in Mr. Lovett's case all options, performance units, shares and restricted shares also accelerate upon Termination by the Company without Cause or by the Executive for Good Reason) and subject to the

restrictions contained in Section 409A of the Internal Revenue Code. In the event of termination by reason of "Disability," as that term is defined in the New Agreements, or death, Charter shall pay in a lump sum payment all unpaid salary and earned bonus, as well as the *pro rata* portion of the bonus for the year of termination, payable when other senior executives bonuses are paid. The New Agreements contain a two-year non-compete provision and a two-year non-solicitation clause.

The Addendum provides that Mr. Smit will receive certain awards of equity of Charter under Charter's 2001 Stock Incentive Plan, an additional amount of severance pay than as set forth in his employment agreement, and that Mr. Smit will participate in the Cash Award Plan, resulting in \$1.44 million being credited to his account under the plan.

The following table sets forth a summary of amounts contained in each of the New Agreements and the Addendum:

Name	Term of Agreement	Base Salary (\$)	Bonus Target (% of Base Salary)	Special Equity Grant	Severance Pay (\$)
Neil Smit, President and Chief Executive Officer	No change	No change	No change	Restricted Stock – 600,000 shares 2007 Performance Units – 600,000	(Base salary+ Target Bonus) x 3
J. T. Fisher Executive Vice President and Chief Financial Officer	2 years, 9 months	515,000	70	Restricted Stock – 50,000 shares 2007 Performance Units – 50,000	(Base Salary+ Target Bonus) x 2
Michael J. Lovett Executive Vice President and Chief Operating Officer	3 years	731,150	100	Restricted Stock – 553,643 shares 2007 Performance Units – 553,643	(Base Salary+ Target Bonus) x 2.5
Robert A. Quigley Executive Vice President and Chief Marketing Officer	2 years, 3 months	470,025	60	Restricted Stock – 150,000 and 75,000 shares 2007 Performance Units – 150,000	(Base Salary+ Target Bonus) x 2
Grier C. Raclin Executive Vice President, General Counsel and Corporate Secretary	2 years, 9 months	470,025	60	Restricted Stock – 150,000 shares 2007 Performance Units – 150,000	(Base Salary+ Target Bonus) x 2

Item 6. Exhibits.

The index to the exhibits begins on page E-1 of this quarterly report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, Charter Communications, Inc. has duly caused this quarterly report to be signed on its behalf by the undersigned, thereunto duly authorized.

CHARTER COMMUNICATIONS, INC.,
Registrant

Dated: August 2, 2007

By: /s/ Kevin D. Howard

Name: Kevin D. Howard

Title: *Vice President and
Chief Accounting Officer*

EXHIBIT INDEX

Exhibit Number	Description of Document
3.1(a)	Restated Certificate of Incorporation of Charter Communications, Inc. (Originally incorporated July 22, 1999) (incorporated by reference to Exhibit 3.1 to Amendment No. 3 to the registration statement on Form S-1 of Charter Communications, Inc. filed on October 18, 1999 (File No. 333-83887)).
3.1(b)	Certificate of Amendment of Restated Certificate of Incorporation of Charter Communications, Inc. filed May 10, 2001 (incorporated by reference to Exhibit 3.1(b) to the annual report on Form 10-K filed by Charter Communications, Inc. on March 29, 2002 (File No. 000-27927)).
3.2	Amended and Restated By-laws of Charter Communications, Inc. as of October 30, 2006 (incorporated by reference to Exhibit 3.1 to the quarterly report on Form 10-Q of Charter Communications, Inc. filed on October 31, 2006 (File No. 000-27927)).
10.1+*	Addendum to the Employment Agreement between Neil Smit and Charter Communications, Inc., dated as of August 1, 2007.
10.2+*	Amended and Restated Employment Agreement between Jeffrey T. Fisher and Charter Communications, Inc., dated as of August 1, 2007.
10.3+*	Amended and Restated Employment Agreement between Michael J. Lovett and Charter Communications, Inc., dated as of August 1, 2007.
10.4+*	Amended and Restated Employment Agreement between Robert A. Quigley and Charter Communications, Inc., dated as of August 1, 2007.
10.5+*	Amended and Restated Employment Agreement between Grier C. Raclin and Charter Communications, Inc., dated as of August 1, 2007.
12.1*	Computation of Ratio of Earnings to Fixed Charges.
31.1*	Certificate of Chief Executive Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
31.2*	Certificate of Chief Financial Officer pursuant to Rule 13a-14(a)/Rule 15d-14(a) under the Securities Exchange Act of 1934.
32.1*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Executive Officer).
32.2*	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Chief Financial Officer).

* Document attached

+ Management compensatory plan or arrangement

ADDENDUM TO EMPLOYMENT AGREEMENT

THIS ADDENDUM TO EMPLOYMENT AGREEMENT (this "Addendum") is entered into as of August 1, 2007 by and between **CHARTER COMMUNICATIONS, INC.**, a Delaware corporation (together with its successors and assigns, the "Company"), and Neil Smit, an individual ("Executive") as an amendment to that Employment Agreement by and between the Company and Executive, dated as of August 9, 2005 (the "Agreement").

WITNESSETH:

WHEREAS:

- (1) The Company and Executive (each, a "Party") desire for Executive to enter into this Addendum to provide for certain terms and awards as Executive continues to be employed by the Company as Chief Executive Officer and President subject to the terms and conditions set forth in this Addendum and the Agreement; and
- (2) The Company and Executive acknowledge that the equity awards provided hereunder are not effective until both parties have executed and delivered this Addendum and that the awards and benefits provided for herein provide additional consideration to Executive for the restrictive covenants placed on Executive under the Agreement.

NOW, THEREFORE, in consideration of the premises, and the promises and agreements set forth below, the Parties, intending to be legally bound, agree as follows:

1. Executive Cash Award Plan. Beginning on this date, Executive will participate in the Charter Communications Inc. 2005 Executive Cash Award Plan, as amended (the "Cash Award Plan") for the term of the Agreement on the same terms as are applicable generally to participants in the Cash Award Plan. An initial amount of 120% of Executive's Base Salary as of the date hereof (or \$1,440,000) shall be initially credited on the date hereof as a book entry to Executive's Plan Award Account under the Cash Award Plan and Executive shall received further book entry credits in 2008 and 2009 under the terms of the Cash Award Plan.

2. Equity Awards.

(a) In addition to the restricted stock awards previously granted pursuant to the terms of the Agreement under the Company's 2001 Stock Incentive Plan, as of the date hereof, Executive shall be granted restricted stock awards for 600,000 shares of Class A Common Stock and shall vest in equal annual installments on each of the first three anniversaries of August 10, 2007 (subject to Executive's continued employment with the Company and except as otherwise provided in the Agreement or in Exhibit C to the Agreement), and shall be governed by a restricted stock agreement in substantially the form attached hereto as Exhibit C to the Agreement (the "Addendum Restricted Stock Award").

(b) In addition to the performance unit awards previously granted pursuant to the terms of the Agreement, as of the date hereof, Executive shall hereby be granted 600,000 performance units, subject to the terms and provisions of the Company's 2001 Stock Incentive Plan (the "Addendum Performance Award"). The Addendum Performance Award shall be earned based upon Company performance during a one-year performance cycle for calendar year 2007, against objective performance criteria established by the Compensation and Benefits Committee for other executives' performance units granted in 2007. The number of

performance shares earned by, and delivered to, Executive shall be determined by the formula established by the Compensation and Benefits Committee when the targets and performance criteria were established for calendar year 2007), and with maximum payout no greater than 200% of the (appropriately adjusted) amount of the Addendum Performance Award. The degree to which performance targets are attained (or surpassed) shall be determined by the Compensation and Benefits Committee in March 2008, and freely tradable shares reflecting the performance target attainment identified by the Committee ("Performance Shares") shall (to the extent earned) be delivered to Executive no later than March 15, 2010. The Addendum Performance Award shall be subject to the terms and conditions of the Agreement, this Addendum, the Company's 2001 Stock Incentive Plan and a performance share award agreement in substantially the form attached to the Agreement as Exhibit D.

3. Termination of Employment. (a) Section 3.3(a)(ii) is hereby amended in its entirety to read as follows:
“(ii) three (3) times the Salary plus Target Bonus (125% of Salary) both as of the Termination Date;”

(b) Section 3.3(a)(i) of the Agreement is hereby deleted in its entirety.

4. Miscellaneous.

(a) Except as specifically amended or modified by this Addendum, the terms and provisions of the Agreement remain in full force and effect. This Addendum and the Agreement contain the entire agreement between the Parties with respect to its specific subject matter and supersedes all prior oral and written communications, agreements and understandings between the Parties with respect to the terms and conditions of Executive's employment.

(b) The headings of the Sections contained in this Addendum are for convenience only and shall not be deemed to control or affect the meaning or construction of any provision of this Addendum.

(c) This Addendum may be executed in one or more counterparts, each of which will be deemed to be an original copy of this Addendum and all of which, when taken together, will be deemed to constitute one and the same agreement. This Addendum may be executed by facsimile signatures.

IN WITNESS WHEREOF, the Parties have executed and delivered this Agreement as of the date above first written above.

CHARTER COMMUNICATIONS, INC.

By: /s/ Grier C. Raclin
Name: Grier C. Raclin
Title: Executive Vice President, General Counsel and Secretary

Executive

Neil Smit /s/ Neil Smit

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated and effective the 1st day of August 2007 (the "Effective Date") is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and Jeffrey T. Fisher, an adult resident of Missouri (the "Executive").

RECITALS:

WHEREAS, the Executive and the Company have previously entered into that certain Employment Agreement dated January 20, 2006 (the "Old Employment Agreement") and the parties desire to amend and restate in its entirety the Old Employment Agreement;

WHEREAS, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President and Chief Financial Officer and the Executive desires to serve the Company on the terms herein provided;

WHEREAS, in connection with the entry into the Agreement, the Executive will be granted performance units and restricted shares of Company Stock pursuant to the Company's 2001 Stock Incentive Plan, as amended as of the date hereof (the "Special Equity");

WHEREAS, Executive's agreement to the terms and conditions of Sections 17 and 19 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) "Allen" shall mean Paul G. Allen (and his heirs or beneficiaries under his will(s), trusts or other instruments of testamentary disposition), and any entity or group over which Paul G. Allen has Control and that constitutes a Person as defined herein. For the purposes of this definition, "Control" means the power to direct the management and policies of an entity or to appoint or elect a majority of its governing board.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 6.

(e) The Company shall have "Cause" to terminate Executive's employment hereunder upon Executive's:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach)

or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives

written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; *provided that* if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of *nolo contendere* or no contest (or the equivalent), or entering into any pretrial diversion program or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial economic injury to or substantial injury to the business reputation of the Company or any

subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(e)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(e)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(f) “Change of Control” shall be deemed to have occurred if:

(i) any Person is or becomes a “beneficial owner” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act), directly or indirectly, of securities representing the Applicable Percentage (as defined below) or more of the total voting power of all of the Company’s then outstanding voting securities. For purposes of this Section 1(f), the term “Person” shall not include: (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, or (C) an underwriter temporarily holding securities pursuant to an offering of said securities, or (D) Allen. For purposes of this Agreement, in the case of a recapitalization or other exchange involving the exchange of Company voting stock for the Company’s debt, the group of debtholders that acquires such Company voting stock as the result of such recapitalization or exchange shall not be treated as a single Person solely by reason of such recapitalization or exchange; or

(ii) the occurrence of a merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless following such Business Combination: (A) all or substantially all of the individuals and entities who were the “beneficial owners” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of the outstanding voting securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, securities representing more than fifty percent (50%) of the total voting power of the then outstanding voting securities of the entity resulting from such Business Combination (or such assets as the case may be) or the parent of such entity in substantially the same proportionate ownership as in effect immediately prior to the Business Combination (the “Resulting Entity”); and (B) a majority of the members of the board of directors or other governing body of the Resulting Entity were members of the Board at the

time of the execution of the initial agreement, or at the time of the action of the Board, providing for such Business Combination; or

(iii) the consummation of a plan of complete liquidation or dissolution of the Company; or

(iv) if and when Allen shall no longer have the power to appoint a majority of the Board, during any period of two (2) consecutive calendar years, individuals who either (A) at the beginning of such period are members of the Board ("Incumbent Directors"), or (B) whose election to the Board during such period is approved by a vote of the majority of those members of the Board who are Incumbent Directors at the time of such approval, whereupon such individual so approved shall be treated as an Incumbent Director with respect to future approvals, cease for any reason to constitute a majority of the Board.

Notwithstanding the foregoing subsections 1(f)(i) through (iii), a Change of Control shall not include any transaction or series of transactions, including any transactions described above if, following such transaction or transactions, (x) Allen has the largest percentage ownership of the voting securities in the Company or any successor or surviving corporation held by any Person (other than any Person that includes Allen), provided such percentage ownership is more than twenty-five percent or (y) Allen has the power to appoint a majority of the members of the Board of Directors.

For purposes of this definition, (A) at all times that Allen is or are the "beneficial owner(s)" (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of securities representing in the aggregate at least fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means fifty percent (50%); and (B) at all times that Allen is or are the beneficial owner(s) of securities representing in the aggregate less than fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means any percentage that is more than the greater of (1) the percentage of the total voting power of all of the Company's then outstanding voting securities represented by securities beneficially owned by Allen or (2) twenty-five percent (25%).

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee.

(i) "Company" shall have the meaning set forth in the preamble hereto.

(j) "Company Stock" shall mean the \$.10 par value common stock of the Company.

(k) "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 14(a)(ii) – (vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(l) For purposes of this Agreement, Executive will be deemed to have a "Disability" if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(m) "Executive" shall have the meaning set forth in the preamble hereto.

(n) "Good Reason" shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the office where Executive is then assigned to work as Executive's principal office; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to a Chief Financial Officer of a public corporation or (vi) any change in reporting structure such that Executive no longer reports directly to the "Chief Executive Officer (or equivalent position, if there is no Chief Executive Officer)" (in each case "(i)" through "(vi)" only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vii) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change of Control under at least the same terms and conditions

(except that the value of equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; (viii) the Company's decision not to renew this Agreement at the end of its term, or (ix) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term.

- (o) "Notice of Termination" shall have the meaning set forth in Section 14(b).
- (p) "Options" shall have the meaning set forth in Section 7
- (q) "Performance Unit" and "Performance Shares" shall have the meaning set forth in Section 9 hereof.
- (r) "Person" shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.
- (s) "Plan" shall mean the 2001 Stock Incentive Plan as amended by the Company from time to time.
- (s) "Restricted Shares" shall have the meaning set forth in Section 8.
- (t) "Term" shall have the meaning set forth in Section 2.

(u) "Voluntary" and "Voluntarily" in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be "Voluntary" and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts his employment, under the terms and conditions hereof, for the period (the "**Term**") beginning on the Effective Date hereof and terminating upon the earlier of (i) April 30, 2010 (the "**Initial Term**") and (ii) the Date of Termination as defined in Section 1(k), and, if not terminated earlier, will be automatically renewed at the end of its Initial Term and on each anniversary thereafter for a period of one (1) year unless either party shall give written notice of cancellation to the other party not later than ninety (90) days prior to the end of the Initial Term or anniversaries thereof.

3. **Position and Duties.** Executive shall serve as Executive Vice President and Chief Financial Officer reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for financial reporting in the Company. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near St. Louis, MO except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term, Executive shall receive a base salary at a rate not less than \$515,000.00 per annum (the "Annual Base Salary"), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; *provided, however*, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the "Bonus Year"), Executive shall be eligible to receive a bonus in an amount up to 70 % of Executive's Annual Base Salary (the "Bonus" and bonuses at such percentage of Annual Base Salary being the "Target Bonus") pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus being paid on or before February 28 of the year next following the Bonus Year, or as soon as is administratively practicable thereafter (e.g., after the public disclosure of the Company's financial results for the prior year on SEC Form 10-K or on such replacement form as the SEC shall determine, for those years as the Company's securities are traded publicly, and the Company's annual financial results are reported to the shareholders, for those (if any) years as the Company's securities are not traded publicly).

7. **Stock Options.** The Company has previously granted to Executive options to purchase shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive additional options to purchase shares of Company Stock (all of such options, collectively, the "Options") pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

8. **Restricted Shares.** The Company has previously granted to Executive Restricted Shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive Restricted Shares (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Grant Letter.

9. **Performance Shares Units.** The Company has previously granted to Executive Performance Share Units of which some have been converted into Performance Shares (which are not aggregated in the forgoing description of Restricted Shares) as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive further Performance Share Units (collectively, the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Executive Cash Bonus Plan.** Executive currently is a participant in the Company's 2005 Executive Cash Award Plan with a Plan Award (as defined in such Plan) as set forth in Exhibit B and shall remain a participant in such Plan under the terms therefore for the term of this Agreement.

11. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time.

12. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter.

13. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time *provided that*, in no event shall Executive be entitled to less than three (3) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

14. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, *provided that* within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effectively immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(e) above.

(iv) Good Reason. Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (vi) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vii) through (ix).

(v) Without Cause. The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) Resignation Without Good Reason. Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 14 (other than pursuant to Sections 14(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 14(a)(ii)-(vi) above (the "Notice Period"); *provided that* the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) Resignation from Representational Capacities. Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, [s]he shall be deemed to have, and shall have in fact, effectively resigned from all executive, director or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change in Control. If Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, such termination shall be deemed to have occurred immediately before such Change in Control for purposes of this Agreement and the Plan.

15. Termination Pay

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 15, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 15, Executive's designated beneficiary will be such individual beneficiary or trust, located at such address, as Executive may designate by notice to Company from time to time or, if Executive fails to

give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee.

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Section 19 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices *provided that*, if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control.

(ii) if Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, the Company shall treat as earned all unvested Performance Units for which the performance term has not expired as of such Change of Control at the rate calculated pursuant to the Plan and the applicable Grant Letter, and shall immediately convert those Units into Restricted Shares and accelerate as of the Date of Termination the removal of restrictions on such shares.

(iii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms;

(iv) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for

health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's employment terminated. This amount will be paid at the same time the payment is made under Section 15(b)(i) and will not take into account future increases in costs during the applicable time period; and

(v) notwithstanding anything to the contrary in any award agreement, Executive shall be deemed to be actively employed during the twenty-four (24) month period following termination of employment for purposes of vesting of all stock options, performance units and restricted stock; *provided that* if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) within such period, all remaining stock options that would have vested in the twenty-four (24) month period shall vest, and all remaining restricted stock and performance units whose restrictions would have lapsed in the twenty-four (24) month period shall have their restrictions lapse immediately upon such Change of Control; provided, however, that with respect to any equity-based compensation awards subject to Section 409A of the Code (as determined by independent tax counsel retained by the Company), vesting and/or the lapse of restrictions will only be accelerated if such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code, or the first subsequent time at which such distribution may be made in compliance with Section 409A of the Code; and

(vi) pay the cost of up to twelve (12) months, as required, of executive-level out-placement services (which provides as part of the outplacement the use of an office and secretarial support as near as reasonably practicable to Executive's residence).

provided, however, any of the benefits described in Section 15(b)(i) through (vi) that are due to be paid or awarded during the first six (6) months after the Date of Termination shall, to the extent required to avoid the tax consequences of Section 409A of the Code as determined by independent tax counsel, be suspended and paid after the six (6) month anniversary of Executive's Date of Termination.

(c) The Executive shall not be required to mitigate the amount of any payments provided in Section 15, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 15 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the date of termination which are payable under and in accordance with this Agreement; any

unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement; and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 14(a)(ii)) or death (pursuant to Section 14(a)(i)), the Company shall pay to Executive, in a lump sum cash payment as soon as practicable following the Date of Termination, all unpaid Annual Base Salary and Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the *pro rata* portion of their Bonus for such year (when and as paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; *provided that*, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b)(i) and 15(e), Executive must comply with the provisions of Sections 17, 18 and 19. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b) and 15(e) Executive (or Executive's executor and personal representatives in case of death) must first execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. A copy of the standard form release being used by Company as of the date of this agreement for executive separations when severance is being paid is attached to this Agreement as Exhibit C. It is understood that the final

document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 15 will not be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

16. **Excess Parachute Payment.**

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 16(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided that* Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject to the selection, within two business days of being notified of the selection,

on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 16(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 16, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 16, if (i) there is a reduction in the Total Payments as described in this Section 16, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 16 as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

17. **Competition/Confidentiality.**

(a) **Acknowledgments by Executive.** Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive

possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 17 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) Confidential Information. (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "Confidential Information" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information (including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of

internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (*e.g.*, laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

18. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment, which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include

inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

19. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 19 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 19, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 19(b)(i), the first anniversary), of the date Executive's employment terminated *provided that* the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 15 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee, consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of

all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A “Competitive Business” is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive’s employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 19 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive’s investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), *provided that* the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive’s employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive’s employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive’s employment terminated, or

otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 19, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 19 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 17, 18 or 19 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 17, 18 and 19) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if Executive breaches any of the provisions of Sections 17, 18 or 19, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 17, 18 and 19 are Essential and Independent Covenants. The covenants by Executive in Sections 17, 18 and 19 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 17, 18 and 19 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 17, 18 or 19. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 17, 18 and 19. The Company's right to enforce the covenants in Sections 17, 18 and 19 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 17, 18 or 19, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 17, 18 and 19 of this Agreement.

20. **Executive's Representations And Further Agreements.**

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult

with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

21. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

22. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

23. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Policy Regarding the Purchase and Sale of the Company's Securities by Employees, as such Policy may be amended from time to time. Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

24. **Indemnification.** (a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; *provided, however*, that, except as provided in Section 24(c) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Corporation shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), *provided, however*, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 24 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 24(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 24(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination

prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 24 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 24 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

25. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

26. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.
Attn.: Human Resources
12405 Powerscourt Drive
St. Louis, MO 63131

If to the Executive: 12405 Powerscourt Drive
St. Louis, MO 63131

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

27. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

28. **Entire Agreement.** As of the Effective Date, the Employee and the Company hereby irrevocably agree that the Old Employment Agreement is hereby terminated in its entirety, and neither party thereto shall have any rights or obligations under the Old Employment Agreement, including but not limited to, in the case of the Employee, any right to any severance payment or benefit. This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

29. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

30. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

31. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any

such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

32. **Choice of Law/Jurisdiction** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern Division of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

33. **Section Headings**. The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

34. **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

Charter Communications, Inc.

By: /s/ Neil Smit
Name: Neil Smit
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Jeffrey T. Fisher
Name: Jeffrey T. Fisher
Address: _____

**Charter Communications
Grant Summary Report
Exhibit A**

Activity as of 6/25/2007

<u>Grant Date</u>	<u>Grant Type</u>	<u>Grant Price</u>	<u>Granted</u>	<u>Exercised</u>	<u>Canceled</u>	<u>Subject to Repurchase</u>	<u>Outstanding</u>	<u>Vested</u>	<u>Outstanding Exercisable</u>
2001 Non-Qualified Stock Option									
Jeffrey T. Fisher									
1/20/2006	Non-Qualified	\$ 1.19	1,000,000	250,000	0	0	750,000	250,000	0
2/6/2006	Restricted	\$ 0.00	50,000	16,667	0	0	33,333	16,667	0
3/10/2006	Restricted	\$ 0.00	83,700	0	0	0	83,700	0	0
3/10/2006	Restricted	\$ 0.00	50,220	0	0	0	50,220	0	0
3/10/2006	Non-Qualified	\$ 1.00	145,800	36,450	0	0	109,350	36,450	0
3/9/2007	Non-Qualified	\$ 2.835	57,300	0	0	0	57,300	0	0
3/9/2007	Restricted	\$ 0.00	133,741	0	0	0	133,741	0	0
Optionee Total			1,520,761	303,117	0	0	1,217,644	303,117	0
Plan Total			1,520,761	303,117	0	0	1,217,644	303,117	0

Exhibit B

Executive Cash Award Plan

JT Fisher

Assumptions					
Annual contribution rate	20%				
Salary multiple	100%				
Annual salary increase	3.5%				
	actual	actual	actual	estimate	estimate
Current/estimated salary	\$500,000	\$500,000	\$516,000	\$533,000	\$552,000
Account Activity	2006 at hire	2006	2007	2008	2009
Initial award/accumulating value	\$500,000	\$500,000	\$600,000	\$351,500	\$458,100
Annual contribution		100,000	103,000	106,600	110,400
	\$500,000	\$600,000	\$703,000	\$458,100	\$568,500
Payout			(351,500)		(568,500)
Ending value	\$500,000	\$600,000	\$351,500	\$458,100	\$0
Total cash paid Year 3 + Year 5					\$920,000

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated and effective the 1st day of August 2007 (the "Effective Date") is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and Michael J. Lovett, an adult resident of Missouri (the "Executive").

RECITALS:

WHEREAS, the Executive and the Company have previously entered into that certain Employment Agreement dated February 28, 2006 (the "Old Employment Agreement") and the parties desire to amend and restate in its entirety the Old Employment Agreement;

WHEREAS, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President and Chief Operating Officer and the Executive desires to serve the Company on the terms herein provided;

WHEREAS, in connection with the entry into the Agreement, the Executive will be granted performance units and restricted shares of Company Stock pursuant to the Company's 2001 Stock Incentive Plan, as amended as of the date hereof (the "Special Equity");

WHEREAS, Executive's agreement to the terms and conditions of Sections 17 and 19 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) "Allen" shall mean Paul G. Allen (and his heirs or beneficiaries under his will(s), trusts or other instruments of testamentary disposition), and any entity or group over which Paul G. Allen has Control and that constitutes a Person as defined herein. For the purposes of this definition, "Control" means the power to direct the management and policies of an entity or to appoint or elect a majority of its governing board.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 6.

(e) The Company shall have "Cause" to terminate Executive's employment hereunder upon Executive's:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach) or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; *provided that* if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of *nolo contendere* or no contest (or the equivalent), or entering into any pretrial diversion program or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on

Company premises; “excessive” meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) willful or grossly negligent commission of any other act or failure to act in connection with the Executive’s duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(e)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(e)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(f) For purposes of this Agreement, “Change in Control” shall mean the occurrence of any of the following events:

(i) any “person” as such term is used in Section 13(d) of the Securities Exchange Act of 1934, or group of persons, excluding Allen and his affiliates, becomes (directly or indirectly) a “beneficial owner” as such term is used as of the Effective Date in Rule 13d-3 promulgated under that Act, of a percentage of the voting securities of the Company (measured either by number of voting securities or by voting power) that is larger than the percentage (if any) of the voting securities of the Company (measured in the same fashion) that Allen and his affiliates beneficially own (directly or indirectly) at such time;

(ii) if and when Allen shall no longer have the power to appoint a majority of the Board, a majority of the Board consists of individuals other than “Incumbent Directors,” which term means the members of the Board on the Effective Date; provided that any individual becoming a director subsequent to such date whose election or nomination for election was supported (other than in connection with any actual or threatened proxy contest) by two-thirds of the directors who then comprised the Incumbent Directors shall be considered to be an Incumbent Director; or

(iii) (x) the Company combines with another entity and is the surviving entity, or (y) all or substantially all of the assets or business of the Company is disposed of pursuant to a sale, merger, consolidation, liquidation, dissolution or other transaction or series of transactions (collectively, a "Triggering Event"), unless Allen and his affiliates own, directly or indirectly, by reason of their ownership of voting securities of the Company immediately prior to such Triggering Event, more of the voting securities than any other shareholder (measured both by number of voting securities and by voting power) of (q) in the case of a combination in which the Company is the surviving entity, the surviving entity, and (r) in any other case, the entity (if any) that succeeds to all or substantially all of the Company's business and assets.

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee.

(i) "Company" shall have the meaning set forth in the preamble hereto.

(j) "Company Stock" shall mean the \$.10 par value common stock of the Company.

(k) "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 14(a)(ii) – (vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(l) For purposes of this Agreement, Executive will be deemed to have a "Disability" if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally

competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(m) "Executive" shall have the meaning set forth in the preamble hereto.

(n) "Good Reason" shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the office where Executive is then assigned to work as Executive's principal office; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to a Chief Operating Officer of a public corporation or (vi) any change in reporting structure such that Executive no longer reports directly to the "Chief Executive Officer (or equivalent position, if there is no Chief Executive Officer)" (in each case "(i)" through "(vi)" only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vii) if within six months after a Change in Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change in Control under at least the same terms and conditions (except that the value of equity-based compensation after such Change in Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; (viii) the Company's decision not to renew this Agreement at the end of its term, (ix) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change in Control during its term; or (x) the expiration of six months after a Change in Control (it being intended hereby that Executive can resign in his discretion for any reason within 30 days after six months have expired after a Change in Control and such resignation shall be treated as having been for Good Reason hereunder).

(o) "Notice of Termination" shall have the meaning set forth in Section 14(b).

(p) "Options" shall have the meaning set forth in Section 7

(q) "Performance Unit" and "Performance Shares" shall have the meaning set forth in Section 9 hereof.

(r) "Person" shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of

1934.

(s) "Plan" shall mean the 2001 Stock Incentive Plan as amended by the Company from time to time.

(s) "Restricted Shares" shall have the meaning set forth in Section 8.

(t) "Term" shall have the meaning set forth in Section 2.

(u) "Voluntary" and "Voluntarily" in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be "Voluntary" and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts his employment, under the terms and conditions hereof, for the period (the "**Term**") beginning on the Effective Date hereof and terminating upon the earlier of (i) July 31, 2010 (the "**Initial Term**") and (ii) the Date of Termination as defined in Section 1(k), and, if not terminated earlier, will be automatically renewed at the end of its Initial Term and on each anniversary thereafter for a period of one (1) year unless either party shall give written notice of cancellation to the other party not later than ninety (90) days prior to the end of the Initial Term or anniversaries thereof.

3. **Position and Duties.** Executive shall serve as Executive Vice President and Chief Operating Officer reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for the operations of the Company. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near St. Louis, MO. except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term, Executive shall receive a base salary at a rate not less than \$731,150.00 per annum (the "**Annual Base Salary**"), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; *provided, however*, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the "**Bonus Year**"), Executive shall be eligible to

receive a bonus in an amount up to 100% of Executive's Annual Base Salary (the "Bonus" and bonuses at such percentage of Annual Base Salary being the "Target Bonus") pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus being paid on or before February 28 of the year next following the Bonus Year, or as soon as is administratively practicable thereafter (e.g., after the public disclosure of the Company's financial results for the prior year on SEC Form 10-K or on such replacement form as the SEC shall determine, for those years as the Company's securities are traded publicly, and the Company's annual financial results are reported to the shareholders, for those (if any) years as the Company's securities are not traded publicly).

7. **Stock Options**. The Company has previously granted to Executive options to purchase shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive additional options to purchase shares of Company Stock (all of such options, collectively, the "Options") pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

8. **Restricted Shares**. The Company has previously granted to Executive Restricted Shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive Restricted Shares (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Grant Letter.

9. **Performance Shares Units**. The Company has previously granted to Executive Performance Share Units of which some have been converted into Performance Shares (which are not aggregated in the forgoing description of Restricted Shares) as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive further Performance Share Units (collectively, the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Executive Cash Bonus Plan**. Executive currently is a participant in the Company's 2005 Executive Cash Award Plan with a Plan Award (as defined in such Plan) as set forth in Exhibit B and shall remain a participant in such Plan under the terms therefore for the term of this Agreement.

11. **Benefits**. Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time.

12. **Expenses**. The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary

procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter.

13. **Vacations**. Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time *provided that*, in no event shall Executive be entitled to less than three (3) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

14. **Termination**.

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death**. Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability**. If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, *provided that* within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause**. The Company may terminate Executive's employment hereunder for Cause effectively immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(e) above.

(iv) **Good Reason**. Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (vi) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vii) through (x).

(v) **Without Cause**. The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) **Resignation Without Good Reason**. Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) **Notice of Termination**. Any termination of Executive's employment by the Company or by Executive under this Section 14 (other than pursuant to Sections 14(a)(i)) shall be communicated by a written notice (the "**Notice of Termination**") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in

reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 14(a)(ii)-(vi) above (the "Notice Period"); *provided that* the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) Resignation from Representational Capacities. Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, [s]he shall be deemed to have, and shall have in fact, effectively resigned from all executive, director or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change in Control. If Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change in Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, such termination shall be deemed to have occurred immediately before such Change in Control for purposes of this Agreement and the Plan.

15. Termination Pay

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 15, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 15, Executive's designated beneficiary will be such individual beneficiary or trust, located at such address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee.

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the

Date of Termination, plus (B) in consideration for Executive's obligations set forth in Section 19 hereof, an amount equal to two and one half (2.5) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices *provided that*, if a Change in Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) during such thirty (30) month period (and such Change in Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change in Control.

(ii) if Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change in Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, the Company shall treat as earned all unvested Performance Units for which the performance term has not expired as of such Change in Control at the rate calculated pursuant to the Plan and the applicable Grant Letter, and shall immediately convert those Units into Restricted Shares and accelerate as of the Date of Termination the removal of restrictions on such shares.

(iii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms;

(iv) a lump sum payment (net after deduction of taxes and other required withholdings) equal to thirty (30) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's employment terminated. This amount will be paid at the same time the payment is made under Section 15(b)(i) and will not take into account future increases in costs during the applicable time period; and

(v) Stock Options Granted as of the Effective Date. Notwithstanding anything to the contrary in any award agreement, all Stock Options granted to Executive as of the Effective Date shall vest and become immediately exercisable, as of the termination date, upon the occurrence of the conditions set forth in Section 15(b);

(vi) Restricted Shares Granted as of the Effective Date. Notwithstanding anything to the contrary in any award agreement, all Restricted Shares granted to Executive as of the Effective Date shall vest, and all restrictions thereon shall lapse, as of the termination date, upon the occurrence of the conditions set forth in Section 15(b);

(vii) Performance Shares/Units Granted as of the Effective Date. Notwithstanding anything to the contrary in any award agreement, the Executive shall be entitled to full vesting and nonforfeitability, as of the termination date, of any right to receive Performance Shares in satisfaction of the Performance Units, with the number (if any), and the timing of delivery of Shares determined as if the Executive's employment with the Company had continued indefinitely, upon occurrence of the conditions set forth in Section 15(b);

(viii) "Special" and Future Grants of Equity Awards. Notwithstanding anything to the contrary in any award agreement, Executive shall be deemed to be actively employed during the thirty (30) month period following termination of employment for purposes of vesting of all "special" and future grants of stock options, performance units and restricted stock; *provided that* if a Change in Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) within such period, all remaining stock options that would have vested in the thirty (30) month period shall vest, and all remaining restricted stock and performance units whose restrictions would have lapsed in the thirty (30) month period shall have their restrictions lapse immediately upon such Change in Control; provided, however, that with respect to any equity-based compensation awards subject to Section 409A of the Code (as determined by independent tax counsel retained by the Company), vesting and/or the lapse of restrictions will only be accelerated if such Change in Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code, or the first subsequent time at which such distribution may be made in compliance with Section 409A of the Code; and

(ix) pay the cost of up to twelve (12) months, as required, of executive-level out-placement services (which provides as part of the outplacement the use of an office and secretarial support as near as reasonably practicable to Executive's residence).

provided, however, any of the benefits described in Section 15(b)(i) through (ix) that are due to be paid or awarded during the first six (6) months after the Date of Termination shall, to the extent required to avoid the tax consequences of Section 409A of the Code as determined by independent tax counsel, be suspended and paid after the six (6) month anniversary of Executive's Date of Termination.

(c) The Executive shall not be required to mitigate the amount of any payments provided in Section 15, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 15 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this

Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement; and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 14(a)(ii)) or death (pursuant to Section 14(a)(i)), the Company shall pay to Executive, in a lump sum cash payment as soon as practicable following the Date of Termination, all unpaid Annual Base Salary and Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the *pro rata* portion of their Bonus for such year (when and as paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; *provided that*, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b)(i) and 15(e), Executive must comply with the provisions of Sections 17, 18 and 19. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b) and 15(e) Executive (or Executive's executor and personal representatives in case of death) must first execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any

investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. A copy of the standard form release being used by Company as of the date of this agreement for executive separations when severance is being paid is attached to this Agreement as Exhibit C. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 15 will not be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

16. **Excess Parachute Payment**.

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 16(a) and the amount of such reduction shall be made at the Company's expense by an

accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided that* Executive shall be given advance notice of the Determining Party selected by the Company, and shall have the opportunity to reject to the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 16(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 16, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 16, if (i) there is a reduction in the Total Payments as described in this Section 16, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 16 as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

17. **Competition/Confidentiality.**

(a) **Acknowledgments by Executive.** Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 17 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) **Confidential Information.** (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "**Confidential Information**" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and

programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information (including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (*e.g.*, laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

18. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment, which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

19. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 19 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 19, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 19(b)(i), the first anniversary), of the date Executive's employment terminated *provided that* the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 15 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted

Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee, consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A "Competitive Business" is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive's employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 19 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive's investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), *provided that* the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive's employment (a prospective customer being one to whom the Company had made a business

proposal within twelve (12) months prior to the time Executive's employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 19, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 19 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 17, 18 or 19 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 17, 18 and 19) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if Executive breaches any of the provisions of Sections 17, 18 or 19, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 17, 18 and 19 are Essential and Independent Covenants. The covenants by Executive in Sections 17, 18 and 19 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 17, 18 and 19 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 17, 18 or 19. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 17, 18 and 19. The Company's right to enforce the covenants in Sections 17, 18 and 19 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 17, 18 or 19, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 17, 18 and 19 of this Agreement.

20. Executive's Representations And Further Agreements.

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this

Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

21. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

22. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("FCPA"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this

section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

23. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Policy Regarding the Purchase and Sale of the Company's Securities by Employees, as such Policy may be amended from time to time. Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

24. **Indemnification.** (a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; *provided, however*, that, except as provided in Section 24(c) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Corporation shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), *provided, however*, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 24 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 24(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 24(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 24 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 24 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

25. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

26. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.
Attn.: Human Resources
12405 Powerscourt Drive
St. Louis, MO 63131

If to Executive: 12405 Powerscourt Drive
St. Louis, MO 63131

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

27. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

28. **Entire Agreement.** As of the Effective Date, the Employee and the Company hereby irrevocably agree that the Old Employment Agreement is hereby terminated in its entirety, and neither party thereto shall have any rights or obligations under the Old Employment Agreement, including but not limited to, in the case of the Employee, any right to any severance payment or benefit. This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

29. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

30. **Assignment.** Subject to the Executive's right to terminate in the event of a Change in Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

31. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

32. **Choice of Law/Jurisdiction** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern Division of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

33. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

34. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

Charter Communications, Inc.

By: /s/ Neil Smit

Name: Neil Smit

Title: President and Chief Executive Officer

EXECUTIVE

/s/ Michael Lovett

Name: Michael J. Lovett

Address: _____

Charter –Approved Prototype August 1, 2007

**Charter Communications
Grant Summary Report
Exhibit A**

Activity as of 6/25/2007

Grant Date	Grant Type	Grant Price	Granted	Exercised	Canceled	Subject to Repurchase	Outstanding	Vested	Outstanding Exercisable
2001 Non-Qualified Stock Option									
Michael J. Lovett									
7/23/2003	Non-Qualified	\$5.06	100,000	0	0	0	100,000	75,000	75,000
1/27/2004	Non-Qualified	\$5.17	77,500	0	0	0	77,500	58,125	58,125
1/27/2004	Restricted	\$0.00	37,500	0	37,500	0	0	37,500	0
4/27/2004	Restricted	\$0.00	10,000	0	10,000	0	0	10,000	0
4/27/2004	Non-Qualified	\$4.555	12,500	0	0	0	12,500	9,375	9,375
10/26/2004	Non-Qualified	\$2.865	82,000	0	0	0	82,000	41,000	41,000
10/26/2004	Restricted	\$0.00	40,500	0	40,500	0	0	0	0
4/26/2005	Non-Qualified	\$1,295	216,000	54,000	0	0	162,000	108,000	54,000
4/26/2005	Restricted	\$0.00	129,600	0	17,820	0	111,780	0	0
4/26/2005	Restricted	\$0.00	75,000	50,000	0	0	25,000	50,000	0
2/28/2006	Non-Qualified	\$1.195	432,000	108,000	0	0	324,000	108,000	0
2/28/2006	Restricted	\$0.00	150,000	50,000	0	0	100,000	50,000	0
2/28/2006	Restricted	\$0.00	259,200	0	0	0	259,200	0	0
2/28/2006	Restricted	\$0.00	155,520	0	0	0	155,520	0	0
3/9/2007	Restricted	\$0.00	300,000	0	0	0	300,000	0	0
3/9/2007	Non-Qualified	\$2.835	864,000	0	0	0	864,000	0	0
3/9/2007	Restricted	\$0.00	518,400	0	0	0	518,400	0	0
Optionee Total			3,459,720	262,000	105,820	0	3,091,900	547,000	237,500
Plan Total			3,459,720	262,000	105,820	0	3,091,900	547,000	237,500

Exhibit B

Executive Cash Award Plan

Michael J. Lovett

Assumptions					
Annual contribution rate	20%				
Salary multiple	100%				
Annual salary increase	3.5%				
	actual	actual	actual	estimate	estimate
Current/estimated salary	\$575,000	\$700,000	\$731,150	\$757,000	\$783,000
Account Activity	2005	2006	2007	2008	2009
Initial award/accumulating value	\$575,000	\$575,000	\$715,000	\$978,978	\$1,130,378
Annual contribution		140,000	146,230	151,400	156,600
One time additional contribution			1,096,725		
	\$575,000	\$715,000	\$1,957,955	\$1,130,378	\$1,286,978
Payout			(978,978)		(1,286,978)
Ending value	\$575,000	\$715,000	\$978,978	\$1,130,378	\$0
Total cash paid Year 3 + Year 5					\$2,265,955

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated and effective the 1st day of August 2007 (the "Effective Date") is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and Grier Raclin, an adult resident of Missouri (the "Executive").

RECITALS:

WHEREAS, the Executive and the Company have previously entered into that certain Employment Agreement dated October 10, 2005 (the "Old Employment Agreement") and the parties desire to amend and restate in its entirety the Old Employment Agreement;

WHEREAS, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President, General Counsel and Secretary and the Executive desires to serve the Company on the terms herein provided;

WHEREAS, in connection with the entry into the Agreement, the Executive will be granted performance units and restricted shares of Company Stock pursuant to the Company's 2001 Stock Incentive Plan, as amended as of the date hereof (the "Special Equity");

WHEREAS, Executive's agreement to the terms and conditions of Sections 17 and 19 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) "Allen" shall mean Paul G. Allen (and his heirs or beneficiaries under his will(s), trusts or other instruments of testamentary disposition), and any entity or group over which Paul G. Allen has Control and that constitutes a Person as defined herein. For the purposes of this definition, "Control" means the power to direct the management and policies of an entity or to appoint or elect a majority of its governing board.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 6.

(e) The Company shall have "Cause" to terminate Executive's employment hereunder upon Executive's:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach)

(i) or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; *provided that* if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of *nolo contendere* or no contest (or the equivalent), or entering into any pretrial diversion program or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial

economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(e)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(e)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(f) “Change of Control” shall be deemed to have occurred if:

(i) any Person is or becomes a “beneficial owner” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act), directly or indirectly, of securities representing the Applicable Percentage (as defined below) or more of the total voting power of all of the Company’s then outstanding voting securities. For purposes of this Section 1(f), the term “Person” shall not include: (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, or (C) an underwriter temporarily holding securities pursuant to an offering of said securities, or (D) Allen. For purposes of this Agreement, in the case of a recapitalization or other exchange involving the exchange of Company voting stock for the Company’s debt, the group of debtholders that acquires such Company voting stock as the result of such recapitalization or exchange shall not be treated as a single Person solely by reason of such recapitalization or exchange; or

(ii) the occurrence of a merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless following such Business Combination: (A) all or substantially all of the individuals and entities who were the “beneficial owners” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of the outstanding voting securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, securities representing more than fifty percent (50%) of the total voting power of the then outstanding voting securities of the entity resulting from such Business Combination (or such assets as the case may be) or the parent of such entity in substantially the same proportionate ownership as in effect immediately prior to the Business Combination (the “Resulting Entity”); and (B) a majority of the members of the board of directors or other governing body of the Resulting Entity were members of the Board at the

time of the execution of the initial agreement, or at the time of the action of the Board, providing for such Business Combination; or

(iii) the consummation of a plan of complete liquidation or dissolution of the Company; or

(iv) if and when Allen shall no longer have the power to appoint a majority of the Board, during any period of two (2) consecutive calendar years, individuals who either (A) at the beginning of such period are members of the Board ("Incumbent Directors"), or (B) whose election to the Board during such period is approved by a vote of the majority of those members of the Board who are Incumbent Directors at the time of such approval, whereupon such individual so approved shall be treated as an Incumbent Director with respect to future approvals, cease for any reason to constitute a majority of the Board.

Notwithstanding the foregoing subsections 1(f)(i) through (iii), a Change of Control shall not include any transaction or series of transactions, including any transactions described above if, following such transaction or transactions, (x) Allen has the largest percentage ownership of the voting securities in the Company or any successor or surviving corporation held by any Person (other than any Person that includes Allen), provided such percentage ownership is more than twenty-five percent or (y) Allen has the power to appoint a majority of the members of the Board of Directors.

For purposes of this definition, (A) at all times that Allen is or are the "beneficial owner(s)" (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of securities representing in the aggregate at least fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means fifty percent (50%); and (B) at all times that Allen is or are the beneficial owner(s) of securities representing in the aggregate less than fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means any percentage that is more than the greater of (1) the percentage of the total voting power of all of the Company's then outstanding voting securities represented by securities beneficially owned by Allen or (2) twenty-five percent (25%).

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee.

(i) "Company" shall have the meaning set forth in the preamble hereto.

(j) "Company Stock" shall mean the \$.10 par value common stock of the Company.

(k) "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 14(a)(ii) – (vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(l) For purposes of this Agreement, Executive will be deemed to have a "Disability" if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(m) "Executive" shall have the meaning set forth in the preamble hereto.

(n) "Good Reason" shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the office where Executive is then assigned to work as Executive's principal office; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to a General Counsel and Secretary of a public corporation or (vi) any change in reporting structure such that Executive no longer reports directly to the "Chief Executive Officer (or equivalent position, if there is no Chief Executive Officer)" (in each case "(i)" through "(vi)" only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vii) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change of Control under at least the same terms and conditions

(except that the value of the equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; (viii) the Company's decision not to renew this Agreement at the end of its term, or (ix) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term.

- (o) "Notice of Termination" shall have the meaning set forth in Section 14(b).
- (p) "Options" shall have the meaning set forth in Section 7
- (q) "Performance Unit" and "Performance Shares" shall have the meaning set forth in Section 9 hereof.
- (r) "Person" shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.
- (s) "Plan" shall mean the 2001 Stock Incentive Plan as amended by the Company from time to time.
- (s) "Restricted Shares" shall have the meaning set forth in Section 8.
- (t) "Term" shall have the meaning set forth in Section 2.

(u) "Voluntary" and "Voluntarily" in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be "Voluntary" and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Terms.** The Company hereby employs the Executive, and the Executive hereby accepts his employment, under the terms and conditions hereof, for the period (the "Term") beginning on the Effective Date hereof and terminating upon the earlier of (i) April 30, 2010 (the "Initial Term") and (ii) the Date of Termination as defined in Section 1(k), and, if not terminated earlier, will be automatically renewed at the end of its Initial Term and on each anniversary thereafter for a period of one (1) year unless either party shall give written notice of cancellation to the other party not later than ninety (90) days prior to the end of the Initial Term or anniversaries thereof.

3. **Position and Duties.** Executive shall serve as Executive Vice President, General Counsel and Secretary reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for legal, regulatory and governmental relations functions in the Company. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near St. Louis, MO. except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term, Executive shall receive a base salary at a rate not less than \$470,025.00 per annum (the "Annual Base Salary"), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; *provided, however*, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the "Bonus Year"), Executive shall be eligible to receive a bonus in an amount up to 60 % of Executive's Annual Base Salary (the "Bonus" and bonuses at such percentage of Annual Base Salary being the "Target Bonus") pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus being paid on or before February 28 of the year next following the Bonus Year, or as soon as is administratively practicable thereafter (e.g., after the public disclosure of the Company's financial results for the prior year on SEC Form 10-K or on such replacement form as the SEC shall determine, for those years as the Company's securities are traded publicly, and the Company's annual financial results are reported to the shareholders, for those (if any) years as the Company's securities are not traded publicly).

7. **Stock Options.** The Company has previously granted to Executive options to purchase shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive additional options to purchase shares of Company Stock (all of such options, collectively, the "Options") pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

8. **Restricted Shares.** The Company has previously granted to Executive Restricted Shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive Restricted Shares (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Grant Letter.

9. **Performance Shares Units.** The Company has previously granted to Executive Performance Share Units of which some have been converted into Performance Shares (which are not aggregated in the forgoing description of Restricted Shares) as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive further Performance Share Units (collectively, the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Executive Cash Bonus Plan.** Executive currently is a participant in the Company's 2005 Executive Cash Award Plan with a Plan Award (as defined in such Plan) as set forth in Exhibit B and shall remain a participant in such Plan under the terms thereof for the term of this Agreement.

11. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time.

12. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter.

13. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time *provided that*, in no event shall Executive be entitled to less than three (3) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

14. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, *provided that* within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effectively immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(e) above.

(iv) Good Reason. Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (vi) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vii) through (ix).

(v) Without Cause. The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) Resignation Without Good Reason. Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 14 (other than pursuant to Sections 14(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 14(a)(ii)-(vi) above (the "Notice Period"); *provided that* the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) Resignation from Representational Capacities. Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, [s]he shall be deemed to have, and shall have in fact, effectively resigned from all executive, director or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change in Control. If Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, such termination shall be deemed to have occurred immediately before such Change in Control for purposes of this Agreement and the Plan.

15. Termination Pay

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 15, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 15, Executive's designated beneficiary will be such individual beneficiary or trust, located at such

address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee.

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Section 19 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices *provided that*, if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control.

(ii) if Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, the Company shall treat as earned all unvested Performance Units for which the performance term has not expired as of such Change of Control at the rate calculated pursuant to the Plan and the applicable Grant Letter, and shall immediately convert those Units into Restricted Shares and accelerate as of the Date of Termination the removal of restrictions on such shares.

(iii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms;

(iv) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost at the time Executive's

employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost
at the time Executive's employment terminated. This amount will be paid at the same time the payment is made under Section 15(b)(i) and will not take into account future increases in costs during the applicable time period; and

(v) notwithstanding anything to the contrary in any award agreement, Executive shall be deemed to be actively employed during the twenty-four (24) month period following termination of employment for purposes of vesting of all stock options, performance units and restricted stock; *provided that* if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) within such period, all remaining stock options that would have vested in the twenty-four (24) month period shall vest, and all remaining restricted stock and performance units whose restrictions would have lapsed in the twenty-four (24) month period shall have their restrictions lapse immediately upon such Change of Control; provided, however, that with respect to any equity-based compensation awards subject to Section 409A of the Code (as determined by independent tax counsel retained by the Company), vesting and/or the lapse of restrictions will only be accelerated if such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code, or the first subsequent time at which such distribution may be made in compliance with Section 409A of the Code; and

(vi) pay the cost of up to twelve (12) months, as required, of executive-level out-placement services (which provides as part of the outplacement the use of an office and secretarial support as near as reasonably practicable to Executive's residence).

provided, however, any of the benefits described in Section 15(b)(i) through (vi) that are due to be paid or awarded during the first six (6) months after the Date of Termination shall, to the extent required to avoid the tax consequences of Section 409A of the Code as determined by independent tax counsel, be suspended and paid after the six (6) month anniversary of Executive's Date of Termination.

(c) The Executive shall not be required to mitigate the amount of any payments provided in Section 15, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 15 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through

the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement; and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 14(a)(ii)) or death (pursuant to Section 14(a)(i)), the Company shall pay to Executive, in a lump sum cash payment as soon as practicable following the Date of Termination, all unpaid Annual Base Salary and Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the *pro rata* portion of their Bonus for such year (when and as paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; *provided that*, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b)(i) and 15(e), Executive must comply with the provisions of Sections 17, 18 and 19. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b) and 15(e) Executive (or Executive's executor and personal representatives in case of death) must first execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. A copy of the standard form release being used by Company as of the date of this agreement for executive separations when

severance is being paid is attached to this Agreement as Exhibit C. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 15 will not be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

16. **Excess Parachute Payment**.

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 16(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided that* Executive shall be given advance notice of the Determining Party selected by the Company, and shall have

the opportunity to reject to the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independent qualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 16(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 16, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 16, if (i) there is a reduction in the Total Payments as described in this Section 16, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 16 as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

17. **Competition/Confidentiality.**

(a) **Acknowledgments by Executive.** Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to

Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 17 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) Confidential Information. (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "Confidential Information" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information

(including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (*e.g.*, laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

18. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment,

which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

19. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 19 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 19, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 19(b)(i), the first anniversary), of the date Executive's employment terminated *provided that* the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 15 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee,

consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A “Competitive Business” is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive’s employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 19 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive’s investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), *provided that* the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive’s employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive’s employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 19, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 19 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 17, 18 or 19 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 17, 18 and 19) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if

Executive breaches any of the provisions of Sections 17, 18 or 19, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 17, 18 and 19 are Essential and Independent Covenants. The covenants by Executive in Sections 17, 18 and 19 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 17, 18 and 19 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 17, 18 or 19. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 17, 18 and 19. The Company's right to enforce the covenants in Sections 17, 18 and 19 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 17, 18 or 19, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 17, 18 and 19 of this Agreement.

20. **Executive's Representations And Further Agreements.**

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

21. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

22. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("**FCPA**"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

23. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Policy Regarding the Purchase and Sale of the Company's Securities by Employees, as such Policy may be amended from time to time.

Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

24. **Indemnification.** (a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; *provided, however*, that, except as provided in Section 24(c) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Corporation shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), *provided, however*, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 24 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 24(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 24(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses)

it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 24 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 24 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

25. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

26. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.
Attn.: Human Resources
12405 Powerscourt Drive
St. Louis, MO 63131

If to Executive: 12405 Powerscourt Drive
St. Louis, MO 63131

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

27. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

28. **Entire Agreement.** As of the Effective Date, the Employee and the Company hereby irrevocably agree that the Old Employment Agreement is hereby terminated in its entirety, and neither party thereto shall have any rights or obligations under the Old Employment Agreement, including but not limited to, in the case of the Employee, any right to any severance payment or benefit. This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

29. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

30. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

31. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

32. **Choice of Law/Jurisdiction** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern Division of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

33. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

34. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

Charter Communications, Inc.

By: /s/ Neil Smit
Name: Neil Smit
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Grier Raclin
Name: Grier Raclin
Address: _____

**Charter Communications
Grant Summary Report
Exhibit A**

Activity as of 6/25/2007

<u>Grant Date</u>	<u>Grant Type</u>	<u>Grant Price</u>	<u>Granted</u>	<u>Exercised</u>	<u>Canceled</u>	<u>Subject to Repurchase</u>	<u>Outstanding</u>	<u>Vested</u>	<u>Outstanding Exercisable</u>
2001 Non-Qualified Stock Option									
Grier C. Raclin									
10/10/2005	Restricted	\$ 0.00	50,000	16,667	0	0	33,333	16,667	0
10/10/2005	Non-Qualified	\$ 1.36	245,800	61,450	0	0	184,350	61,450	0
10/10/2005	Restricted	\$ 0.00	62,775	0	8,632	0	54,143	0	0
3/10/2006	Non-Qualified	\$ 1.00	57,300	14,325	0	0	42,975	14,325	0
3/10/2006	Restricted	\$ 0.00	133,741	0	0	0	133,741	0	0
3/10/2006	Restricted	\$ 0.00	80,244	0	0	0	80,244	0	0
3/9/2007	Non-Qualified	\$ 2.84	57,300	0	0	0	57,300	0	0
3/9/2007	Restricted	\$ 0.00	133,741	0	0	0	133,741	0	0
Optionee Total			820,901	92,442	8,632	0	719,827	92,442	0
Plan Total			820,901	92,442	8,632	0	719,827	92,442	0

Exhibit B

Executive Cash Award Plan

Grier Raclin

Assumptions

Annual contribution rate	20%
Salary multiple	100%
Annual salary increase	3.5%

	actual	actual	actual	estimate	estimate
Current/estimated salary	\$425,000	\$450,000	\$470,325	\$486,000	\$503,000
Account Activity	2005	2006	2007	2008	2009
Initial award/accumulating value	\$425,000	\$425,000	\$515,000	\$304,503	\$401,703
Annual contribution		90,000	94,005	97,200	100,600
	\$425,000	\$515,000	\$609,005	\$401,703	\$502,303
Payout			(304,503)		(502,303)
Ending value	\$425,000	\$515,000	\$304,503	\$401,703	\$0
Total cash paid Year 3 + Year 5					\$806,806

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated and effective the 1st day of August 2007 (the "Effective Date") is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and Robert A. Quigley, an adult resident of Illinois (the "Executive").

RECITALS:

WHEREAS, the Executive and the Company have previously entered into that certain Employment Agreement dated December 9, 2005 the "Old Employment Agreement") and the parties desire to amend and restate in its entirety the Old Employment Agreement;

WHEREAS, it is the desire of the Company to assure itself of the services of Executive by engaging Executive as its Executive Vice President and Chief Marketing Officer and the Executive desires to serve the Company on the terms herein provided;

WHEREAS, in connection with the entry into the Agreement, the Executive will be granted performance units and restricted shares of Company Stock pursuant to the Company's 2001 Stock Incentive Plan, as amended as of the date hereof (the "Special Equity");

WHEREAS, Executive's agreement to the terms and conditions of Sections 17 and 19 are a material and essential condition of Executive's employment with the Company hereafter under the terms of this Agreement;

NOW, THEREFORE, in consideration of the foregoing and of the respective covenants and agreements set forth below, the parties hereto agree as follows:

1. **Certain Definitions.**

(a) "Allen" shall mean Paul G. Allen (and his heirs or beneficiaries under his will(s), trusts or other instruments of testamentary disposition), and any entity or group over which Paul G. Allen has Control and that constitutes a Person as defined herein. For the purposes of this definition, "Control" means the power to direct the management and policies of an entity or to appoint or elect a majority of its governing board.

(b) "Annual Base Salary" shall have the meaning set forth in Section 5.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Bonus" shall have the meaning set forth in Section 6.

(e) The Company shall have "Cause" to terminate Executive's employment hereunder upon Executive's:

(i) Executive's breach of a material obligation (which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach)

or representation under this Agreement or breach of any fiduciary duty to the Company which, if curable, is not cured within ten business (10) days after Executive receives

written notice of such breach; or any act of fraud or knowing material misrepresentation or concealment upon, to or from the Company or the Board;

(ii) Executive's failure to adhere in any material respect to (i) the Company's Code of Conduct in effect from time to time and applicable to officers and/or employees generally, or (ii) any written Company policy, if such policy is material to the effective performance by Executive of the Executive's duties under this Agreement, and if Executive has been given a reasonable opportunity to cure this failure to comply within a period of time which is reasonable under the circumstances but not more than the thirty (30) day period after written notice of such failure is provided to Executive; *provided that* if Executive cures this failure to comply with such a policy and then fails again to comply with the same policy, no further opportunity to cure that failure shall be required;

(iii) Executive's misappropriation (or attempted misappropriation) of a material amount of the Company's funds or property;

(iv) Executive's conviction of, the entering of a guilty plea or plea of *nolo contendere* or no contest (or the equivalent), or entering into any pretrial diversion program or agreement or suspended imposition of sentence, with respect to either a felony or a crime that adversely affects or could reasonably be expected to adversely affect the Company or its business reputation; or the institution of criminal charges against Executive, which are not dismissed within sixty (60) days after institution, for fraud, embezzlement, any felony offense involving dishonesty or constituting a breach of trust or moral turpitude;

(v) Executive's admission of liability of, or finding of liability, for a knowing and deliberate violation of any "Securities Laws." As used herein, the term "Securities Laws" means any federal or state law, rule or regulation governing generally the issuance or exchange of securities, including without limitation the Securities Act of 1933, the Securities Exchange Act of 1934 and the rules and regulations promulgated thereunder;

(vi) conduct by Executive in connection with Executive's employment that constitutes gross neglect of any material duty or responsibility, willful misconduct, or recklessness which, if curable, is not cured within ten business (10) days after Executive receives written notice of such breach;

(vii) Executive's illegal possession or use of any controlled substance, or excessive use of alcohol at a work function, in connection with Executive's duties, or on Company premises; "excessive" meaning either repeated unprofessional use or any single event of consumption giving rise to significant intoxication or unprofessional behavior;

(viii) willful or grossly negligent commission of any other act or failure to act in connection with the Executive's duties as an executive of the Company which causes or reasonably may be expected (as of the time of such occurrence) to cause substantial

economic injury to or substantial injury to the business reputation of the Company or any subsidiary or affiliate of the Company, including, without limitation, any material violation of the Foreign Corrupt Practices Act, as described herein below.

If Executive commits or is charged with committing any offense of the character or type specified in subparagraphs 1(e)(iv), (v) or (viii) above, then the Company at its option may suspend the Executive with or without pay. If the Executive subsequently is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any such offense (or any matter that gave rise to the suspension), the Executive shall immediately repay any compensation paid in cash hereunder from the date of the suspension. Notwithstanding anything to the contrary in any stock option or equity incentive plan or award agreement, all vesting and all lapsing of restrictions on restricted shares shall be tolled during the period of suspension and all unvested options and restricted shares for which the restrictions have not lapsed shall terminate and not be exercisable by or issued to Executive if during or after such suspension the Executive is convicted of, pleads guilty or *nolo contendere* (or equivalent plea) to, or enters into any type of suspended imposition of sentence or pretrial diversion program with respect to, any offense specified in subparagraphs 1(e)(iv), (v) or (viii) above or any matter that gave rise to the suspension.

(f) “Change of Control” shall be deemed to have occurred if:

(i) any Person is or becomes a “beneficial owner” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act), directly or indirectly, of securities representing the Applicable Percentage (as defined below) or more of the total voting power of all of the Company’s then outstanding voting securities. For purposes of this Section 1(f), the term “Person” shall not include: (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its subsidiaries, or (C) an underwriter temporarily holding securities pursuant to an offering of said securities, or (D) Allen. For purposes of this Agreement, in the case of a recapitalization or other exchange involving the exchange of Company voting stock for the Company’s debt, the group of debtholders that acquires such Company voting stock as the result of such recapitalization or exchange shall not be treated as a single Person solely by reason of such recapitalization or exchange; or

(ii) the occurrence of a merger, consolidation or sale or other disposition of all or substantially all of the assets of the Company (a “Business Combination”), in each case, unless following such Business Combination: (A) all or substantially all of the individuals and entities who were the “beneficial owners” (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of the outstanding voting securities of the Company immediately prior to such Business Combination beneficially own, directly or indirectly, securities representing more than fifty percent (50%) of the total voting power of the then outstanding voting securities of the entity resulting from such Business Combination (or such assets as the case may be) or the parent of such entity in substantially the same proportionate ownership as in effect immediately prior to the Business Combination (the “Resulting Entity”); and (B) a majority of the members of the board of directors or other governing body of the Resulting Entity were members of the Board at the

time of the execution of the initial agreement, or at the time of the action of the Board, providing for such Business Combination; or

(iii) the consummation of a plan of complete liquidation or dissolution of the Company; or

(iv) if and when Allen shall no longer have the power to appoint a majority of the Board, during any period of two (2) consecutive calendar years, individuals who either (A) at the beginning of such period are members of the Board ("Incumbent Directors"), or (B) whose election to the Board during such period is approved by a vote of the majority of those members of the Board who are Incumbent Directors at the time of such approval, whereupon such individual so approved shall be treated as an Incumbent Director with respect to future approvals, cease for any reason to constitute a majority of the Board.

Notwithstanding the foregoing subsections 1(f)(i) through (iii), a Change of Control shall not include any transaction or series of transactions, including any transactions described above if, following such transaction or transactions, (x) Allen has the largest percentage ownership of the voting securities in the Company or any successor or surviving corporation held by any Person (other than any Person that includes Allen), provided such percentage ownership is more than twenty-five percent or (y) Allen has the power to appoint a majority of the members of the Board of Directors.

For purposes of this definition, (A) at all times that Allen is or are the "beneficial owner(s)" (as determined for purposes of Regulation 13D-G, as currently in effect, of the Exchange Act) of securities representing in the aggregate at least fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means fifty percent (50%); and (B) at all times that Allen is or are the beneficial owner(s) of securities representing in the aggregate less than fifty percent (50%) of the total voting power of all of the Company's then outstanding voting securities, "Applicable Percentage" means any percentage that is more than the greater of (1) the percentage of the total voting power of all of the Company's then outstanding voting securities represented by securities beneficially owned by Allen or (2) twenty-five percent (25%).

(g) "Code" shall mean the Internal Revenue Code of 1986, as amended from time to time.

(h) "Committee" shall mean either the Compensation and Benefits Committee of the Board, or a Subcommittee of such Committee duly appointed by the Board or the Committee.

(i) "Company" shall have the meaning set forth in the preamble hereto.

(j) "Company Stock" shall mean the \$.10 par value common stock of the Company.

(k) "Date of Termination" shall mean (i) if Executive's employment is terminated by Executive's death, the date of Executive's death and (ii) if Executive's employment is terminated pursuant to Section 14(a)(ii) – (vi), the date of termination of employment, as defined in 409(A) regulations under the Code.

(l) For purposes of this Agreement, Executive will be deemed to have a "Disability" if, due to illness, injury or a physical or medically recognized mental condition, (a) Executive is unable to perform Executive's duties under this Agreement with reasonable accommodation for 120 consecutive days, or 180 days during any twelve month period, as determined in accordance with this Section, or (b) Executive is considered disabled for purposes of receiving / qualifying for long term disability benefits under any group long term disability insurance plan or policy offered by Company in which Executive participates. The Disability of Executive will be determined by a medical doctor selected by written agreement of Company and Executive upon the request of either party by notice to the other, or (in the case of and with respect to any applicable long term disability insurance policy or plan) will be determined according to the terms of the applicable long term disability insurance policy / plan. If Company and Executive cannot agree on the selection of a medical doctor, each of them will select a medical doctor and the two medical doctors will select a third medical doctor who will determine whether Executive has a Disability. The determination of the medical doctor selected under this Section will be binding on both parties. Executive must submit to a reasonable number of examinations by the medical doctor making the determination of Disability under this Section, and to other specialists designated by such medical doctor, and Executive hereby authorizes the disclosure and release to Company of such determination and all supporting medical records. If Executive is not legally competent, Executive's legal guardian or duly authorized attorney-in-fact will act in Executive's stead under this Section for the purposes of submitting Executive to the examinations, and providing the authorization of disclosure, required under this Section.

(m) "Executive" shall have the meaning set forth in the preamble hereto.

(n) "Good Reason" shall mean any of the events described herein that occur without Executive's prior written consent: (i) any reduction in Executive's Annual Base Salary, Target Bonus Percentage, or title except as permitted hereunder, (ii) any failure to pay Executive's compensation hereunder when due; (iii) any material breach by the Company of a term hereof; (iv) relocation of Executive's primary workplace to a location that is more than fifty (50) miles from the office where Executive is then assigned to work as Executive's principal office; (v) a transfer or reassignment to another executive of material responsibilities that have been assigned to Executive (and were not identified by the Company to be assigned only on an interim basis at the time of assignment or thereafter) and generally are part of the responsibilities and functions assigned to a Chief Marketing Officer of a public corporation or (vi) any change in reporting structure such that Executive no longer reports directly to the "Chief Executive Officer (or equivalent position, if there is no Chief Executive Officer)" (in each case "(i)" through "(vi)" only if Executive objects in writing within 30 days after being informed of such events and unless Company retracts and/or rectifies the claimed Good Reason within 30 days following Company's receipt of timely written objection from Executive); (vii) if within six months after a Change of Control, Executive has not received an offer from the surviving company to continue in his or her position immediately prior to such Change of Control under at least the same terms and conditions

(except that the value of equity-based compensation after such Change of Control need only be commensurate with the value of equity-based compensation given to executives with equivalent positions in the surviving company, if any) as set herein; (viii) the Company's decision not to renew this Agreement at the end of its term, or (ix) the failure of a successor to the business of the Company to assume the Company's obligations under this Agreement in the event of a Change of Control during its term.

- (o) "Notice of Termination" shall have the meaning set forth in Section 14(b).
- (p) "Options" shall have the meaning set forth in Section 7
- (q) "Performance Unit" and "Performance Shares" shall have the meaning set forth in Section 9 hereof.
- (r) "Person" shall have the meaning set forth in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934.
- (s) "Plan" shall mean the 2001 Stock Incentive Plan as amended by the Company from time to time.
- (s) "Restricted Shares" shall have the meaning set forth in Section 8.
- (t) "Term" shall have the meaning set forth in Section 2.

(u) "Voluntary" and "Voluntarily" in connection with Executive's termination of employment shall mean a termination of employment resulting from the initiative of the Executive, excluding a termination of employment attributable to Executive's death or Disability. A resignation by Executive that is in response to a communicated intent by the Company to discharge Executive other than for Cause is not considered to be "Voluntary" and shall be considered to be a termination by the Company for the purposes of this Agreement.

2. **Employment Term.** The Company hereby employs the Executive, and the Executive hereby accepts his employment, under the terms and conditions hereof, for the period (the "**Term**") beginning on the Effective Date hereof and terminating upon the earlier of (i) October 31, 2009 (the "**Initial Term**") and (ii) the Date of Termination as defined in Section 1(k), and, if not terminated earlier, will be automatically renewed at the end of its Initial Term and on each anniversary thereafter for a period of one (1) year unless either party shall give written notice of cancellation to the other party not later than ninety (90) days prior to the end of the Initial Term or anniversaries thereof.

3. **Position and Duties.** Executive shall serve as Executive Vice President and Chief Marketing Officer reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for sales and marketing in the Company. Executive shall devote all necessary business time and attention, and employ Executive's reasonable best efforts, toward the fulfillment and execution of all assigned duties, and the satisfaction of defined annual and/or longer-term performance criteria.

4. **Place of Performance.** In connection with Executive's employment during the Term, Executive's initial primary workplace shall be the Company's offices in or near St. Louis, MO. except for necessary travel on the Company's business.

5. **Annual Base Salary.** During the Term, Executive shall receive a base salary at a rate not less than \$470,025.00 per annum (the "Annual Base Salary"), less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly. The Annual Base Salary shall compensate Executive for any official position or directorship of a subsidiary or affiliate that Executive is asked to hold in the Company or its subsidiaries or affiliates as a part of Executive's employment responsibilities. No less frequently than annually during the Term, the Committee, on advice of the Company's Chief Executive Officer, shall review the rate of Annual Base Salary payable to Executive, and may, in its discretion, increase the rate of Annual Base Salary payable hereunder; *provided, however*, that any increased rate shall thereafter be the rate of "Annual Base Salary" hereunder.

6. **Bonus.** Except as otherwise provided for herein, for each fiscal year or other period consistent with the Company's then-applicable normal employment practices during which Executive is employed hereunder on the last day (the "Bonus Year"), Executive shall be eligible to receive a bonus in an amount up to 60% of Executive's Annual Base Salary (the "Bonus" and bonuses at such percentage of Annual Base Salary being the "Target Bonus") pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, plus such other bonus payments, if any, as shall be determined by the Committee in its sole discretion, with such Bonus being paid on or before February 28 of the year next following the Bonus Year, or as soon as is administratively practicable thereafter (e.g., after the public disclosure of the Company's financial results for the prior year on SEC Form 10-K or on such replacement form as the SEC shall determine, for those years as the Company's securities are traded publicly, and the Company's annual financial results are reported to the shareholders, for those (if any) years as the Company's securities are not traded publicly).

7. **Stock Options.** The Company has previously granted to Executive options to purchase shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive additional options to purchase shares of Company Stock (all of such options, collectively, the "Options") pursuant to the terms of the Plan, any successor plan and an associated Stock Option Agreement.

8. **Restricted Shares.** The Company has previously granted to Executive Restricted Shares of Company Stock as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive Restricted Shares (collectively, the "Restricted Shares"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Restricted Shares Grant Letter.

9. **Performance Shares Units.** The Company has previously granted to Executive Performance Share Units of which some have been converted into Performance Shares (which are not aggregated in the forgoing description of Restricted Shares) as set forth in Exhibit A hereto, and may, in the Committee's discretion, grant to Executive further Performance Share Units (collectively, the "Performance Units"), which shall be subject to restrictions on their sale as set forth in the Plan and an associated Performance Unit Grant Letter.

10. **Executive Cash Bonus Plan.** Executive currently is a participant in the Company's 2005 Executive Cash Award Plan with a Plan Award (as defined in such Plan) as set forth in Exhibit B and shall remain a participant in such Plan under the terms therefore for the term of this Agreement.

11. **Benefits.** Executive shall be entitled to receive such benefits and to participate in such employee group benefit plans, including life, health and disability insurance policies, and financial planning services, and other perquisites and plans as are generally provided by the Company to its senior executives of comparable level and responsibility in accordance with the plans, practices and programs of the Company, as amended from time to time.

12. **Expenses.** The Company shall reimburse Executive for all reasonable and necessary expenses incurred by Executive in connection with the performance of Executive's duties as an employee of the Company in accordance with the Company's generally applicable policies and procedures. Such reimbursement is subject to the submission to the Company by Executive of appropriate documentation and/or vouchers in accordance with the customary procedures of the Company for expense reimbursement, as such procedures may be revised by the Company from time to time hereafter.

13. **Vacations.** Executive shall be entitled to paid vacation in accordance with the Company's vacation policy as in effect from time to time *provided that*, in no event shall Executive be entitled to less than three (3) weeks vacation per calendar year. Executive shall also be entitled to paid holidays and personal days in accordance with the Company's practice with respect to same as in effect from time to time.

14. **Termination.**

(a) Executive's employment hereunder may be terminated by the Company, on the one hand, or Executive, on the other hand, as applicable, without any breach of this Agreement, under the following circumstances:

(i) **Death.** Executive's employment hereunder shall automatically terminate upon Executive's death.

(ii) **Disability.** If Executive has incurred a Disability, the Company may give Executive written notice of its intention to terminate Executive's employment. In such event, Executive's employment with the Company shall terminate effective on the 14th day after delivery of such notice to Executive, *provided that* within the 14 days after such delivery, Executive shall not have returned to full-time performance of Executive's duties. Executive may provide notice to the Company of Executive's resignation on account of a bona fide Disability at any time.

(iii) **Cause.** The Company may terminate Executive's employment hereunder for Cause effectively immediately upon delivery of notice to Executive, taking into account any procedural requirements set forth under Section 1(e) above.

(iv) Good Reason. Executive may terminate Executive's employment herein for Good Reason upon (i) satisfaction of any advance notice and other procedural requirements set forth under Section 1(n) above for any termination pursuant to Section 1(n)(i) through (vi) or (ii) at least 30 days' advance written notice by the Executive for any termination pursuant to Section 1(n)(vii) through (ix).

(v) Without Cause. The Company may terminate Executive's employment hereunder without Cause upon at least 30 days' advance written notice to the Executive.

(vi) Resignation Without Good Reason. Executive may resign Executive's employment without Good Reason upon at least fourteen (14) days' written notice to the Company.

(b) Notice of Termination. Any termination of Executive's employment by the Company or by Executive under this Section 14 (other than pursuant to Sections 14(a)(i)) shall be communicated by a written notice (the "Notice of Termination") to the other party hereto, indicating the specific termination provision in this Agreement relied upon, setting forth in reasonable detail any facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and specifying a Date of Termination which notice shall be delivered within the applicable time periods set forth in subsections 14(a)(ii)-(vi) above (the "Notice Period"); *provided that* the Company may pay to Executive all Annual Base Salary, benefits and other rights due to Executive during such Notice Period instead of employing Executive during such Notice Period.

(c) Resignation from Representational Capacities. Executive hereby acknowledges and agrees that upon Executive's termination of employment with the Company for whatever reason, [s]he shall be deemed to have, and shall have in fact, effectively resigned from all executive, director or other positions with the Company or its affiliates at the time of such termination of employment, and shall return all property owned by the Company and in Executive's possession, including all hardware, files and documents, at that time.

(d) Termination in Connection with Change in Control. If Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, such termination shall be deemed to have occurred immediately before such Change in Control for purposes of this Agreement and the Plan.

15. Termination Pay

(a) Effective upon the termination of Executive's employment, Company will be obligated to pay Executive (or, in the event of Executive's death, the Executive's designated beneficiary as defined below) only such compensation as is provided in this Section 15, except to the extent otherwise provided for in any Company stock incentive, stock option or cash award plan (including, among others, the Plan), approved by the Board. For purposes of this Section 15, Executive's designated beneficiary will be such individual beneficiary or trust, located at such

address, as Executive may designate by notice to Company from time to time or, if Executive fails to give notice to Company of such a beneficiary, Executive's estate. Notwithstanding the preceding sentence, Company will have no duty, in any circumstances, to attempt to open an estate on behalf of Executive, to determine whether any beneficiary designated by Executive is alive or to ascertain the address of any such beneficiary, to determine the existence of any trust, to determine whether any person purporting to act as Executive's personal representative (or the trustee of a trust established by Executive) is duly authorized to act in that capacity, or to locate or attempt to locate any beneficiary, personal representative, or trustee.

(b) Termination by Executive for Good Reason or by Company without Cause. If prior to expiration of the Term, Executive terminates his or her employment for Good Reason, or if the Company terminates Executive's employment other than for Cause or Executive's death or Disability, Executive will be entitled to receive, subject to the conditions of this Agreement, the following:

(i) (A) all Annual Base Salary and Bonus duly payable under the applicable plan for performance periods ending prior to the Date of Termination, but unpaid as of the Date of Termination, plus (B) in consideration for Executive's obligations set forth in Section 19 hereof, an amount equal to two (2) times the Executive's then-current rate of Annual Base Salary and Target Bonus, which total sum shall be payable following the Date of Termination in fifty-two (52) equal bi-weekly installments in accordance with the Company's normal payroll practices *provided that*, if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) during such twenty-four (24) month period (and such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code), any amounts remaining payable to Executive hereunder shall be paid in a single lump sum immediately upon such Change of Control.

(ii) if Executive's employment is terminated by the Company without Cause either upon or within thirty days before or thirteen (13) months after a Change of Control, or prior to a Change in Control at the request of a prospective purchaser whose proposed purchase would constitute a Change in Control upon its completion, the Company shall treat as earned all unvested Performance Units for which the performance term has not expired as of such Change of Control at the rate calculated pursuant to the Plan and the applicable Grant Letter, and shall immediately convert those Units into Restricted Shares and accelerate as of the Date of Termination the removal of restrictions on such shares.

(iii) all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through the Date of Termination which are payable under and in accordance with this Agreement, which amount will be paid within thirty (30) days after the submission by Executive of properly completed reimbursement requests on the Company's standard forms;

(iv) a lump sum payment (net after deduction of taxes and other required withholdings) equal to twenty-four (24) times the monthly cost, at the time Executive's

employment terminated, for Executive to receive under COBRA the paid coverage for health, dental and vision benefits then being provided for Executive at the Company's cost

at the time Executive's employment terminated. This amount will be paid at the same time the payment is made under Section 15(b)(i) and will not take into account future

increases in costs during the applicable time period; and

(v) notwithstanding anything to the contrary in any award agreement, Executive shall be deemed to be actively employed during the twenty-four (24) month period following termination of employment for purposes of vesting of all stock options, performance units and restricted stock; *provided that* if a Change of Control occurs (or is deemed pursuant to Sec. 14(d) hereof to have occurred after such termination) within such period, all remaining stock options that would have vested in the twenty-four (24) month period shall vest, and all remaining restricted stock and performance units whose restrictions would have lapsed in the twenty-four (24) month period shall have their restrictions lapse immediately upon such Change of Control; provided, however, that with respect to any equity-based compensation awards subject to Section 409A of the Code (as determined by independent tax counsel retained by the Company), vesting and/or the lapse of restrictions will only be accelerated if such Change of Control qualifies either as a "change in the ownership or effective control" of the Company or a "change in the ownership of a substantial portion of the assets" of the Company as such terms are defined under Section 409A of the Code, or the first subsequent time at which such distribution may be made in compliance with Section 409A of the Code; and

(vi) pay the cost of up to twelve (12) months, as required, of executive-level out-placement services (which provides as part of the outplacement the use of an office and secretarial support as near as reasonably practicable to Executive's residence).

provided, however, any of the benefits described in Section 15(b)(i) through (vi) that are due to be paid or awarded during the first six (6) months after the Date of Termination shall, to the extent required to avoid the tax consequences of Section 409A of the Code as determined by independent tax counsel, be suspended and paid after the six (6) month anniversary of Executive's Date of Termination.

(c) The Executive shall not be required to mitigate the amount of any payments provided in Section 15, by seeking other employment or otherwise, nor shall the amount of any payment provided for in this Section 15 be reduced by any compensation earned by Executive as a result of employment by another company or business, or by profits earned by Employee from any other source at any time before or after the date of Termination, so long as Executive is not in breach of the Agreement.

(d) Termination by Executive without Good Reason or by Company for Cause. If prior to the expiration of the Term or thereafter, Executive Voluntarily terminates Executive's employment prior to expiration of the Term without Good Reason or if Company terminates this Agreement for Cause, Executive will be entitled to receive Executive's then-existing Annual Base Salary only through the date such termination is effective and will be reimbursed for all reasonable expenses Executive has incurred in the pursuit of Executive's duties under this Agreement through

the date of termination which are payable under and in accordance with this Agreement; any unvested options and shares of restricted stock shall terminate as of the date of termination unless otherwise provided for in any applicable plan or award agreement; and Executive shall be entitled to no other compensation, bonus, payments or benefits except as expressly provided in this paragraph.

(e) Termination upon Disability or Death. If Executive's employment shall terminate by reason of Executive's Disability (pursuant to Section 14(a)(ii)) or death (pursuant to Section 14(a)(i)), the Company shall pay to Executive, in a lump sum cash payment as soon as practicable following the Date of Termination, all unpaid Annual Base Salary and Bonus previously earned for a performance period ending prior to the Date of Termination, but unpaid as of the Date of Termination, and the *pro rata* portion of their Bonus for such year (when and as paid to other senior executives of the Company) for the Performance Period in which the termination occurred. In the case of Disability, if there is a period of time during which Executive is not being paid Annual Base Salary and not receiving long-term disability insurance payments, the Company shall make interim payments equal to such unpaid disability insurance payments to Executive until commencement of disability insurance payments; *provided that*, to the extent required to avoid the tax consequences of Section 409A of the Code, as determined by independent tax counsel, the first payment shall cover all payments scheduled to be made to Executive during the first six (6) months after the date Executive's employment terminates, and the first such payment shall be delayed until the day that is six (6) months after the date Executive's employment terminates.

(f) Benefits. Except as otherwise required by law, Executive's accrual of, and participation in plans providing for, the Benefits will cease at the effective Date of the Termination of employment.

(g) Conditions To Payments. To be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b)(i) and 15(e), Executive must comply with the provisions of Sections 17, 18 and 19. In addition, to be eligible to receive (and continue to receive) and retain the payments and benefits described in Sections 15(b) and 15(e) Executive (or Executive's executor and personal representatives in case of death) must first execute and deliver to Company, and comply with, an agreement, in form and substance reasonably satisfactory to Company, effectively releasing and giving up all claims Executive may have against Company or any of its subsidiaries or affiliates (and each of their respective controlling shareholders, employees, directors, officers, plans, fiduciaries, insurers and agents) arising out of or based upon any facts or conduct occurring prior to that date. The agreement will be prepared by Company, will be based upon the standard form (if any) then being utilized by Company for executive separations when severance is being paid, and will be provided to Executive at the time Executive's employment is terminated or as soon as administratively practicable thereafter (not to exceed five (5) business days). The agreement will require Executive to consult with Company representatives, and voluntarily appear as a witness for trial or deposition (and to prepare for any such testimony) in connection with, any claim which may be asserted by or against Company, any investigation or administrative proceeding, any matter relating to a franchise, or any business matter concerning Company or any of its transactions or operations. A copy of the standard form release being used by Company as of the date of this agreement for executive separations when

severance is being paid is attached to this Agreement as Exhibit C. It is understood that the final document may not contain provisions specific to the release of a federal age discrimination claim if Executive is not at least forty (40) years of age, and may be changed as Company's chief legal counsel considers necessary and appropriate to enforce the same, including provisions to comply with changes in applicable laws and recent court decisions. Payments under and/or benefits provided by Section 15 will not be made unless and until Executive executes and delivers that agreement to Company within twenty-one (21) days after delivery of the document (or such lesser time as Company's chief legal counsel may specify in the document) and all conditions to the effectiveness of that agreement and the releases contemplated thereby have been satisfied (including without limitation the expiration of any applicable revocation period without revoking acceptance).

(h) Survival. The expiration or termination of the Term shall not impair the rights or obligations of any party hereto which shall have accrued hereunder prior to such expiration, subject to the terms of any agreement containing a general release provided by Executive.

16. **Excess Parachute Payment.**

(a) Anything in this Agreement or the Plan to the contrary notwithstanding, to the extent that any payment, distribution or acceleration of vesting to or for the benefit of Executive by the Company (within the meaning of Section 280G of the Code and the regulations thereunder), whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (the "Total Payments") is or will be subject to the excise tax imposed under Section 4999 of the Code (the "Excise Tax"), then the Total Payments shall be reduced (but not below zero) to the Safe Harbor Amount (as defined below) if and to the extent that a reduction in the Total Payments would result in Executive retaining a larger amount, on an after-tax basis (taking into account federal, state and local income and employment taxes and the Excise Tax), than if Executive received the entire amount of such Total Payments in accordance with their existing terms (taking into account federal, state, and local income and employment taxes and the Excise Tax). For purposes of this Agreement, the term "Safe Harbor Amount" means the largest portion of the Total Payments that would result in no portion of the Total Payments being subject to the Excise Tax. Unless Executive shall have given prior written notice specifying a different order to the Company to effectuate the foregoing, the Company shall reduce or eliminate the Total Payments, by first reducing or eliminating the portion of the Total Payments which are payable in cash and then by reducing or eliminating non-cash payments in such order as Executive shall determine; provided that Executive may not so elect to the extent that, in the determination of the Determining Party (as defined herein), such election would cause Executive to be subject to the Excise Tax. Any notice given by Executive pursuant to the preceding sentence shall take precedence over the provisions of any other plan, arrangement or agreement governing Executive's rights and entitlements to any benefits or compensation.

(b) The determination of whether the Total Payments shall be reduced as provided in Section 16(a) and the amount of such reduction shall be made at the Company's expense by an accounting firm selected by Company from among the ten largest accounting firms in the United States or by qualified independent tax counsel (the "Determining Party"); *provided that* Executive shall be given advance notice of the Determining Party selected by the Company, and shall have

the opportunity to reject the selection, within two business days of being notified of the selection, on the basis of that Determining Party's having a conflict of interest or other reasonable basis, in which case the Company shall select an alternative auditing firm among the ten largest accounting firms in the United States or alternative independentqualified tax counsel, which shall become the Determining Party. Such Determining Party shall provide its determination (the "Determination"), together with detailed supporting calculations and documentation to the Company and Executive within ten (10) days of the termination of Executive's employment or at such other time mutually agreed by the Company and Executive. If the Determining Party determines that no Excise Tax is payable by Executive with respect to the Total Payments, it shall furnish Executive with an opinion reasonably acceptable to Executive that no Excise Tax will be imposed with respect to any such payments and, absent manifest error, such Determination shall be binding, final and conclusive upon the Company and Executive. If the Determining Party determines that an Excise Tax would be payable, the Company shall have the right to accept the Determination as to the extent of the reduction, if any, pursuant to Section 16(a), or to have such Determination reviewed by another accounting firm selected by the Company, at the Company's expense. If the two accounting firms do not agree, a third accounting firm shall be jointly chosen by the Executive Party and the Company, in which case the determination of such third accounting firm shall be binding, final and conclusive upon the Company and Executive.

(c) If, notwithstanding any reduction described in this Section 16, the IRS determines that Executive is liable for the Excise Tax as a result of the receipt of any of the Total Payments or otherwise, then Executive shall be obligated to pay back to the Company, within thirty (30) days after a final IRS determination or in the event that Executive challenges the final IRS determination, a final judicial determination, a portion of the Total Payments equal to the "Repayment Amount." The Repayment Amount with respect to the payment of benefits shall be the smallest such amount, if any, as shall be required to be paid to the Company so that Executive's net after-tax proceeds with respect to the Total Payments (after taking into account the payment of the Excise Tax and all other applicable taxes imposed on the Payment) shall be maximized. The Repayment Amount shall be zero if a Repayment Amount of more than zero would not result in Executive's net after-tax proceeds with respect to the Total Payments being maximized. If the Excise Tax is not eliminated pursuant to this paragraph, the Executive shall pay the Excise Tax.

(d) Notwithstanding any other provision of this Section 16, if (i) there is a reduction in the Total Payments as described in this Section 16, (ii) the IRS later determines that Executive is liable for the Excise Tax, the payment of which would result in the maximization of Executive's net after-tax proceeds (calculated as if Executive's benefits had not previously been reduced), and (iii) Executive pays the Excise Tax, then the Company shall pay to Executive those payments or benefits which were reduced pursuant to this Section 16 as soon as administratively possible after Executive pays the Excise Tax so that Executive's net after-tax proceeds with respect to the Total Payments are maximized.

17. **Competition/Confidentiality.**

(a) **Acknowledgments by Executive.** Executive acknowledges that (a) during the Term and as a part of Executive's employment, Executive has been and will be afforded access to

Confidential Information (as defined below); (b) public disclosure of such Confidential Information could have an adverse effect on the Company and its business; (c) because Executive possesses substantial technical expertise and skill with respect to the Company's business, Company desires to obtain exclusive ownership of each invention by Executive while Executive is employed by the Company, and Company will be at a substantial competitive disadvantage if it fails to acquire exclusive ownership of each such invention by Executive; and (d) the provisions of this Section 17 are reasonable and necessary to prevent the improper use or disclosure of Confidential Information and to provide Company with exclusive ownership of all inventions and works made or created by Executive.

(b) Confidential Information. (i) The Executive acknowledges that during the Term Executive will have access to and may obtain, develop, or learn of Confidential Information (as defined below) under and pursuant to a relationship of trust and confidence. The Executive shall hold such Confidential Information in strictest confidence and never at any time, during or after Executive's employment terminates, directly or indirectly use for Executive's own benefit or otherwise (except in connection with the performance of any duties as an employee hereunder) any Confidential Information, or divulge, reveal, disclose or communicate any Confidential Information to any unauthorized person or entity in any manner whatsoever.

(ii) As used in this Agreement, the term "Confidential Information" shall include, but not be limited to, any of the following information relating to Company learned by the Executive during the Term or as a result of Executive's employment with Company:

(A) information regarding the Company's business proposals, manner of the Company's operations, and methods of selling or pricing any products or services;

(B) the identity of persons or entities actually conducting or considering conducting business with the Company, and any information in any form relating to such persons or entities and their relationship or dealings with the Company or its affiliates;

(C) any trade secret or confidential information of or concerning any business operation or business relationship;

(D) computer databases, software programs and information relating to the nature of the hardware or software and how said hardware or software is used in combination or alone;

(E) information concerning Company personnel, confidential financial information, customer or customer prospect information, information concerning subscribers, subscriber and customer lists and data, methods and formulas for estimating costs and setting prices, engineering design standards, testing procedures, research results (such as marketing surveys, programming trials or product trials), cost data (such as billing, equipment and programming cost projection models), compensation information and models, business or marketing plans or strategies, deal or business terms, budgets, vendor names, programming operations, product names, information on proposed acquisitions or dispositions, actual performance compared to budgeted performance, long-range plans, internal financial information

(including but not limited to financial and operating results for certain offices, divisions, departments, and key market areas that are not disclosed to the public in such form), results of internal analyses, computer programs and programming information, techniques and designs, and trade secrets;

(F) information concerning the Company's employees, officers, directors and shareholders; and

(G) any other trade secret or information of a confidential or proprietary nature.

(iii) Executive shall not make or use any notes or memoranda relating to any Confidential Information except for uses reasonably expected by Executive to be for the benefit of the Company, and will, at Company's request, return each original and every copy of any and all notes, memoranda, correspondence, diagrams or other records, in written or other form, that Executive may at any time have within his possession or control that contain any Confidential Information.

(iv) Notwithstanding the foregoing, Confidential Information shall not include information which has come within the public domain through no fault of or action by Executive or which has become rightfully available to Executive on a non-confidential basis from any third party, the disclosure of which to Executive does not violate any contractual or legal obligation such third party has to the Company or its affiliates with respect to such Confidential Information. None of the foregoing obligations and restrictions applies to any part of the Confidential Information that Executive demonstrates was or became generally available to the public other than as a result of a disclosure by Executive or by any other person bound by a confidentiality obligation to the Company in respect of such Confidential Information.

(v) Executive will not remove from the Company's premises (except to the extent such removal is for purposes of the performance of Executive's duties at home or while traveling, or except as otherwise specifically authorized by Company) any Company document, record, notebook, plan, model, component, device, or computer software or code, whether embodied in a disk or in any other form (collectively, the "Proprietary Items"). Executive recognizes that, as between Company and Executive, all of the Proprietary Items, whether or not developed by Executive, are the exclusive property of the Company. Upon termination of Executive's employment by either party, or upon the request of Company during the Term, Executive will return to Company all of the Proprietary Items in Executive's possession or subject to Executive's control, including all equipment (*e.g.*, laptop computers, cell phone, portable e-mail devices, etc.), documents, files and data, and Executive shall not retain any copies, abstracts, sketches, or other physical embodiment of any such Proprietary Items.

18. **Proprietary Developments.**

(a) Any and all inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae (collectively, hereinafter referred to as "Developments"), made, conceived, developed, or created by Executive (alone or in conjunction with others, during regular work hours or otherwise) during Executive's employment,

which may be directly or indirectly useful in, or relate to, the business conducted or to be conducted by the Company will be promptly disclosed by Executive to Company and shall be Company's exclusive property. The term "Developments" shall not be deemed to include inventions, products, discoveries, improvements, processes, methods, computer software programs, models, techniques, or formulae which were in the possession of Executive prior to the Term. Executive hereby transfers and assigns to Company all proprietary rights which Executive may have or acquire in any Developments and Executive waives any other special right which the Executive may have or accrue therein. Executive will execute any documents and to take any actions that may be required, in the reasonable determination of Company's counsel, to effect and confirm such assignment, transfer and waiver, to direct the issuance of patents, trademarks, or copyrights to Company with respect to such Developments as are to be Company's exclusive property or to vest in Company title to such Developments; provided, however, that the expense of securing any patent, trademark or copyright shall be borne by Company. The parties agree that Developments shall constitute Confidential Information.

(b) "Work Made for Hire." Any work performed by Executive during Executive's employment with Company shall be considered a "Work Made for Hire" as defined in the U.S. Copyright laws, and shall be owned by and for the express benefit of Company. In the event it should be established that such work does not qualify as a Work Made for Hire, Executive agrees to and does hereby assign to Company all of Executive's right, title, and interest in such work product including, but not limited to, all copyrights and other proprietary rights.

19. **Non-Competition and Non-Interference.**

(a) Acknowledgments by Executive. Executive acknowledges and agrees that: (a) the services to be performed by Executive under this Agreement are of a special, unique, unusual, extraordinary, and intellectual character; (b) the Company competes with other businesses that are or could be located in any part of the United States; and (c) the provisions of this Section 19 are reasonable and necessary to protect the Company's business and lawful protectable interests, and do not impair Executive's ability to earn a living.

(b) Covenants of Executive. For purposes of this Section 19, the term "Restricted Period" shall mean the period commencing as of the date of this Agreement and terminating on the second anniversary (or, in the case of Section 19(b)(i), the first anniversary), of the date Executive's employment terminated *provided that* the "Restricted Period" also shall encompass any period of time from whichever anniversary date is applicable until and ending on the last date Executive is to be paid any payment under Section 15 hereof. In consideration of the acknowledgments by Executive, and in consideration of the compensation and benefits to be paid or provided to Executive by Company, Executive covenants and agrees that during the Restricted Period, the Executive will not, directly or indirectly, for Executive's own benefit or for the benefit of any other person or entity other than the Company:

(i) in the United States or any other country or territory where the Company then conducts its business: engage in, operate, finance, control or be employed by a "Competitive Business" (defined below); serve as an officer or director of a Competitive Business (regardless of where Executive then lives or conducts such activities); perform any work as an employee,

consultant (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company), contractor, or in any other capacity with, a Competitive Business; directly or indirectly invest or own any interest in a Competitive Business (regardless of where Executive then lives or conducts such activities); or directly or indirectly provide any services or advice to a any business, person or entity who or which is engaged in a Competitive Business (other than as a member of a professional consultancy, law firm, accounting firm or similar professional enterprise that has been retained by the Competitive Business and where Executive has no direct role in such professional consultancy and maintains the confidentiality of all information acquired by Executive during his or her employment with the Company). A "Competitive Business" is any business, person or entity who or which, anywhere within that part of the United States, or that part of any other country or territory, where the Company conducts business; owns or operates a cable television system; provides direct television or any satellite-based, telephone system-based, internet based or wireless system for delivering television, music or other entertainment programming (other than as an ancillary service, such as cellular telephone providers); provides telephony services using any wired connection or fixed (as opposed to mobile) wireless application; provides data or internet access services; or offers, provides, markets or sells any service or product of a type that is offered or marketed by or directly competitive with a service or product offered or marketed by the Company at the time Executive's employment terminates; or who or which in any case is preparing or planning to do so. The provisions of this Section 19 shall not be construed or applied (i) so as to prohibit Executive from owning not more than five percent (5%) of any class of securities that is publicly traded on any national or regional securities exchange, as long as Executive's investment is passive and Executive does not lend or provide any services or advice to such business or otherwise violate the terms of this Agreement in connection with such investment; or (ii) so as to prohibit Executive from working as an employee in the cable television business for a company/business that owns or operates cable television franchises (by way of current example only, Time Warner, Cablevision, Cox or Comcast), *provided that* the company/business is not providing cable services in any political subdivision/ geographic area where the Company has a franchise or provides cable services (other than nominal overlaps of service areas) and the company/business is otherwise not engaged in a Competitive Business, and provided Executive does not otherwise violate the terms of this Agreement in connection with that work;

(ii) contact, solicit or provide any service to any person or entity that was a customer franchisee, or prospective customer of the Company at any time during Executive's employment (a prospective customer being one to whom the Company had made a business proposal within twelve (12) months prior to the time Executive's employment terminated); or directly solicit or encourage any customer, franchisee or subscriber of the Company to purchase any service or product of a type offered by or competitive with any product or service provided by the Company, or to reduce the amount or level of business purchased by such customer, franchisee or subscriber from the Company; or take away or procure for the benefit of any competitor of the Company, any business of a type provided by or competitive with a product or service offered by the Company; or

(iii) solicit or recruit for employment, any person or persons who are employed by Company or any of its subsidiaries or affiliates, or who were so employed at any time within a period of six (6) months immediately prior to the date Executive's employment terminated, or otherwise interfere with the relationship between any such person and the Company; nor will the Executive assist anyone else in recruiting any such employee to work for another company or business or discuss with any such person his or her leaving the employ of the Company or engaging in a business activity in competition with the Company. This provision shall not apply to secretarial, clerical, custodial or maintenance employees.

If Executive violates any covenant contained in this Section 19, then the term of the covenants in this Section shall be extended by the period of time Executive was in violation of the same.

(c) Provisions Pertaining to the Covenants. Executive recognizes that the existing business of the Company extends to various locations and areas throughout the United States and may extend hereafter to other countries and territories and agrees that the scope of Section 19 shall extend to any part of the United States, and any other country or territory, where the Company operates or conducts business, or has concrete plans to do so at the time Executive's employment terminates. It is agreed that the Executive's services hereunder are special, unique, unusual and extraordinary giving them peculiar value, the loss of which cannot be reasonably or adequately compensated for by damages, and in the event of the Executive's breach of this Section, Company shall be entitled to equitable relief by way of injunction or otherwise in addition to the cessation of payments and benefits hereunder. If any provision of Sections 17, 18 or 19 of this Agreement is deemed to be unenforceable by a court (whether because of the subject matter of the provision, the duration of a restriction, the geographic or other scope of a restriction or otherwise), that provision shall not be rendered void but the parties instead agree that the court shall amend and alter such provision to such lesser degree, time, scope, extent and/or territory as will grant Company the maximum restriction on Executive's activities permitted by applicable law in such circumstances. Company's failure to exercise its rights to enforce the provisions of this Agreement shall not be affected by the existence or non existence of any other similar agreement for anyone else employed by Company or by Company's failure to exercise any of its rights under any such agreement.

(d) Notices. In order to preserve Company's rights under this Agreement, Company is authorized to advise any potential or future employer, any third party with whom Executive may become employed or enter into any business or contractual relationship with, and any third party whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and Company shall not be liable for doing so.

(e) Injunctive Relief and Additional Remedy. Executive acknowledges that the injury that would be suffered by Company as a result of a breach of the provisions of this Agreement (including any provision of Sections 17, 18 and 19) would be irreparable and that an award of monetary damages to Company for such a breach would be an inadequate remedy. Consequently, Company will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce any provision of this Agreement, and Company will not be obligated to post bond or other security in seeking such relief. Without limiting Company's rights under this Section or any other remedies of Company, if

Executive breaches any of the provisions of Sections 17, 18 or 19, Company will have the right to cease making any payments otherwise due to Executive under this Agreement.

(f) Covenants of Sections 17, 18 and 19 are Essential and Independent Covenants. The covenants by Executive in Sections 17, 18 and 19 are essential elements of this Agreement, and without Executive's agreement to comply with such covenants, Company would not have entered into this Agreement or employed Executive. Company and Executive have independently consulted their respective counsel and have been advised in all respects concerning the reasonableness and propriety of such covenants, with specific regard to the nature of the business conducted by Company. Executive's covenants in Sections 17, 18 and 19 are independent covenants and the existence of any claim by Executive against Company, under this Agreement or otherwise, will not excuse Executive's breach of any covenant in Section 17, 18 or 19. If Executive's employment hereunder is terminated, this Agreement will continue in full force and effect as is necessary or appropriate to enforce the covenants and agreements of Executive in Sections 17, 18 and 19. The Company's right to enforce the covenants in Sections 17, 18 and 19 shall not be adversely affected or limited by the Company's failure to have an agreement with another employee with provisions at least as restrictive as those contained in Sections 17, 18 or 19, or by the Company's failure or inability to enforce (or agreement not to enforce) in full the provisions of any other or similar agreement containing one or more restrictions of the type specified in Sections 17, 18 and 19 of this Agreement.

20. **Executive's Representations And Further Agreements.**

(a) Executive represents, warrants and covenants to Company that:

(i) Neither the execution and delivery of this Agreement by Executive nor the performance of any of Executive's duties hereunder in accordance with the Agreement will violate, conflict with or result in the breach of any order, judgment, employment contract, agreement not to compete or other agreement or arrangement to which Executive is a party or is subject;

(ii) On or prior to the date hereof, Executive has furnished to Company true and complete copies of all judgments, orders, written employment contracts, agreements not to compete, and other agreements or arrangements restricting Executive's employment or business pursuits, that have current application to Executive;

(iii) Executive is knowledgeable and sophisticated as to business matters, including the subject matter of this Agreement, and that prior to assenting to the terms of this Agreement, or giving the representations and warranties herein, Executive has been given a reasonable time to review it and has consulted with counsel of Executive's choice; and

(iv) Executive has not provided, nor been requested by Company to provide, to Company, any confidential or non public document or information of a former employer that constitutes or contains any protected trade secret, and will not use any protected trade secrets in connection with the Executive's employment.

(b) During and subsequent to expiration of the Term, the Executive will cooperate with Company, and furnish any and all complete and truthful information, testimony or affidavits in connection with any matter that arose during the Executive's employment, that in any way relates to the business or operations of the Company or any of its parent or subsidiary corporations or affiliates, or of which the Executive may have any knowledge or involvement; and will consult with and provide information to Company and its representatives concerning such matters. Executive shall fully cooperate with Company in the protection and enforcement of any intellectual property rights that relate to services performed by Executive for Company, whether under the terms of this Agreement or prior to the execution of this Agreement. This shall include without limitation executing, acknowledging, and delivering to Company all documents or papers that may be necessary to enable Company to publish or protect such intellectual property rights. Subsequent to the Term, the parties will make their best efforts to have such cooperation performed at reasonable times and places and in a manner as not to unreasonably interfere with any other employment in which Executive may then be engaged. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony, sworn statement or declaration that is not complete and truthful. If Company requires the Executive to travel outside the metropolitan area in the United States where the Executive then resides to provide any testimony or otherwise provide any such assistance, then Company will reimburse the Executive for any reasonable, ordinary and necessary travel and lodging expenses incurred by Executive to do so provided the Executive submits all documentation required under Company's standard travel expense reimbursement policies and as otherwise may be required to satisfy any requirements under applicable tax laws for Company to deduct those expenses. Nothing in this Agreement shall be construed or interpreted as requiring the Executive to provide any testimony or affidavit that is not complete and truthful.

21. **Mutual Non-Disparagement.** Neither the Company nor Executive shall make any oral or written statement about the other party which is intended or reasonably likely to disparage the other party, or otherwise degrade the other party's reputation in the business or legal community or in the telecommunications industry.

22. **Foreign Corrupt Practices Act.** Executive agrees to comply in all material respects with the applicable provisions of the U.S. Foreign Corrupt Practices Act of 1977 ("**FCPA**"), as amended, which provides generally that: under no circumstances will foreign officials, representatives, political parties or holders of public offices be offered, promised or paid any money, remuneration, things of value, or provided any other benefit, direct or indirect, in connection with obtaining or maintaining contracts or orders hereunder. When any representative, employee, agent, or other individual or organization associated with Executive is required to perform any obligation related to or in connection with this Agreement, the substance of this section shall be imposed upon such person and included in any agreement between Executive and any such person. Failure by Executive to comply with the provisions of the FCPA shall constitute a material breach of this Agreement and shall entitle the Company to terminate Executive's employment for Cause.

23. **Purchases and Sales of the Company's Securities.** Executive has read and agrees to comply in all respects with the Company's Policy Regarding the Purchase and Sale of the Company's Securities by Employees, as such Policy may be amended from time to time.

Specifically, and without limitation, Executive agrees that Executive shall not purchase or sell stock in the Company at any time (a) that Executive possesses material non-public information about the Company or any of its businesses; and (b) during any "Trading Blackout Period" as may be determined by the Company as set forth in the Policy from time to time.

24. **Indemnification.** (a) If Executive is made a party or is threatened to be made a party or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or an officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter, a "Covered Person"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such Covered Person in connection therewith; *provided, however*, that, except as provided in Section 24(c) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such Covered Person in connection with a proceeding (or part thereof) initiated by such Covered Person only if such proceeding (or part thereof) was authorized by the Board.

(b) The Corporation shall pay the expenses (including attorneys' fees) incurred by Executive in defending any such proceeding in advance of its final disposition (hereinafter, an "advancement of expenses"), *provided, however*, that, if the Delaware General Corporation Law so requires, an advancement of expenses incurred by Executive in his or her capacity as such shall be made only upon delivery to the Corporation of an undertaking (hereinafter, an "Undertaking"), by or on behalf of such Executive, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter, a "Final Adjudication") that Executive was not entitled to be indemnified for such expenses under this Section 24 or otherwise. The rights to indemnification and to the advancement of expenses conferred in Subsections 24(a) and (b) hereof shall be contract rights and such rights shall continue even after Executive ceases to be employed by the Company and shall inure to the benefit of Executive's heirs, executors and administrators.

(c) If a claim under Section 24(a) or (b) hereof is not paid in full by the Company within sixty (60) days after a written claim therefore has been received by the Company, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty (20) days, Executive may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim. If Executive is successful in whole or in part in any such suit, or in a suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, Executive shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by Executive to enforce a right to indemnification hereunder (but not in a suit brought by Executive to enforce a right to an advancement of expenses)

it shall be a defense that, and (ii) any suit brought by the Company to recover an advancement of expenses pursuant to the terms of an Undertaking, the Company shall be entitled to recover such expenses upon a final adjudication that, Executive has not met the applicable standard for indemnification set forth in the Delaware General Corporation Law. To the fullest extent permitted by law, neither the failure of the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of Executive is proper in the circumstances because the Executive has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Company (including its disinterested directors, committee thereof, independent legal counsel or its stockholders) that Executive has not met such applicable standard of conduct, shall create a presumption that Executive has not met the applicable standard of conduct or, in the case of such a suit brought by Executive, be a defense to such suit. In any suit brought by Executive to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Company to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that Executive is not entitled to be indemnified, or to such advancement of expenses, under this Section 24 or otherwise shall, to the extent permitted by law, be on the Company.

(d) The rights to indemnification and to the advancement of expenses conferred in this Section 24 shall not be exclusive of any other right of indemnification which Executive or any other person may have or hereafter acquire by any statute, the Corporation's Certificate of Incorporation or Bylaws, agreement, vote of stockholders or disinterested directors or otherwise.

(e) The Company may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

25. **Withholding.** Anything to the contrary notwithstanding, all payments required to be made by Company hereunder to Executive or his estate or beneficiary shall be subject to the withholding of such amounts, if any, relating to tax and other payroll deductions as the Company may reasonably determine it should withhold pursuant to applicable law or regulation.

26. **Notices.** Any written notice required by this Agreement will be deemed provided and delivered to the intended recipient when (a) delivered in person by hand; or (b) three days after being sent via U.S. certified mail, return receipt requested; or (c) the day after being sent via by overnight courier, in each case when such notice is properly addressed to the following address and with all postage and similar fees having been paid in advance:

If to the Company: Charter Communications, Inc.
Attn.: Human Resources
12405 Powerscourt Drive
St. Louis, MO 63131

If to Executive: 12405 Powerscourt Drive
St. Louis, MO 63131

Either party may change the address to which notices, requests, demands and other communications to such party shall be delivered personally or mailed by giving written notice to the other party in the manner described above.

27. **Binding Effect.** This Agreement shall be for the benefit of and binding upon the parties hereto and their respective heirs, personal representatives, legal representatives, successors and, where applicable, assigns.

28. **Entire Agreement.** As of the Effective Date, the Employee and the Company hereby irrevocably agree that the Old Employment Agreement is hereby terminated in its entirety, and neither party thereto shall have any rights or obligations under the Old Employment Agreement, including but not limited to, in the case of the Employee, any right to any severance payment or benefit. This Agreement constitutes the entire agreement between the listed parties with respect to the subject matter described in this Agreement and supersedes all prior agreements, understandings and arrangements, both oral and written, between the parties with respect to such subject matter, except to the extent said agreements, understandings and arrangements are referenced or referred to in this Agreement. This Agreement may not be modified, amended, altered or rescinded in any manner, except by written instrument signed by both of the parties hereto; provided, however, that the waiver by either party of a breach or compliance with any provision of this Agreement shall not operate nor be construed as a waiver of any subsequent breach or compliance. Except to the extent the terms hereof are explicitly and directly inconsistent with the terms of the Plan, nothing herein shall be deemed to override or replace the terms of the Plan, including but not limited to sections 6.4, 9.4 and 10.4 thereof.

29. **Severability.** In case any one or more of the provisions of this Agreement shall be held by any court of competent jurisdiction or any arbitrator selected in accordance with the terms hereof to be illegal, invalid or unenforceable in any respect, such provision shall have no force and effect, but such holding shall not affect the legality, validity or enforceability of any other provision of this Agreement provided that the provisions held illegal, invalid or unenforceable does not reflect or manifest a fundamental benefit bargained for by a party hereto.

30. **Assignment.** Subject to the Executive's right to terminate in the event of a Change of Control hereunder, this Agreement can be assigned by the Company only to a company that controls, is controlled by, or is under common control with the Company and which assumes all of the Company's obligations hereunder. The duties and covenants of Executive under this Agreement, being personal, may not be assigned or delegated except that Executive may assign payments due hereunder to a trust established for the benefit of Executive's family or to Executive's estate or to any partnership or trust entered into by Executive and/or Executive's immediate family members (meaning, Executive's spouse and lineal descendants). This agreement shall be binding in all respects on permissible assignees.

31. **Notification.** In order to preserve the Company's rights under this Agreement, the Company is authorized to advise any third party with whom Executive may become employed or enter into any business or contractual relationship with, or whom Executive may contact for any such purpose, of the existence of this Agreement and its terms, and the Company shall not be liable for doing so.

32. **Choice of Law/Jurisdiction** This Agreement is deemed to be accepted and entered into in St. Louis County, Missouri. Executive and the Company intend and hereby acknowledge that jurisdiction over disputes with regard to this Agreement, and over all aspects of the relationship between the parties hereto, shall be governed by the laws of the State of Missouri without giving effect to its rules governing conflicts of laws. Executive agrees that in any suit to enforce this Agreement, or as to any dispute that arises between the Company and the Executive regarding or relating to this Agreement and/or any aspect of Executive's employment relationship with Company, venue and jurisdiction are proper in the County of St. Louis, and (if federal jurisdiction exists) the United States District Court for the Eastern Division of Missouri in St. Louis, and Executive waives all objections to jurisdiction and venue in any such forum and any defense that such forum is not the most convenient forum.

33. **Section Headings.** The section headings contained in this Agreement are for reference purposes only and shall not affect in any manner the meaning or interpretation of this Agreement.

34. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have executed this Agreement on the date and year first above written.

Charter Communications, Inc.

By: /s/ Neil Smit

Name: Neil Smit

Title: President and Chief Executive Officer

EXECUTIVE

/s/ Robert A. Quigley

Name: Robert A. Quigley

Address: _____

**Charter Communications
Grant Summary Report
Exhibit A**

Activity as of 6/25/2007

<u>Grant Date</u>	<u>Grant Type</u>	<u>Grant Price</u>	<u>Granted</u>	<u>Exercised</u>	<u>Canceled</u>	<u>Subject to Repurchase</u>	<u>Outstanding</u>	<u>Vested</u>	<u>Outstanding Exercisable</u>
2001 Non-Qualified Stock Option									
Robert A. Quigley									
12/5/2005	Non-Qualified	\$ 1.25	145,800	36,450	0	0	109,350	36,450	0
12/5/2005	Restricted	\$ 0.00	50,000	16,667	0	0	33,333	16,667	0
3/10/2006	Non-Qualified	\$ 1.00	57,300	14,325	0	0	42,975	14,325	0
3/10/2006	Restricted	\$ 0.00	133,741	0	0	0	133,741	0	0
3/10/2006	Restricted	\$ 0.00	80,244	0	0	0	80,244	0	0
3/9/2007	Non-Qualified	\$ 2.84	57,300	0	0	0	57,300	0	0
3/9/2007	Restricted	\$ 0.00	133,741	0	0	0	133,741	0	0
Optionee Total			658,126	67,442	0	0	590,684	67,442	0
Plan Total			658,126	67,442	0	0	590,684	67,442	0

Exhibit B

Executive Cash Award Plan

Robert Quigley

Assumptions					
Annual contribution rate	20%				
Salary multiple	100%				
Annual salary increase	3.5%				
	actual	actual	actual	estimate	estimate
Current/estimated salary	\$450,000	\$450,000	\$470,025	\$486,000	\$503,000
Account Activity	2005	2006	2007	2008	2009
Initial award/accumulating value	\$450,000	\$450,000	\$540,000	\$317,003	\$414,203
Annual contribution		90,000	94,005	97,200	100,600
	\$450,000	\$540,000	\$634,005	\$414,203	\$514,803
Payout			(317,003)		(514,803)
Ending value	\$450,000	\$540,000	\$317,003	\$414,203	\$0
Total cash paid Year 3 + Year 5					\$831,805

CHARTER COMMUNICATIONS, INC AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES CALCULATION
(In millions)

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2007	2006	2007	2006
Earnings				
Loss from operations before Income Taxes	\$ (300)	\$ (326)	\$ (610)	\$ (776)
Fixed Charges	473	477	938	947
Total Earnings	\$ 173	\$ 151	\$ 328	\$ 171
Fixed Charges				
Interest Expense	\$ 463	\$ 464	\$ 919	\$ 920
Amortization of Debt Costs	8	11	16	23
Interest Element of Rentals	2	2	3	4
Total Fixed Charges	\$ 473	\$ 477	\$ 938	\$ 947
Ratio of Earnings to Fixed Charges (1)	-	-	-	-

(1) Earnings for the three months ended June 30, 2007 and 2006 were insufficient to cover fixed charges by \$300 and \$326, respectively.

Earnings for the six months ended June 30, 2007 and 2006 were insufficient to cover fixed charges by \$610 and \$776, respectively.

As a result of such deficiencies, the ratios are not presented above.

I, Neil Smit, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Charter Communications, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2007

/s/ Neil Smit

Neil Smit

President and Chief Executive Officer

I, Jeffrey T. Fisher, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Charter Communications, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2007

/s/ Jeffrey T. Fisher

Jeffrey T. Fisher
Chief Financial Officer
(Principal Financial Officer)

**CERTIFICATION OF CHIEF EXECUTIVE
OFFICER REGARDING PERIODIC REPORT CONTAINING
FINANCIAL STATEMENTS**

I, Neil Smit, the President and Chief Executive Officer of Charter Communications, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Annual Report on Form 10-Q for the period ended June 30, 2007 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Neil Smit
Neil Smit
President and Chief Executive Officer
August 2, 2007

**CERTIFICATION OF CHIEF FINANCIAL
OFFICER REGARDING PERIODIC REPORT CONTAINING
FINANCIAL STATEMENTS**

I, Jeffrey T. Fisher, the Chief Financial Officer of Charter Communications, Inc. (the "Company") in compliance with 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Annual Report on Form 10-Q for the period June 30, 2007 (the "Report") filed with the Securities and Exchange Commission:

- fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Jeffrey T. Fisher
Jeffrey T. Fisher
Chief Financial Officer
(Principal Financial Officer)
August 2, 2007