UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2008

or

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

For the transition period from ________ to _________

Commission file number: 000-27927

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

Delaware	**43-1857213**
(State or other jurisdiction of incorporation or organization)	*(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 [X] NO [ ]

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

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes oNo ☑

Number of shares of Class A common stock outstanding as of June 30, 2008: 407,201,927
Number of shares of Class B common stock outstanding as of June 30, 2008: 50,000

Charter Communications, Inc.
Quarterly Report on Form 10-Q for the Period ended June 30, 2008

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This quarterly report on Form 10-Q is for the three and six months ended June 30, 2008. 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 and the factors described under "Risk Factors" under Part I, Item 1A of our most recent Form 10-K filed with the SEC. 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 fund debt obligations (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, if not cured in a timely manner, 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;
- the impact of competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers, and digital subscriber line ("DSL") providers;
- difficulties in growing, further introducing, and operating our telephone services, while adequately meeting customer expectations for the reliability of voice services;
- 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, including the recent significant slowdown in the housing sector and overall economy; and
- the effects of governmental regulation 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)

	June 30, 2008 (Unaudited)	December 31, 2007
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 63	$ 75
Short-term investments	13	--
Accounts receivable, less allowance for doubtful accounts of $19 and $18, respectively	250	225
Prepaid expenses and other current assets	35	36
Total current assets	361	336
INVESTMENT IN CABLE PROPERTIES:		
Property, plant and equipment, net of accumulated depreciation	5,106	5,103
Franchises, net	8,935	8,942
Total investment in cable properties, net	14,041	14,045
OTHER NONCURRENT ASSETS	308	285
Total assets	$ 14,710	$ 14,666
LIABILITIES AND SHAREHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable and accrued expenses	$ 1,293	$ 1,332
Total current liabilities	1,293	1,332
LONG-TERM DEBT	20,480	19,908
NOTE PAYABLE – RELATED PARTY	69	65
DEFERRED MANAGEMENT FEES – RELATED PARTY	14	14
OTHER LONG-TERM LIABILITIES	1,150	1,035
MINORITY INTEREST	203	199
PREFERRED STOCK – REDEEMABLE; $.001 par value; 1 million shares authorized; 36,713 shares issued and outstanding	5	5
SHAREHOLDERS' DEFICIT:		
Class A Common stock; $.001 par value; 10.5 billion shares authorized; 407,201,927 and 398,226,468 shares issued and outstanding, respectively	--	--
Class B Common stock; $.001 par value; 4.5 billion 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	5,331	5,327
Accumulated deficit	(13,730)	(13,096)
Accumulated other comprehensive loss	(105)	(123)
Total shareholders' deficit	(8,504)	(7,892)
Total liabilities and shareholders' deficit	$ 14,710	$ 14,666

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

	Three Months Ended June 30, 2008	Three Months Ended June 30, 2007	Six Months Ended June 30, 2008	Six Months Ended June 30, 2007
REVENUES	$ 1,623	$ 1,499	$ 3,187	$ 2,924
COSTS AND EXPENSES:				
Operating (excluding depreciation and amortization)	698	647	1,380	1,278
Selling, general and administrative	342	317	687	620
Depreciation and amortization	328	334	649	665
Other operating expenses, net	25	1	36	5
	1,393	1,299	2,752	2,568
Income from operations	230	200	435	356
OTHER INCOME AND (EXPENSES):				
Interest expense, net	(474)	(462)	(939)	(926)
Change in value of derivatives	26	(3)	(11)	(4)
Other income (expense), net	1	(36)	(2)	(39)
	(447)	(501)	(952)	(969)
Loss before income taxes	(217)	(301)	(517)	(613)
INCOME TAX EXPENSE	(59)	(59)	(117)	(128)
Net loss	$ (276)	$ (360)	$ (634)	$ (741)
LOSS PER COMMON SHARE:	$ (.74)	$ (.98)	$ (1.71)	$ (2.02)
Weighted average common shares outstanding, basic and diluted	371,652,070	367,582,677	370,868,849	366,855,427

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, 2008	Six Months Ended June 30, 2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (634)	$ (741)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	649	665
Noncash interest expense	27	21
Change in value of derivatives	11	4
Deferred income taxes	114	123
Other, net	22	39
Changes in operating assets and liabilities, net of effects from dispositions:		
Accounts receivable	(24)	(29)
Prepaid expenses and other assets	--	26
Accounts payable, accrued expenses and other	3	10
Net cash flows from operating activities	168	118
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property, plant and equipment	(650)	(579)
Change in accrued expenses related to capital expenditures	(41)	(39)
Other, net	(11)	31
Net cash flows from investing activities	(702)	(587)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings of long-term debt	1,765	7,247
Repayments of long-term debt	(1,195)	(6,727)
Payments for debt issuance costs	(39)	(33)
Other, net	(9)	3
Net cash flows from financing activities	522	490
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12)	21
CASH AND CASH EQUIVALENTS, beginning of period	75	60
CASH AND CASH EQUIVALENTS, end of period	$ 63	$ 81
CASH PAID FOR INTEREST	$ 912	$ 918
NONCASH TRANSACTIONS:		
Cumulative adjustment to accumulated deficit for the adoption of FIN 48	$ --	$ 56

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, 2008 are the 55% controlling common equity interest (52% for accounting purposes) in Charter Communications Holding Company, LLC ("Charter Holdco") and "mirror" notes which 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 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 consolidates 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 (basic and digital video), high-speed Internet services, and telephone services, as well as advanced broadband services such as high definition television, Charter OnDemand™ ("OnDemand"), and digital video recorder ("DVR") service. The Company sells its cable video programming, high-speed Internet, telephone, and advanced broadband services primarily 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 ("GAAP") 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.

Reclassifications. Certain prior year amounts have been reclassified to conform with the 2008 presentation.

2. Liquidity and Capital Resources

The Company incurred net losses of $276 million and $360 million for the three months ended June 30, 2008 and 2007, respectively, and $634 million and $741 million for the six months ended June 30, 2008 and 2007, respectively. The Company's net cash flows from operating activities were $168 million and $118 million for the six months ended June 30, 2008 and 2007, respectively.

The Company has a significant amount of debt. The Company's long-term debt as of June 30, 2008 totaled $20.5 billion, consisting of $7.3 billion of credit facility debt, $12.8 billion accreted value of high-yield notes, and $365 million accreted value of convertible senior notes. For the remainder of 2008, $36 million of the Company's debt matures. As of June 30, 2008, the Company's 2009 debt maturities totaled $238 million. 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, proceeds from 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, 2008, the Company generated $168 million of net cash flows from operating activities, after paying cash interest of $912 million. In addition, the Company used $650 million for purchases of property, plant and equipment. Finally, the Company generated net cash flows from financing activities of $522 million, as a result of financing transactions completed during the six months ended June 30, 2008.

The Company expects that cash on hand, cash flows from operating activities, and the amounts available under the Charter Communications Operating, LLC ("Charter Operating") credit facilities will be adequate to fund its projected cash needs, including scheduled maturities, through 2009. The Company believes that cash flows from operating activities, and the amounts available under the Charter Operating credit facilities will not be sufficient to fund projected cash needs in 2010 (primarily as a result of the CCH II, LLC ("CCH II") $1.9 billion of senior notes outstanding at July 2, 2008 that mature in September 2010) and thereafter. The Company's projected cash needs and projected sources of liquidity depend upon, among other things, its actual results, the timing and amount of its capital expenditures, and ongoing compliance with the Charter Operating credit facilities, including obtaining an unqualified audit opinion from its independent accountants. Although the Company has been able to refinance or otherwise fund the repayment of debt in the past, it may not be able to access additional sources of refinancing on similar terms or pricing as those that are currently in place, or at all, or otherwise obtain other sources of funding. A continuation of the recent turmoil in the credit markets and the general economic downturn could adversely impact the terms and/or pricing when the Company needs to raise additional liquidity. No assurances can be given that the Company will not experience liquidity problems if it does not obtain sufficient additional financing on a timely basis as the Company's 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 the Company's credit facilities, the Company would consider issuing equity, issuing convertible debt or some other securities, further reducing the Company's expenses and capital expenditures, selling assets, or requesting waivers or amendments with respect to the Company's credit facilities.

If the above strategies were not successful, the Company could be forced to restructure its obligations or seek protection under the bankruptcy laws. In addition, if the Company needs to raise additional capital through the issuance of equity or finds it necessary to engage in a recapitalization or other similar transaction, the Company's shareholders could suffer significant dilution, including potential loss of the entire value of their investment, and in the case of a recapitalization or other similar transaction, the Company's noteholders might not receive principal and interest payments to which they are contractually entitled.

Credit Facility Availability

The Company's ability to operate depends upon, among other things, its continued access to capital, including credit under the Charter Operating credit facilities. The Charter Operating credit facilities, along with the Company's indentures and the CCO Holdings, LLC ("CCO Holdings") credit facility, 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 accountants. As of June 30, 2008, 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, 2008, the Company's potential availability under Charter Operating's revolving credit facility totaled approximately $1.4 billion, none of which was limited by covenant restrictions. Continued access to the Company's revolving credit facility is subject to the Company remaining in compliance with these covenants, including covenants tied to Charter Operating's leverage ratio and first lien leverage ratio. If any event of non-compliance were to occur, funding under the revolving credit facility 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 senior 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. Charter's ability to make interest payments on its convertible senior notes, and to repay the outstanding principal of its convertible senior notes 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, 2008, Charter Holdco was owed $115 million in intercompany loans from Charter Operating, which amounts were available to pay interest and principal on Charter's convertible senior notes. In addition, as long as Charter Holdco continues to hold the $35 million of Charter Holdings' notes due 2009 and 2010 (as discussed further below), Charter Holdco will receive interest and principal payments from Charter Holdings. Such amounts may be available to pay interest and principal on 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 notes, CCO Holdings notes, Charter Operating notes, and under the CCO Holdings credit facility, 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, 2008, 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, 2008 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 the Charter Operating 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 facility.

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, 2008, there was no default under Charter Holdings' indentures, the other specified tests were met, and Charter Holdings met its leverage ratio test of 8.75 to 1.0 based on June 30, 2008 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 2008, Charter Operating issued $546 million principal amount of 10.875% senior second-lien notes due 2014 and borrowed $500 million principal amount of incremental term loans under the Charter Operating credit facilities (see Note 5). In the second quarter of 2008, Charter Holdco repurchased, in private transactions, from a small number of institutional holders, a total of approximately $35 million principal amount of various Charter Holdings notes due

(dollars in millions, except per share amounts and where indicated)

2009 and 2010 and approximately $46 million principal amount of Charter's 5.875% convertible senior notes due 2009, for approximately $77 million of cash. Charter Holdco continues to hold the Charter Holdings notes. The purchased 5.875% convertible senior notes were cancelled resulting in approximately $3 million principal amount of such notes remaining outstanding.

In July 2008, CCH II completed a tender offer, in which $338 million of CCH II's 10.25% senior notes due 2010 were accepted for $364 million of CCH II's 10.25% senior notes due 2013, which were issued as part of the same series of notes as CCH II's $250 million aggregate principal amount of 10.25% senior notes due 2013, which were issued in September 2006.

3. 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, 2008 and December 31, 2007, indefinite-lived and finite-lived intangible assets are presented in the following table:

	June 30, 2008			December 31, 2007		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Indefinite-lived intangible assets:						
Franchises with indefinite lives	$ 8,928	$ --	$ 8,928	$ 8,929	$ --	$ 8,929
Goodwill	68	--	68	67	--	67
	$ 8,996	$ --	$ 8,996	$ 8,996	$ --	$ 8,996
Finite-lived intangible assets:						
Franchises with finite lives	$ 15	$ 8	$ 7	$ 23	$ 10	$ 13

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. During the six months ended June 30, 2008, the net carrying amount of indefinite-lived franchises was reduced by $2 million related to cable asset sales completed in 2008, and $4 million as a result of the finalization of purchase accounting related to cable asset acquisitions. Additionally, during the six months ended June 30, 2008, approximately $5 million of franchises that were previously classified as finite-lived were reclassified to indefinite-lived, based on management's assessment when these franchises migrated to state-wide franchising. Franchise amortization expense for the three and six months ended June 30, 2008 was approximately $0 and $1 million, respectively. The Company expects that amortization expense on franchise assets will be approximately $2 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.

(dollars in millions, except per share amounts and where indicated)

4. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following as of June 30, 2008 and December 31, 2007:

	June 30, 2008	December 31, 2007
Accounts payable – trade	$ 88	$ 127
Accrued capital expenditures	54	95
Accrued expenses:		
Interest	412	418
Programming costs	288	273
Compensation	107	116
Franchise-related fees	55	66
Other	289	237
	$ 1,293	$ 1,332

5. Long-Term Debt

Long-term debt consists of the following as of June 30, 2008 and December 31, 2007:

	June 30, 2008		December 31, 2007	
	Principal Amount	Accreted Value	Principal Amount	Accreted Value
Long-Term Debt				
Charter Communications, Inc.:				
5.875% convertible senior notes due November 16, 2009	$ 3	$ 3	$ 49	$ 49
6.50% convertible senior notes due October 1, 2027	479	362	479	353
Charter Communications Holdings, LLC:				
10.000% senior notes due April 1, 2009	76	76	88	88
10.750% senior notes due October 1, 2009	54	54	63	63
9.625% senior notes due November 15, 2009	35	35	37	37
10.250% senior notes due January 15, 2010	9	9	18	18
11.750% senior discount notes due January 15, 2010	13	13	16	16
11.125% senior notes due January 15, 2011	47	47	47	47
13.500% senior discount notes due January 15, 2011	60	60	60	60
9.920% senior discount notes due April 1, 2011	51	51	51	51
10.000% senior notes due May 15, 2011	69	69	69	69
11.750% senior discount notes due May 15, 2011	54	54	54	54
12.125% senior discount notes due January 15, 2012	75	75	75	75
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
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	217
CCH I, LLC:				
11.000% senior notes due October 1, 2015	3,987	4,077	3,987	4,083

(dollars in millions, except per share amounts and where indicated)

CCH II, LLC:				
10.250% senior notes due September 15, 2010	2,198	2,193	2,198	2,192
10.250% senior notes due October 1, 2013	250	260	250	260
CCO Holdings, LLC:				
8 ¾% senior notes due November 15, 2013	800	796	800	795
Credit facility	350	350	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
10.875% senior second-lien notes due September 15, 2014	546	526	--	--
Credit facilities	6,966	6,966	6,844	6,844
	$ 20,526	$ 20,480	$ 19,939	$ 19,908

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, the current accreted value for legal purposes and notes indenture purposes (the amount that is currently payable if the debt becomes immediately due) is equal to the principal amount of notes.

In March 2008, Charter Operating issued $546 million principal amount of 10.875% senior second-lien notes due 2014, guaranteed by CCO Holdings and certain other subsidiaries of Charter Operating, in a private transaction. Net proceeds from the senior second-lien notes were used to reduce borrowings, but not commitments, under the revolving portion of the Charter Operating credit facilities.

The Charter Operating 10.875% senior second-lien notes may be redeemed at the option of Charter Operating on or after varying dates, in each case at a premium, plus the Make-Whole Premium. The Make-Whole Premium is an amount equal to the excess of (a) the present value of the remaining interest and principal payments due on a 10.875% senior second-lien note due 2014 to its final maturity date, computed using a discount rate equal to the Treasury Rate on such date plus 0.50%, over (b) the outstanding principal amount of such note. The Charter Operating 10.875% senior second-lien notes may be redeemed at any time on or after March 15, 2012 at specified prices. In the event of specified change of control events, Charter Operating must offer to purchase the Charter Operating 10.875% senior second-lien notes at a purchase price equal to 101% of the total principal amount of the Charter Operating notes repurchased plus any accrued and unpaid interest thereon.

In addition, Charter Operating borrowed $500 million principal amount of incremental term loans (the “Incremental Term Loans”) under the Charter Operating credit facilities. The Incremental Term Loans have a final maturity of March 6, 2014 and prior to this date will amortize in quarterly principal installments totaling 1% annually beginning on June 30, 2008. The Incremental Term Loans bear interest at LIBOR plus 5.0%, with a LIBOR floor of 3.5%, and are otherwise governed by and subject to the existing terms of the Charter Operating credit facilities. Net proceeds from the Incremental Term Loans were used for general corporate purposes.

In the second quarter of 2008, Charter Holdco repurchased, in private transactions, from a small number of institutional holders, a total of approximately $35 million principal amount of various Charter Holdings notes due 2009 and 2010 and approximately $46 million principal amount of Charter’s 5.875% convertible senior notes due 2009, for approximately $77 million of cash. Charter Holdco continues to hold the Charter Holdings notes. The purchased 5.875% convertible senior notes were cancelled resulting in approximately $3 million principal amount of such notes remaining outstanding. The transactions resulted in a gain on extinguishment of debt of approximately $4 million for the three months ended June 30, 2008, included in other income (expense), net on the Company’s condensed consolidated statements of operations.

6. 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 $482 million and $528 million at June 30, 2008 and December 31, 2007, respectively, of mirror notes payable by Charter Holdco to Charter, and which have the same principal amount and terms as those of Charter's 5.875% and 6.50% convertible senior notes. Minority interest on the Company's condensed consolidated balance sheets represents Mr. Paul G. 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 $203 million and $199 million as of June 30, 2008 and December 31, 2007, respectively.

7. Comprehensive Loss

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 loss. Comprehensive loss was $154 million and $310 million for the three months ended June 30, 2008 and 2007, respectively, and $616 million and $697 million for the six months ended June 30, 2008 and 2007, respectively.

8. Accounting for Derivative Instruments and Hedging Activities

The Company uses interest rate swap agreements to manage its interest costs and reduce the Company's exposure to increases in floating interest rates. 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 agrees 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 speculative 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 and six months ended June 30, 2008 and 2007, there was no cash flow hedge ineffectiveness on interest rate swap agreements.

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 specified by SFAS No. 133 are reported in accumulated other comprehensive loss. For the three months ended June 30, 2008 and 2007, gains of $122 million and $50 million, respectively, and for the six months ended June 30, 2008 and 2007, gains of $18 million and $48 million, respectively, related to derivative instruments designated as cash flow hedges, were recorded in accumulated other comprehensive loss. The amounts are subsequently reclassified as an increase or decrease to change in value of derivatives 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 a change in value of derivatives in the Company's consolidated statements of operations. For the three months ended June 30, 2008 and 2007, change in value of derivatives includes gains of $36 million and $6 million, respectively, and for the six months ended June 30, 2008 and 2007, gains of $6 million and $5 million, respectively, resulting from interest rate derivative instruments not designated as hedges.

As of June 30, 2008 and December 31, 2007, the Company had $4.3 billion in notional amounts of interest rate swaps outstanding. 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% and 6.50% convertible senior notes issued in November 2004 and October 2007, respectively, were considered embedded derivatives for accounting purposes and were 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 as the change in value of derivatives on the Company's consolidated statement of operations. For the three months ended June 30, 2008 and 2007, the Company recognized $10 million and $9 million in losses related to these derivatives, respectively, and for the six months ended June 30, 2008 and 2007, the Company recognized losses of $17 million and $9 million, respectively. At June 30, 2008 and December 31, 2007, $50 million and $33 million, respectively, is recorded on the Company's balance sheets related to these derivatives.

The Company adopted SFAS 157, *Fair Value Measurements*, on its financial assets and liabilities effective January 1, 2008, and has an established process for determining fair value. The Company has deferred adoption of SFAS 157 on its nonfinancial assets and liabilities including fair value measurements under SFAS 142 and SFAS 144 of franchises, goodwill, property, plant, and equipment, and other long-term assets until January 1, 2009 as permitted by FASB Staff Position ("FSP") 157-2. Fair value is based upon quoted market prices, where available. If such valuation methods are not available, fair value is based on internally or externally developed models using market-based or independently-sourced market parameters, where available. Fair value may be subsequently adjusted to ensure that those assets and liabilities are recorded at fair value. The Company's methodology may produce a fair value that may not be indicative of net realizable value or reflective of future fair values, but the Company believes its methods are appropriate and consistent with other market peers. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value estimate as of the Company's reporting date.

SFAS 157 establishes a three-level hierarchy for disclosure of fair value measurements, based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date, as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Interest rate derivatives are valued using a present value calculation based on an implied forward LIBOR curve (adjusted for Charter Operating's credit risk) classified within level 2 of the valuation hierarchy. The fair values of the embedded derivatives within Charter's 5.875% and 6.50% convertible senior notes issued in November 2004 and October 2007, respectively, are derived from valuations using a simulation technique with market based inputs, including Charter's Class A common stock price, implied volatility of Charter's Class A common stock, Charter's credit risk and costs to borrow Charter's Class A common stock. These valuations are classified within level 3 of the valuation hierarchy.

As of June 30, 2008, Charter had $13 million of available-for-sale investments in commercial paper with initial maturities of between three and six months. The investments were valued using quoted prices classified within level 1 of the valuation hierarchy.

(dollars in millions, except per share amounts and where indicated)

The Company's financial assets and financial liabilities that are accounted for at fair value on a recurring basis are presented in the table below:

	Fair Value As of June 30, 2008			
	Level 1	Level 2	Level 3	Total
Short-term investments:				
Available-for-sale investments	$ 13	$ --	$ --	$ 13
	$ 13	$ --	$ --	$ 13
Other long-term liabilities:				
Interest rate derivatives	$ --	$ 145	$ --	$ 145
Embedded derivatives	--	--	50	50
	$ --	$ 145	$ 50	$ 195

9. Other Operating Expenses, Net

Other operating expenses, net consist of the following for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Loss on sale of assets, net	$ 2	$ --	$ 4	$ 3
Special charges, net	23	1	32	2
	$ 25	$ 1	$ 36	$ 5

Special charges, net for the three and six months ended June 30, 2008 includes severance charges and expected settlement costs associated with the Sjoblon litigation (see Note 13), offset by favorable insurance settlements related to hurricane Katrina claims. Special charges, net for the three and six months ended June 30, 2007 primarily represent severance charges.

10. Other Income (Expense), Net

Other income (expense), net consists of the following for the three and six months ended June 30, 2008 and 2007:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Gain (loss) on extinguishment of debt	$ 4	$ (34)	$ 4	$ (35)
Minority interest	(2)	(1)	(4)	(3)
Loss on investments	(1)	(1)	(1)	(1)
Other, net	--	--	(1)	--
	$ 1	$ (36)	$ (2)	$ (39)

As part of the refinancing in March 2007, the existing CCO Holdings $350 million revolving/term credit facility was terminated, resulting 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. In April 2007, Charter Holdings completed a tender offer resulting in a loss on extinguishment of debt for each of the three and six months ended June 30, 2007 of approximately $22 million.

11. 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 remaining 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 share of taxable income or loss of Charter Holdco allocated to Charter 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 investment in Charter Holdco.

For each of the three month periods ended June 30, 2008 and 2007, the Company recorded $59 million of income tax expense, and for the six months ended June 30, 2008 and 2007, the Company recorded $117 million and $128 million of income tax expense, respectively. Income tax expense was recognized through increases in deferred tax liabilities related to Charter's investment in Charter Holdco, and certain of Charter's subsidiaries, in addition to current federal and state income tax expense.

As of June 30, 2008 and December 31, 2007, the Company had net deferred income tax liabilities of approximately $780 million and $665 million, respectively. Included in these deferred tax liabilities is approximately $226 million of deferred tax liabilities at June 30, 2008 and December 31, 2007, relating to certain indirect subsidiaries of Charter Holdco that file separate income tax returns. The remainder of the Company's deferred tax liability arose from Charter's investment in Charter Holdco, and was largely attributable to the characterization of franchises for financial reporting purposes as indefinite-lived.

As of June 30, 2008, the Company had deferred tax assets of $5.2 billion, which included $1.9 billion of financial losses in excess of tax losses allocated to Charter from Charter Holdco. The deferred tax assets also included $3.3 billion of tax net operating loss carryforwards (generally expiring in years 2008 through 2028) of Charter and its indirect subsidiaries. Valuation allowances of $5.0 billion exist with respect to these deferred tax assets. In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will be realized. Because of the uncertainties in projecting future taxable income of Charter Holdco, valuation allowances have been established except for deferred benefits available to offset certain deferred tax liabilities that will reverse over time.

The amount of any benefit from the Company's tax net operating losses is dependent on: (1) Charter and its subsidiaries' ability to generate future taxable income and (2) the unexpired amount of net operating loss carryforwards available to offset amounts payable on such taxable income. Any future "ownership changes" of Charter's common stock, 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 future taxable income. Although the Company has adopted the Rights Plan as an attempt to protect against an "ownership change," certain transactions and the timing of such transactions could cause such an ownership change including, but 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 21.8 million were outstanding as of June 30, 2008); 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 deferred tax liability for Charter's investment in Charter Holdco is largely attributable to the characterization of franchises for financial reporting purposes as indefinite lived. If Mr. Allen were to exchange his Charter Holdco units, as described above, Charter would likely record for financial reporting purposes additional deferred tax liability related to its increased interest in Charter Holdco and the related underlying indefinite lived franchise assets.

Charter and Charter Holdco received notification from the Internal Revenue Service ("IRS") examining agent that no changes to the 2004 and 2005 tax returns would be required as a result of their examination. These findings are subject to the IRS Area Director's approval.

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 the accumulated deficit in the first quarter of 2007. The Company does not believe it has taken any significant positions that would not meet the "more likely than not" criteria and require disclosure.

12. Related Party Transactions

The following sets forth certain transactions in which the Company and the directors, executive officers, and affiliates of the Company are involved. Unless otherwise disclosed, management believes each of the transactions described below was on terms no less favorable to the Company than could have been obtained from independent third parties.

Digeo, Inc.

Mr. Paul G. Allen, the controlling shareholder of Charter, through his 100% ownership of Vulcan Ventures Incorporated ("Vulcan Ventures"), owns a majority interest in Digeo, Inc. on a fully-converted fully-diluted basis. Ms. Jo Allen Patton is a director of the Company and a director and Vice President of Vulcan Ventures. Mr. Lance Conn is a director of the Company and is Executive Vice President of Vulcan Ventures. Currently, Charter Operating owns 1.8% of Digeo, Inc.'s common stock.

In May 2008, Charter Operating entered into an agreement with Digeo Interactive, LLC, a subsidiary of Digeo, Inc., for the minimum purchase of high-definition DVR units for approximately $21 million. This minimum purchase commitment is subject to reduction as a result of certain specified events such as the failure to deliver units timely and catastrophic failure. The software for these units is being supplied under a software license agreement with Digeo Interactive, LLC; the cost of which is expected to be approximately $2 million for the initial licenses and on-going maintenance fees of approximately $0.3 million annually, subject to reduction to coincide with any reduction in the minimum purchase commitment. For the six months ended June 30, 2008, Charter has not purchased any units from Digeo Interactive, LLC under these agreements.

13. 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.

In the ordinary course of business, the Company may face employment law claims, including claims under the Fair Labor Standards Act and wage and hour laws of the states in which we operate. On August 15, 2007, a complaint was filed, on behalf of both nationwide and state of Wisconsin classes of certain categories of current and former Charter technicians, against Charter in the United States District Court for the Western District of Wisconsin (Sjoblom v. Charter Communications, LLC and Charter Communications, Inc.), alleging that Charter violated the Fair Labor Standards Act and Wisconsin wage and hour laws by failing to pay technicians for certain hours claimed to have been worked. While the Company believes it has substantial factual and legal defenses to the claims at issue, in order to avoid the cost and distraction of continuing to litigate the case, the Company is in active negotiations with the plaintiffs to reach a settlement, which would be subject to the approval of the court. The Company has accrued expected settlement costs associated with the Sjoblom case (see Note 9). If the Company were subjected, in the normal course of business, to the assertion of other similar claims in other jurisdictions, the Company could not predict the ultimate outcome of any such proceedings or claims.

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. Although such lawsuits and claims, including the employment law claims discussed above, are not expected individually to be material to the Company's consolidated financial condition, results of operations or liquidity, such lawsuits and claims could be, in the aggregate, material to the Company's consolidated financial condition, results of operations or liquidity.

14. Stock Compensation Plans

The Company has stock compensation 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 shares of restricted stock (shares of restricted stock not to exceed 20.0 million 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 first anniversary of the grant date and ratably thereafter. Generally, options expire 10 years from the grant date. Restricted stock vests annually over a one to three-year period beginning from the date of grant. The 2001 Stock Incentive Plan allows for the issuance of up to a total of 90.0 million shares of Charter Class A common stock (or units convertible into Charter Class A common stock). In March 2008, the Company adopted an incentive program to allow for performance cash. Under the incentive program, performance units under the 2001 Stock Incentive Plan and performance cash are deposited into a performance bank of which one-third of the balance is paid out each year, subject to meeting performance criteria. During the three and six months ended June 30, 2008, Charter granted 0.7 million and 10.4 million shares of restricted stock, respectively. During the six months ended June 30, 2008, Charter granted 11.5 million performance units and $8 million of performance cash under Charter's 2008 incentive program.

The Company recorded $8 million and $5 million of stock compensation expense for the three months ended June 30, 2008 and 2007, respectively, and $16 million and $10 million for the six months ended June 30, 2008 and 2007, respectively, which is included in selling, general, and administrative expense.

15. Recently Issued Accounting Standards

In March 2008, the FASB issued SFAS 161, *Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133*, which requires companies to disclose their objectives and strategies for using derivative instruments, whether or not designated as hedging instruments under SFAS 133. SFAS 161 is effective for interim periods and fiscal years beginning after November 15, 2008. The Company will adopt SFAS 161 effective January 1, 2009. The Company is currently assessing the impact of SFAS 161 on its financial statements.

In April 2008, the FASB issued FSP FAS 142-3, *Determination of the Useful Life of Intangible Assets*, which amends the factors to be considered in renewal or extension assumptions used to determine the useful life of a recognized intangible asset. FSP FAS 142-3 is effective for interim periods and fiscal years beginning after December 15, 2008. The Company will adopt FSP FAS 142-3 effective January 1, 2009. The Company is currently assessing the impact of FSP FAS 142-3 on its financial statements.

In May 2008, the FASB issued FSP APB 14-1, *Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)*, which specifies that issuers of convertible debt instruments that may be settled in cash upon conversion should separately account for the liability and equity components in a manner reflecting their nonconvertible debt borrowing rate when interest costs are recognized in subsequent periods. FSP APB 14-1 is effective for interim periods and fiscal years beginning after December 15, 2008. The Company will adopt FSP APB 14-1 effective January 1, 2009. The Company is currently assessing the impact of FSP APB 14-1 on its financial statements.

The Company does not believe that any other recently issued, but not yet effective accounting pronouncements, if adopted, would have a material effect on its accompanying financial statements.

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, 2008 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 are a broadband communications company operating in the United States with approximately 5.6 million customers at June 30, 2008. Through our hybrid fiber and coaxial cable network, we offer our customers traditional cable video programming (basic and digital, which we refer to as "video" service), high-speed Internet service, and telephone services, as well as, advanced broadband services (such as OnDemand high definition television service, and DVR).

The following table summarizes our customer statistics for basic video, digital video, residential high-speed Internet, and telephone as of June 30, 2008 and 2007:

	Approximate as of	
	June 30, 2008 (a)	June 30, 2007 (a)
Video Cable Services:		
Basic Video:		
Residential (non-bulk) basic video customers (b)	4,897,100	5,107,800
Multi-dwelling (bulk) and commercial unit customers (c)	264,900	269,000
Total basic video customers (b)(c)	5,162,000	5,376,800
Digital Video:		
Digital video customers (d)	3,056,900	2,866,000
Non-Video Cable Services:		
Residential high-speed Internet customers (e)	2,787,300	2,583,200
Telephone customers (f)	1,175,500	700,300

After giving effect to sales and acquisitions of cable systems in 2007 and 2008, basic video customers, digital video customers, high-speed Internet customers and telephone customers would have been 5,323,800, 2,843,800, 2,577,900, and 701,300, respectively, as of June 30, 2007.

(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, 2008 and 2007, "customers" include approximately 34,200 and 31,300 persons whose accounts were over 60 days past due in payment, approximately 5,300 and 3,800 persons whose accounts were over 90 days past due in payment, and approximately 2,600 and 1,500 of which were over 120 days past due in payment, respectively.

(b) "Basic video customers" include all residential customers who receive video cable services.

(c) Included within "basic 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 basic 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 basic video customers 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, 2008 and 2007, our income from operations was $230 million and $200 million, respectively, and for the six months ended June 30, 2008 and 2007, our income from operations was $435 million and $356 million, respectively. We had operating margins of 14% and 13% for the three months ended June 30, 2008 and 2007, respectively, and 14% and 12% for the six months ended June 30, 2008 and 2007, respectively. The increase in income from operations and operating margins for the three and six months ended June 30, 2008 compared to the three and six months ended June 30, 2007 was principally due to an increase in revenue over cash expenses as a result of increased customers for high-speed Internet, digital video, and telephone, as well as overall rate increases.

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 amounts 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.

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 2007 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,			
	2008		2007		2008		2007	
REVENUES	$ 1,623	100%	$ 1,499	100%	$ 3,187	100%	$ 2,924	100%
COSTS AND EXPENSES:								
Operating (excluding depreciation and amortization)	698	43%	647	43%	1,380	43%	1,278	44%
Selling, general and administrative	342	21%	317	21%	687	22%	620	21%
Depreciation and amortization	328	20%	334	23%	649	20%	665	23%
Other operating expenses, net	25	2%	1	--	36	1%	5	--
	1,393	86%	1,299	87%	2,752	86%	2,568	88%
Income from operations	230	14%	200	13%	435	14%	356	12%
OTHER INCOME (EXPENSES):								
Interest expense, net	(474)		(462)		(939)		(926)	
Change in value of derivatives	26		(3)		(11)		(4)	
Other income (expense), net	1		(36)		(2)		(39)	
	(447)		(501)		(952)		(969)	
Loss before income taxes	(217)		(301)		(517)		(613)	
INCOME TAX EXPENSE	(59)		(59)		(117)		(128)	
Net loss	$ (276)		$ (360)		$ (634)		$ (741)	
LOSS PER COMMON SHARE	$ (.74)		$ (0.98)		$ (1.71)		$ (2.02)	
Weighted average common shares outstanding, basic and diluted	371,652,070		367,582,677		370,868,849		366,855,427	

Revenues. Average monthly revenue per basic video customer increased to $104 for the three months ended June 30, 2008 from $93 for the three months ended June 30, 2007 and increased to $102 for the six months ended June 30, 2008 from $88 for the six months ended June 30, 2007. Average monthly revenue per basic video customer represents total revenue, divided by the number of respective months, divided by the average number of basic video customers during the respective period. Revenue growth primarily reflects increases in the number of telephone, high-speed Internet, and digital video customers, price increases, and incremental video revenues from OnDemand, DVR, and high-definition television services, offset by a decrease in basic video customers. Cable system sales, net of acquisitions, in 2007 reduced the increase in revenues for the three and six months ended June 30, 2008 as compared to the three and six months ended June 30, 2007 by approximately $9 million and $18 million, respectively.

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

	Three Months Ended June 30,					
	2008		2007		2008 over 2007	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	$ 874	54%	$ 859	57%	$ 15	2%
High-speed Internet	339	21%	308	21%	31	10%
Telephone	134	8%	80	5%	54	68%
Commercial	96	6%	83	6%	13	16%
Advertising sales	75	5%	76	5%	(1)	(1%)
Other	105	6%	93	6%	12	13%
	$ 1,623	100%	$ 1,499	100%	$ 124	8%

	Six Months Ended June 30,					
	2008		2007		2008 over 2007	
	Revenues	% of Revenues	Revenues	% of Revenues	Change	% Change
Video	$ 1,732	54%	$ 1,697	58%	$ 35	2%
High-speed Internet	667	21%	602	21%	65	11%
Telephone	255	8%	143	5%	112	78%
Commercial	189	6%	164	6%	25	15%
Advertising sales	143	5%	139	4%	4	3%
Other	201	6%	179	6%	22	12%
	$ 3,187	100%	$ 2,924	100%	$ 263	9%

Video revenues consist primarily of revenues from basic and digital video services provided to our non-commercial customers. Basic video customers decreased by 214,800 customers from June 30, 2007, 53,000 of which was related to asset sales, net of acquisitions, compared to June 30, 2008. Digital video customers increased by 190,900, reduced by the sale, net of acquisitions, of 22,200 customers. The increases in video revenues are attributable to the following (dollars in millions):

	Three months ended June 30, 2008 compared to three months ended June 30, 2007 Increase / (Decrease)	Six months ended June 30, 2008 compared to six months ended June 30, 2007 Increase / (Decrease)
Incremental video services and rate adjustments	$ 22	$ 51
Increase in digital video customers	18	33
Decrease in basic video customers	(19)	(36)
System sales, net of acquisitions	(6)	(13)
	$ 15	$ 35

High-speed Internet customers grew by 204,100 customers, reduced by system sales, net of acquisitions, of 5,300 customers, from June 30, 2007 to June 30, 2008. The increase in high-speed Internet revenues from our residential customers is attributable to the following (dollars in millions):

	Three months ended June 30, 2008 compared to three months ended June 30, 2007 Increase / (Decrease)	Six months ended June 30, 2008 compared to six months ended June 30, 2007 Increase / (Decrease)
Increase in high-speed Internet customers	$ 28	$ 61
Rate adjustments and service upgrades	4	6
System sales, net of acquisitions	(1)	(2)
	$ 31	$ 65

Revenues from telephone services increased primarily as a result of an increase of 475,200 telephone customers (1,000 of which was related to system acquisitions, net of sales) from June 30, 2007 to June 30, 2008.

Commercial revenues consist primarily of revenues from services provided to our commercial customers. Commercial revenues increased primarily as a result of increases in commercial high-speed Internet and telephone customers, offset by decreases of $1 million related to asset sales, net of acquisitions, for the three and six months ended June 30, 2008.

Advertising sales revenues consist primarily of revenues from commercial advertising customers, programmers, and other vendors. Advertising sales revenues for the six months ended June 30, 2008 increased primarily as a result of an increase in political advertising sales offset by decreased revenues from the automotive and furniture sectors and decreases of $1 million and $2 million related to asset sales, net of acquisitions, for the three and six months ended June 30, 2008, respectively. For the three months ended June 30, 2008 and 2007, we received $3 million and $2 million, respectively, and for the six months ended June 30, 2008 and 2007, we received $7 million and $6 million, respectively, in advertising sales revenues from vendors.

Other revenues consist of franchise fees, regulatory fees, customer installations, home shopping, late payment fees, wire maintenance fees and other miscellaneous revenues. For the three months ended June 30, 2008 and 2007, franchise fees represented approximately 48% and 49%, respectively, of total other revenues. For the six months ended June 30, 2008 and 2007, franchise fees represented approximately 47% and 50%, respectively, of total other revenues. The increase in other revenues was primarily the result of increases in franchise and other regulatory fees, 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, 2008 compared to three months ended June 30, 2007 Increase / (Decrease)	Six months ended June 30, 2008 compared to six months ended June 30, 2007 Increase / (Decrease)
Programming costs	$ 24	$ 44
Labor costs	10	30
Regulatory taxes	9	14
Franchise costs	3	5
Maintenance costs	5	9
Other, net	5	10
System sales, net of acquisitions	(5)	(10)
	$ 51	$ 102

Programming costs were approximately $410 million and $388 million, representing 59% and 60% of total operating expenses for the three months ended June 30, 2008 and 2007, respectively, and were approximately $819 million and $781 million, representing 59% and 61% of total operating expenses for the six months ended June 30, 2008 and 2007, respectively. Programming costs consist primarily of costs paid to programmers for basic, premium, digital, OnDemand, and pay-per-view programming. The increase in programming costs is primarily a result of annual contractual rate adjustments, offset in part by system sales. Programming costs were impacted by approximately $6 million and $2 million of favorable programming contract settlements in the three and six months ended June 30, 2007, respectively, that did not recur in 2008. Programming costs were also offset by the amortization of payments received from programmers in support of launches of new channels of $7 million and $5 million for the three months ended June 30, 2008 and 2007, respectively, and $12 million and $10 million for the six months ended June 30, 2008 and 2007, respectively. We expect programming expenses to continue to increase due to a variety of factors, including annual increases imposed by programmers, amounts paid for retransmission consent, and additional programming, including high-definition, OnDemand, and pay-per-view programming, being provided to our customers.

Labor costs increased primarily due to an increased headcount to support improved service levels and telephone deployment.

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, 2008 compared to three months ended June 30, 2007 Increase / (Decrease)	Six months ended June 30, 2008 compared to six months ended June 30, 2007 Increase / (Decrease)
Employee costs	$ 5	$ 21
Marketing costs	8	15
Bad debt and collection costs	3	11
Billing costs	5	8
Stock compensation costs	3	6
Other, net	3	9
System sales, net of acquisitions	(2)	(3)
	$ 25	$ 67

Depreciation and amortization. Depreciation and amortization expense decreased by $6 million and $16 million for the three and six months ended June 30, 2008 compared to June 30, 2007, respectively, and was primarily the result of certain assets becoming fully depreciated and the impact of changes in the useful lives of certain assets during 2007, offset by depreciation on capital expenditures.

Other operating expenses, net. For the three and six months ended June 30, 2008 compared to June 30, 2007, the increase in other operating expenses, net was primarily attributable to a $22 million and $30 million increase in special charges, respectively. For more information, see Note 9 to the accompanying condensed consolidated financial statements contained in “Item 1. Financial Statements.”

Interest expense, net. For the three months ended June 30, 2008 compared to June 30, 2007, net interest expense increased by $12 million, which was a result of average debt outstanding increasing from $19.4 billion for the second quarter of 2007 to $20.5 billion for the second quarter of 2008, offset by a decrease in our average borrowing rate from 9.2% in the second quarter of 2007 to 8.9% in the second quarter of 2008. For the six months ended June 30, 2008 compared to June 30, 2007, net interest expense increased by $13 million, which was a result of average debt outstanding increasing from $19.4 billion for the six months ended June 30, 2007 to $20.4 billion for the six months ended June 30, 2008, offset by a decrease in our average borrowing rate from 9.3% for the six months ended June 30, 2007 to 8.8% for the six months ended June 30, 2008.

Other income (expense), net (dollars in millions).

	Three months ended June 30, 2008 compared to three months ended June 30, 2007	Six months ended June 30, 2008 compared to six months ended June 30, 2007
Decrease in loss on extinguishment of debt	$ 38	$ 39
Increase in minority interest	(1)	(1)
Other, net	--	(1)
	$ 37	$ 37

For more information, see Note 10 to the accompanying condensed consolidated financial statements contained in "Item 1. Financial Statements."

Change in value of derivatives. Interest rate swaps are held to manage our interest costs and reduce our exposure to increases in floating interest rates. Additionally, certain provisions of our 5.875% and 6.50% convertible senior notes issued in November 2004 and October 2007, respectively, were considered embedded derivatives for accounting purposes and were required to be accounted for separately from the convertible senior notes and marked to fair value at the end of each reporting period. Change in value of derivatives consists of the following for the three and six months ended June 30, 2008 and 2007 (dollars in millions):

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Interest rate swaps	$ 36	$ 6	$ 6	$ 5
Embedded derivatives from convertible senior notes	(10)	(9)	(17)	(9)
	$ 26	$ (3)	$ (11)	$ (4)

Income tax expense. Income tax expense was recognized for the three and six months ended June 30, 2008 and 2007, through increases in deferred tax liabilities related to our investment in Charter Holdco and certain of our subsidiaries, in addition to current federal and state income tax expense. Income tax expense included $1 million of deferred tax benefit and $19 million of deferred tax expense related to asset acquisitions and sales occurring in the six months ended June 30, 2008 and 2007, respectively.

Net loss. Net loss decreased by $84 million, or 23%, for the three months ended June 30, 2008 compared to the three months ended June 30, 2007 and by $107 million, or 14%, for the six months ended June 30, 2008 compared to the six months ended June 30, 2007 as a result of the factors described above.

Loss per common share. During the three months ended June 30, 2008 compared to the three months ended June 30, 2007, net loss per common share decreased by $0.24, or 24%, and during the six months ended June 30, 2008 compared to the six months ended June 30, 2007, net loss per common share decreased by $0.31, or 15%, 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 debt as of June 30, 2008 totaled $20.5 billion, consisting of $7.3 billion of credit facility debt, $12.8 billion accreted value of high-yield notes, and $365 million accreted value of convertible senior notes. For the remainder of 2008, $36 million of our debt matures. As of June 30, 2008, our 2009 debt maturities totaled $238 million. 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, proceeds from 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, 2008, we generated $168 million of net cash flows from operating activities after paying cash interest of $912 million. In addition, we used $650 million for purchases of property, plant and equipment. Finally, we generated net cash flows from financing activities of $522 million, as a result of financing transactions completed during the six months ended June 30, 2008. 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 the credit facilities of our subsidiaries, 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 expect that cash on hand, cash flows from operating activities, and the amounts available under Charter Operating's credit facilities will be adequate to fund our projected cash needs, including scheduled maturities, through 2009. We believe that cash flows from operating activities and the amounts available under Charter Operating's credit facilities will not be sufficient to fund projected cash needs in 2010 (primarily as a result of the CCH II, LLC ("CCH II") $1.9 billion of senior notes outstanding at July 2, 2008 that mature in September 2010) and thereafter. Our projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, the timing and amount of our capital expenditures, and ongoing compliance with the Charter Operating credit facilities, including obtaining an unqualified audit opinion from our independent accountants. Although we have been able to refinance or otherwise fund the repayment of debt in the past, we may not be able to access additional sources of refinancing on similar terms or pricing as those that are currently in place, or at all, or otherwise obtain other sources of funding. A continuation of the recent turmoil in the credit markets and the general economic downturn could adversely impact the terms and/or pricing when we need to raise additional liquidity.

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, 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, including potential loss of the entire value of their investment, and in the case of a recapitalization or other similar transaction, our noteholders might not receive the full principal and interest payments to which they are contractually entitled.

Credit Facility Availability

Our ability to operate depends upon, among other things, our continued access to capital, including credit under the Charter Operating credit facilities. The Charter Operating credit facilities, along with our indentures and the CCO Holdings, LLC ("CCO Holdings") credit facility, contain certain restrictive covenants, some of which require us to maintain specified leverage ratios and meet financial tests, and provide annual audited financial statements with an unqualified opinion from our independent accountants. As of June 30, 2008, 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, 2008, our potential availability under Charter Operating's revolving credit facility totaled approximately $1.4 billion, none of which was limited by covenant restrictions. Continued access to our revolving credit facility is subject to our remaining in compliance with these covenants, including covenants tied to Charter Operating's leverage ratio and first lien leverage ratio. If any event of non-compliance were to occur, funding under the revolving credit facility 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 senior 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. Charter's ability to make interest payments on its convertible senior notes and to repay the outstanding principal of its convertible senior notes 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, 2008, Charter Holdco was owed $115 million in intercompany loans from Charter Operating, which amounts were available to pay interest and principal on Charter's convertible senior notes. In addition, as long as Charter Holdco continues to hold the $35 million of Charter Holdings' notes due 2009 and 2010 (as discussed further below), Charter Holdco will receive interest and principal payments from Charter Holdings. Such amounts may be available to pay interest and principal on 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, LLC ("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 notes, CCO Holdings notes, Charter Operating notes, and under the CCO Holdings credit facility, 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, 2008, 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, 2008 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 the Charter Operating 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 facility.

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, 2008, there was no default under Charter Holdings' indentures, the other specified tests were met, and Charter Holdings met its leverage ratio test of 8.75 to 1.0 based on June 30, 2008 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."

Recent Financing Transactions

On March 19, 2008, Charter Operating issued $546 million principal amount of 10.875% senior second-lien notes due 2014 (the "Notes"), guaranteed by CCO Holdings and certain other subsidiaries of Charter Operating, in a private transaction. The net proceeds of this issuance were used to repay, but not permanently reduce, the outstanding debt balances under the existing revolving credit facility of Charter Operating. The Notes were sold to qualified institutional buyers in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S.

On March 20, 2008, Charter Operating borrowed $500 million principal amount of incremental term loans (the "Incremental Term Loans") under the Charter Operating credit facilities. The net proceeds were used for general corporate purposes. The Incremental Term Loans have a final maturity of March 6, 2014 and prior to this date will amortize in quarterly principal installments totaling 1% annually beginning on June 30, 2008. The Incremental Term Loans bear interest at LIBOR plus 5.0%, with a LIBOR floor of 3.5%, and are otherwise governed by and subject to the existing terms of the Charter Operating credit facilities.

In the second quarter of 2008, Charter Holdco repurchased, in private transactions, from a small number of institutional holders, a total of approximately $35 million principal amount of various Charter Holdings notes due 2009 and 2010 and approximately $46 million principal amount of Charter's 5.875% convertible senior notes due 2009, for approximately $77 million of cash. Charter Holdco continues to hold the Charter Holdings notes. The purchased 5.875% convertible senior notes were cancelled resulting in approximately $3 million principal amount of such notes remaining outstanding.

In July 2008, CCH II completed a tender offer, in which $338 million of CCH II's 10.25% senior notes due 2010 were accepted for $364 million of CCH II's 10.25% senior notes due 2013, which were issued as part of the same series of notes as CCH II's $250 million aggregate principal amount of 10.25% senior notes due 2013, which were issued in September 2006.

Historical Operating, Investing and Financing Activities

Cash and Cash Equivalents. We held $63 million in cash and cash equivalents as of June 30, 2008 compared to $75 million as of December 31, 2007.

Operating Activities. Net cash provided by operating activities increased $50 million, or 42%, from $118 million for the six months ended June 30, 2007 to $168 million for the six months ended June 30, 2008, primarily as a result of revenues increasing at a faster rate than cash expenses offset by changes in operating assets and liabilities that used $28 million more cash during the six months ended June 30, 2008 than the corresponding period in 2007.

Investing Activities. Net cash used in investing activities was $702 million and $587 million for the six months ended June 30, 2008 and 2007, respectively. The increase is primarily due to an increase of $73 million in cash used for the purchase of property, plant, and equipment.

Financing Activities. Net cash provided by financing activities was $522 million and $490 million for the six months ended June 30, 2008 and 2007, respectively. The increase in cash provided during the six months ended June 30, 2008 as compared to the corresponding period in 2007, was primarily the result of an increase in the amount by which borrowings exceeded repayments of long-term debt.

Capital Expenditures

We have significant ongoing capital expenditure requirements. Capital expenditures were $650 million and $579 million for the six months ended June 30, 2008 and 2007, 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 our credit facilities. In addition, during the six months ended June 30, 2008 and 2007, our liabilities related to capital expenditures decreased $41 million and $39 million, respectively.

During 2008, we expect capital expenditures to be approximately $1.2 billion. We expect 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 scalable infrastructure. We have funded and expect to continue to fund capital expenditures for 2008 primarily from cash flows from operating activities and borrowings under our credit facilities. The actual amount of our capital expenditures depends on the deployment of advanced broadband services and offerings. We may need additional capital if there is accelerated growth in high-speed Internet, telephone or digital customers or there is an increased need to respond to competitive pressures by expanding the delivery of other advanced services.

We have adopted capital expenditure disclosure guidance, which was developed by eleven then 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 capital expenditures among peer companies in the cable industry. These disclosure guidelines are not required disclosures under 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, 2008 and 2007 (dollars in millions):

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2007**	**2008**	**2007**
Customer premise equipment (a)	$ 158	$ 128	$ 323	$ 289
Scalable infrastructure (b)	52	51	133	100
Line extensions (c)	23	25	44	49
Upgrade/Rebuild (d)	12	12	29	24
Support capital (e)	71	65	121	117
Total capital expenditures	$ 316	$ 281	$ 650	$ 579

(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 swap agreements to manage our interest costs and reduce our exposure to increases in floating interest rates. 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.

As of June 30, 2008 and December 31, 2007, our long-term debt totaled approximately $20.5 billion and $19.9 billion, respectively. As of June 30, 2008 and December 31, 2007, the weighted average interest rate on the credit facility debt was approximately 6.3% and 6.8%, respectively; the weighted average interest rate on the high-yield notes was approximately 10.4% and 10.3%, respectively; and the weighted average interest rate on the convertible senior notes was approximately 6.2% and 6.4%, respectively, resulting in a blended weighted average interest rate of 8.9% and 9.0%, respectively. The interest rate on approximately 85% of the total principal amount of our debt was effectively fixed, including the effects of our interest rate swap agreements, as of June 30, 2008 and December 31, 2007. The fair value of our high-yield notes was $10.5 billion and $10.3 billion at June 30, 2008 and December 31, 2007, respectively. The fair value of our convertible senior notes was $225 million and $332 million at June 30, 2008 and December 31, 2007, respectively. The fair value of our credit facilities was $6.5 billion and $6.7 billion at June 30, 2008 and December 31, 2007, respectively. The fair value of high-yield and convertible notes was based on quoted market prices, and the fair value of the credit facilities was 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 and six months ended June 30, 2008 and 2007, there was no cash flow hedge ineffectiveness on interest rate swap agreements.

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 loss. For the three months ended June 30, 2008 and 2007, gains of $122 million and $50 million, respectively, and for the six months ended June 30, 2008 and 2007, gains of $18 million and $48 million, respectively, related to derivative instruments designated as cash flow hedges, were recorded in accumulated other comprehensive loss. The amounts are subsequently reclassified as an increase or decrease to change in value of derivatives 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 a change in value of derivatives in our statements of operations. For the three months ended June 30, 2008 and 2007, change in value of derivatives included gains of $36 million and $6 million, respectively, and for the six months ended June 30, 2008 and 2007, gains of $6 million and $5 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, 2008 (dollars in millions):

	2008	2009	2010	2011	2012	2013	Thereafter	Total	Fair Value at June 30, 2008
Debt:									
Fixed Rate	$--	$ 168	$ 2,220	$ 281	$ 1,654	$ 1,050	$ 7,837	$ 13,210	$ 10,671
Average Interest Rate	--	10.09%	10.26%	11.25%	7.75%	9.11%	10.93%	10.27%	
Variable Rate	$ 36	$ 70	$ 70	$ 70	$ 70	$ 70	$ 6,930	$ 7,316	$ 6,461
Average Interest Rate	5.71%	5.80%	6.42%	6.92%	7.05%	7.17%	6.89%	6.87%	
Interest Rate Instruments:									
Variable to Fixed Swaps	$ --	$ --	$ 500	$ 300	$ 2,500	$ 1,000	$ --	$ 4,300	$ (145)
Average Pay Rate	--	--	7.02%	7.20%	7.16%	7.15%	--	7.15%	
Average Receive Rate	--	--	6.60%	6.77%	7.14%	7.13%	--	7.05%	

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 LIBOR for the year of maturity based on the yield curve in effect at June 30, 2008 including applicable bank spread.

At June 30, 2008 and December 31, 2007, we had $4.3 billion in notional amounts of interest rate swaps outstanding. 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.

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, we believe that our controls provide such reasonable assurances.

There was no change in our internal control over financial reporting during the quarter ended June 30, 2008 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION.

Item 1. Legal Proceedings.

See Note 13 to our consolidated financial statements of this Quarterly Report on Form 10-Q for a discussion concerning our legal proceedings.

Item 1A. Risk Factors.

Our Annual Report on Form 10-K for the year ended December 31, 2007 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 our debt instruments) incur additional debt in the future. As of June 30, 2008, our total long-term debt was approximately $20.5 billion, our shareholders’ deficit was approximately $8.5 billion and the deficiency of earnings to cover fixed charges for the three and six months ended June 30, 2008 was $215 million and $513 million, respectively.

Because of our significant indebtedness and adverse changes in the capital markets, 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, including potential loss of the entire value of their investment, 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, reducing 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 compared to our competitors that have proportionately less debt;
- make us vulnerable to interest rate increases, because net of hedging transactions approximately 15% of our borrowings are, and will continue to be, subject to variable rates of interest;
- expose us to increased interest expense to the extent we refinance existing debt with higher cost debt;
- 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 the 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 the Charter Operating credit facilities, the holders of the Charter Operating senior second-lien notes, the secured lenders under the CCO Holdings credit facility, and the holders of the CCH I notes could foreclose on the collateral, which includes equity interests in certain of our subsidiaries, and exercise other rights of secured creditors. Any default under our debt could adversely affect our growth, our financial condition, our results of operations, the value of our equity and our ability to make payments on our debt, 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 depend on generating (and having available to the applicable obligor) sufficient cash flow and having access to additional 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 and grow cash flow and our access (by dividend or otherwise) to additional liquidity sources. Our ability to generate and grow cash flow is dependent on many factors, including:

- the impact of competition from other distributors, including incumbent telephone companies, direct broadcast satellite operators, wireless broadband providers and DSL providers;
- difficulties in growing, further introducing, and operating our telephone services, while adequately meeting customer expectations for the reliability of voice services;
- 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, including the recent significant slowdown in the housing sector and overall economy; and
- the effects of governmental regulation on our business.

Some of these factors are beyond our control. It is also difficult to assess the impact that the general economic downturn and recent turmoil in the credit markets will have on future operations and financial results. However, we believe there is risk that the economic slowdown could result in reduced spending by customers and advertisers, which could reduce our revenues and our cash flows from operating activities from those that otherwise would have been generated. If we are unable to generate sufficient cash flow or we are unable to access additional 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. We expect that cash on hand, cash flows from operating activities, and the amounts available under Charter Operating’s credit facilities will be adequate to fund our projected cash needs, including scheduled maturities, through 2009. We believe that cash flows from operating activities, and the amounts available under the Charter Operating credit facilities will not be sufficient to fund projected cash needs in 2010 (primarily as a result of the CCH II $1.9 billion of senior notes outstanding at July 2, 2008 that mature in September 2010) and thereafter. Our projected cash needs and projected sources of liquidity depend upon, among other things, our actual results, the timing and amount of our capital expenditures, and ongoing compliance with the Charter Operating credit facilities, including obtaining an unqualified audit opinion from our independent accountants. Although we have been able to refinance or otherwise fund the repayment of debt in the past, we may not be able to access additional sources of refinancing on similar terms or pricing as those that are currently in place, or at all, or otherwise obtain other sources of funding. An inability to access additional sources of liquidity to fund our cash needs in 2010 or thereafter or to refinance or otherwise fund the repayment of the CCH II senior notes could adversely affect our growth, our financial condition, our results of operations, and our ability to make payments on our debt, 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. See “Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources.”

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

Our subsidiaries have historically relied on access to credit facilities to fund operations, capital expenditures, 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, 2008, none of which was limited by covenant restrictions. There can be no assurance that actual availability under our credit facility will not be limited by covenant restrictions in the future.

One of the conditions to the availability of funding under the Charter Operating revolving credit facility is the absence of a default under such facility, including as a result of any failure to comply with the covenants under the facilities. Among other covenants, the Charter Operating credit facility requires us to maintain specified leverage ratios. The Charter Operating revolving credit facility also provides that Charter Operating obtain an unqualified audit opinion from its independent accountants for each fiscal year, which, among other things, requires Charter to demonstrate its ability to fund its projected liquidity needs for a reasonable period of time following the balance sheet date of the financial statements being audited. 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. See "—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" for a discussion of the consequences of a default under our debt obligations.

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 our equity interests in our 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 or the applicable debt issuers to service debt obligations is subject to their compliance with the terms of their credit facilities and indentures and restrictions under applicable law. See "Part I. Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources — Limitations on Distributions." Under the Delaware Limited Liability Company Act, our subsidiaries may only make distributions if they have "surplus" as defined in the act. Under fraudulent transfer laws, our subsidiaries may not pay dividends 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 become 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 not become insolvent or 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 senior high yield notes. Our convertible senior notes are structurally subordinated in right of payment to all of the debt and other liabilities of our subsidiaries. As of June 30, 2008, our total long-term debt was approximately $20.5 billion, of which approximately $20.1 billion was structurally senior to our convertible senior 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 its parent company 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, and all holders of other debt of our subsidiaries, 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

The failure to maintain a minimum share price of $1.00 per share of Class A common stock could result in delisting of our shares on the NASDAQ Global Select Market, which would harm the market price of Charter's Class A common stock.

In order to retain our listing on the NASDAQ Global Select Market we are required to maintain a minimum bid price of $1.00 per share. Although, as of August 4, 2008, the trading price of Charter's Class A common stock was $1.14 per share, our stock has traded near or below this $1.00 minimum in the recent past. If the bid price falls below the $1.00 minimum for more than 30 consecutive trading days, we will have 180 days to satisfy the $1.00 minimum bid price for a period of at least 10 trading days. If we are unable to take action to increase the bid price per share (either by reverse stock split or otherwise), we could be subject to delisting from the NASDAQ Global Select Market. During March and April 2008, the bid price was below $1.00 for 30 consecutive trading days; however, by May 14, 2008, the minimum bid price requirement was satisfied for a period of at least 10 trading days and we regained compliance with the NASDAQ rules.

The failure to maintain our listing on the NASDAQ Global Select Market would harm the liquidity of Charter's Class A common stock and would have adverse effect on the market price of our common stock. If the stock were to trade it would likely trade on the OTC "pink sheets," which provide significantly less liquidity than does NASDAQ. As a result, the liquidity of our common stock would be impaired, not only in the number of shares which could be bought and sold, but also through delays in the timing of transactions, reduction in security analysts' and news media's coverage, and lower prices for our common stock than might otherwise be attained. In addition, our common stock would become subject to the low-priced security or so-called "penny stock" rules that impose additional sales practice requirements on broker-dealers who sell such securities.

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

The annual meeting of shareholders of Charter Communications, Inc. was held on April 29, 2008. Of the total 398,227,512 shares of Class A common stock issued, outstanding and eligible to be voted at the meeting, 330,965,121 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:

NOMINEE	FOR	WITHHELD	BROKER NON-VOTE
Robert P. May	3,563,833,693	158,951,738	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, 2008. The voting results are set forth below:

FOR	AGAINST	ABSTAIN	BROKER NON-VOTE
33,718,812,144	3,286,236	687,061	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 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 5, 2008	By: /s/ Kevin D. Howard	
	Name:	Kevin D. Howard
	Title:	*Vice President, Controller and Chief Accounting Officer*

EXHIBIT INDEX

Exhibit Number	Description of Document
10.1	First Supplemental Indenture dated as of July 2, 2008, among CCH II, LLC, CCH II Capital Corp., Charter Communications Holdings, LLC, and The Bank of New York Mellon Trust Company, N.A., for CCH II 10.25% Senior Notes due 2013 (incorporated by reference to Exhibit 10.1 to the current report on Form 8-K of Charter Communications, Inc. filed on July 3, 2008 (File No. 000-27927)).
10.2	Exchange and Registration Rights Agreement dated as of July 2, 2008 for the issuance of CCH II 10.25% Senior Notes due 2013(incorporated by reference to Exhibit 10.2 to the current report on Form 8-K of Charter Communications, Inc. filed on July 3, 2008 (File No. 000-27927)).
10.3+	Charter Communications, Inc. 2008 Incentive Program dated as of June 30, 2008.
10.4+	Amended and Restated Employment Agreement between Eloise E. Schmitz and Charter Communications, Inc., dated as of July 1, 2008.
10.5+	Amendment to Amended and Restated Employment Agreement between Robert A. Quigley and Charter Communications, Inc., dated as of July 1, 2008.
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).

+ Management compensatory plan or arrangement

CONFIDENTIAL

CHARTER COMMUNICATIONS, INC.
2008 Incentive Program

Program Name

- The Charter Communications, Inc. 2008 Incentive Program (“Program”).

Purpose

- The Program is designed to provide both annual and long-term incentive compensation to selected management employees who contribute and significantly impact the long term growth and success of Charter Communications, Inc. (“Company”). It is focused on both retention and performance, and uses a combination of equity and cash incentives.

Effective Date

- The effective date of the Program is January 1, 2008.

Program Year

- The Program operates on a calendar year basis, but portions of the awards under the Program are earned and paid in subsequent years and will increase or decrease in value based on the degree of attainment of performance goals and on the market value of the Company’s Class A common stock.

Eligibility

- Incentive opportunities are defined generally by position and may vary based on responsibility and employment level. Individual participation in the Program is at the discretion of the Compensation and Benefits Committee (the "Committee") of the Board of Directors which administers the Program.

- Employees shall be notified in writing of their eligibility to participate in the Program for each Program Year. Participation in the Program for one year does not entitle an employee to participate in any subsequent year.

- A written award agreement will document each respective component of a participant’s award.

Awards

- The total annual award for each participant will consist of three components. One-third of the annual award will be in the form of time-vested restricted stock; one-third of the award will consist of Performance Units, and the remaining one-third of the award will consist of Performance Cash. The Performance Units and Performance Cash awards will be earned and deposited in book-entry format into a Performance Bank, as described below, based on the degree of attainment by the Company of its performance goals. Annually, one-third of the Performance Units and Performance Cash in the Performance Bank will be paid based on attainment of financial and operational performance goals for the year of grant. Two-thirds of the Performance Bank balance will remain to be augmented by any future performance awards and adjusted by Performance Interest (increases or decreases based on future performance of the Company). . Each subsequent year, participants will receive a payout equal to one-third of their Performance Bank balance, as adjusted based on attainment of the performance goals for the year immediately preceding the year of payment.

- Each participant will have a target, minimum and maximum incentive award opportunity for Performance Cash and Performance Unit awards. Attainment of the performance maximum will result in an actual award of 200% of target opportunity. Attainment of the performance target will result in an actual award of 100% of target. Attainment of the performance minimum or threshold level will result in an actual award of 50% of target. Except as otherwise provided in the Program, the participant must be actively employed on March 15 of the year following the applicable Program Year in order to receive any award.

- The target award will be earned if stated performance objectives are achieved. The threshold (minimum) and maximum awards will coincide with stated threshold and maximum performance objectives.

- If the threshold level of performance is not achieved for the applicable measurements, no award payment will be made.

- If actual performance results are between the threshold and target, or the target and maximum levels, the award opportunity will be determined based on the scale provided.

- If actual performance is above the maximum level, the award will be the maximum award allowable under the Program.

Performance Measures

- The performance metrics will be selected by the Committee may include such performance and operational criteria as revenue, adjusted EBITDA, free cash flow, unlevered free cash flow, average revenue per unit, operating cash flow, customer satisfaction or such other metrics as the Committee may approve and may change in any given Program Year. The initial measures established for Performance Cash and Performance Units are revenue growth and unlevered free cash flow growth, as set forth in each award agreement. Performance criteria and goals will be established in writing within 90 days after commencement of each Program Year and will be provided to the participants thereafter.
- As soon as practicable after the close of the Program Year, the Committee will determine the actual level of performance. This actual level of performance will be compared to the target and the deviation from target will be computed. This deviation from target, expressed as a percentage, will determine the Performance Cash and Performance Unit awards earned, if any, for each participant.

- The Committee will approve final awards and, in its sole discretion, may make discretionary adjustments as required to reflect the relative performance of the participant(s).

Vesting and Payment of Awards

- ***Performance Cash*** –Earned Performance Cash will be credited to a Performance Cash Bank. Each year, the Performance Cash balance in the participant's Performance Cash Bank will be subject to adjustment based on attainment of the performance goals for the immediately preceding Program Year, as shown in the award agreement. After adjustment, one-third of the Performance Cash balance in the participant's Performance Cash Bank will be paid in a cash lump sum payment to the participant, net of all required tax withholding. Two-thirds of the Performance Cash balance in the participant's Performance Cash Bank will remain to be augmented by any future Performance Cash awards and adjusted by Performance Interest.

- ***Performance Units*** –Earned Performance Units will be credited to a Performance Units Bank. Each year, the Performance Units balance in the participant's Performance Units Bank will be subject to adjustment based on attainment of the performance goals for the immediately preceding Program Year, as shown in the award agreement. After adjustment, one-third of the Performance Units balance in the participant's Performance Units Bank will then be distributed in whole shares of the Company's Class A common stock; no fractional shares will be paid. Two-thirds of the Performance Unit balance in the participant's Performance Units Bank will remain to be augmented by any future Performance Unit awards and adjusted by Performance Interest.

- ***Restricted Stock*** **–** One-third of the restricted Stock award will vest on each of the first three anniversary dates of the date of award.

- One-third of the amounts credited to the Performance Bank (as adjusted based on achievement of the performance goals for the Program Year) are payable on March 15 of the year following the Program Year. Except as otherwise provided in the Program, a participant must be actively employed on the payment date to receive payment.

Termination of Employment

- Except as otherwise provided in a written employment agreement, in the event of a participant's termination of employment, awards and Performance Bank balances will be paid or forfeited as follows:

- ***Voluntary Termination, Termination for Cause, Death, Termination on Account of Disability*****.** All unvested restricted stock, all Performance Bank Balance amounts and all unearned Performance Units awards and Performance Cash awards will be forfeited upon the occurrence of any of these events prior to the day of payment or vesting (in the case of restricted stock).

- ***Involuntary Termination*** **–** Without Cause or for Good Reason. In the event of an involuntary termination by the Company without Cause or by a participant for Good Reason, the current Program Year Performance Cash and Performance Unit awards will be forfeited. If termination occurs on or after September 15 and before the following March 15, any amounts credited to the Performance Cash Bank and Performance Units Bank that are otherwise payable on March 15 following termination of employment will be paid on that date, and the remainder will be forfeited. If termination of employment occurs on or after March 15 and before the following September 15, any amounts then credited to the Performance Cash Bank and Performance Units Bank shall be forfeited. Any unvested restricted stock that was scheduled to vest within the one year period following termination of employment will be vested on termination of employment and any remaining restricted stock will be forfeited.

- ***Termination of Employment without Cause or for Good Reason within 12 months following a Change in Control.*** The current Program Year Performance Cash and Performance Unit awards will be paid at target level on termination of employment. Any amounts credited to the Performance Bank will be paid on termination of employment. All unvested restricted stock awards shall immediately vest. (The awards of the Chief Executive Officer, Executive Vice Presidents and Senior Vice Presidents are limited in the event that a Change of Control occurs within 90 days of the grant of the award.)

- ***Retirement.*** The current Program Year Performance Cash and Performance Unit awards will be forfeited. Any amounts credited or to be credited to the Performance Cash Bank and Performance Units Bank will be paid (without future adjustment) to the participant in three annual installments, commencing on March 15 following the date of Retirement. All unvested restricted stock awards will immediately vest.

For purposes of the Program, “Cause,” “Good Reason,” “Change in Control,” and “Retirement” have the meaning set forth in the 2001 Stock Incentive Plan.

Section 409A Compliance

- Notwithstanding any other provision of the Program to the contrary, if the participant is a “Specified Employee” on the date of termination of the participant’s employment, the participant may not receive a payment of “nonqualified deferred compensation” for which the payment event is “separation from service,” as defined in Internal Revenue Code Section 409A and the regulations thereunder, until at least six months after the date of termination. Any payment of nonqualified deferred compensation otherwise due in such six month period shall be suspended and become payable at the end of such six month period.

  - A “Specified Employee” means a specified employee as defined in Treas. Reg. §1.409A-1(i) (generally, officers earning more than $145,000 per year, as indexed for inflation, who are among the fifty highest paid employees).

Miscellaneous

- The Program is not a contract of employment, nor is any portion of the Program to be construed as a contract for continued employment, whether for the duration of the Program, or thereafter.

- No participant shall have the right to anticipate, sell, transfer, assign, pledge or encumber his or her right to receive any award made under the Program until such an award becomes payable to him or her.

- No participant shall have any lien on any assets of the Company by reason of any award made under the Program.

- Performance Cash awards under the Program will be paid out of the general assets of the Company, dependent upon the achievement of certain performance goals and continued employment through the applicable date. Equity awards will be granted under the Company’s 2001 Stock Incentive Plan or any successor equity plan for employees of the Company and are subject to approval of such successor plan by the Company's stockholders. Any payment in shares of Company's Class A common stock will be issued under those plans, if approved.

Administration

- The Committee may review this Program annually and make changes in Program participation, target incentives, determination of performance factor benchmarks or any other aspect of this Program. Such review may include, but not be limited to, the following:

  - To interpret the Program and to prescribe, amend and/or eliminate administrative guidelines.

  - To adjust individual awards, upwards or downwards, in its sole discretion.

  - To establish award opportunities for each position.

  - To recommend to the Board of Directors the termination of the Program at any time without decreasing the value of awards previously earned and still outstanding.

  - The receipt of an award shall not give an employee any right to continued employment. The receipt of an award with respect to any Program Year shall not entitle an employee to an award with respect to any subsequent Program Year.

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

THIS AMENDED AND RESTATED EMPLOYMENT AGREEMENT (the "Agreement"), dated and effective the 1st day of July, 2008 (the "Effective Date") is made by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the "Company"), and Eloise E. Schmitz, an adult resident of the state of Missouri (the "Executive").

RECITALS:

WHEREAS, the Executive and the Company have previously entered into that certain Amended and Restated Employment Agreement dated August 1, 2007, amended as of April 7, 2008 (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 Class A Common Stock pursuant to the Company's 2001 Stock Incentive Plan, as amended as of the date hereof;

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) 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 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 the financial planning, reporting and strategic planning for the Company and management of all personnel reporting to the Chief Financial Officer. 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 $525,000.00 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 (i) for 2008, in an amount up to 50% of Executive's Annual Base Salary for the period prior to that in which she served as Interim Chief Financial Officer, and up to 75% of Executive's Annual Base Salary for the period that Executive served as Interim Chief Financial Officer through December 31, 2008, and (ii) in an amount up to 75% of Executive's Annual Base Salary for fiscal years thereafter, (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 Share 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.

9A. **Performance Cash.** The Company has previously granted to Executive a Performance Cash award as set forth in Exhibit A hereto pursuant to the 2008 Incentive Program, as defined therein, which shall be subject to the restrictions and conditions as set forth in the 2008 Incentive Program and an associated Performance Cash Grant Letter.

10. **Executive Cash Award 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, she 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 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 a 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.

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

Charter Communications, Inc.

By: /s/ Lynne F. Ramsey
Name: Lynne F. Ramsey
Title:Senior Vice President, Human Resources

EXECUTIVE

/s/ Eloise E. Schmitz
Name: Eloise E. Schmitz
Address: St. Louis, MO

Exhibit A
Grant Summary
Eloise Schmitz

Grant Date	Grant Type	Grant Price	LTIP Granted	LTIP Canceled	LTIP Exercised	LTIP Outstanding	Outstanding Exercisable	Expiration Date
2/9/1999	NQ	20.00	40,000	40,000	0	0	0	2/25/2004
2/12/2001	NQ	23.09	20,000	20,000	0	0	0	2/25/2004
9/28/2001	NQ	11.99	20,000	20,000	0	0	0	2/25/2004
7/23/2002	NQ	2.85	40,000	0	0	40,000	40,000	7/23/2012
4/29/2003	NQ	1.60	35,000	0	26,250	8,750	8,750	4/29/2013
1/27/2004	PU	0.00	15,000	15,000	0	0	0	12/31/2006
1/27/2004	NQ	5.17	28,000	0	0	28,000	28,000	1/27/2014
2/25/2004	RES	0.00	10,000	0	10,000	0	0	2/25/2014
3/25/2005	PU	0.00	40,500	5,569	34,931	0	0	3/26/2008
3/25/2005	NQ	1.53	83,700	0	0	83,700	62,775	3/25/2015
3/10/2006	PU	0.00	72,585	0	0	72,585	0	3/10/2016
3/10/2006	PU	0.00	43,551	0	0	43,551	0	3/10/2016
3/10/2006	NQ	1.00	31,100	0	0	31,100	15,550	3/10/2016
8/29/2006	PU	0.00	100,000	0	0	100,000	0	8/29/2016
8/29/2006	PU	0.00	60,000	0	0	60,000	0	8/29/2016
8/29/2006	NQ	1.32	100,000	0	0	100,000	25,000	8/29/2016
3/9/2007	PU	0.00	72,585	0	0	72,585	0	3/9/2017
3/9/2007	PU	0.00	30,486	0	0	30,486	0	3/9/2017
3/9/2007	NQ	2.84	31,100	0	0	31,100	7,775	3/9/2017
8/1/2007	RES	0.00	92,500	0	0	92,500	0	8/1/2017
8/1/2007	PU	0.00	92,500	0	0	92,500	0	8/1/2017
8/1/2007	PU	0.00	38,850	0	0	38,850	0	8/1/2017
3/18/2008	RES	0.00	123,450	0	0	123,450	0	3/18/2018

3/18/2008	PU	0.00	145,230	0	0	145,230	0	3/18/2018
3/18/2008	PC	0.00	99,990	0	0	99,990	0	3/18/2018
7/1/2008	RES	0.00	92,593	0	0	92,593	0	7/1/2018
7/1/2008	PU	0.00	108,932	0	0	108,932	0	7/1/2018
7/1/2008	PC	0.00	100,000	0	0	100,000	0	7/1/2018

PU = Performance Units
RES = Restricted Shares
NQ = Non-Qualified Stock Options
PC = Performance Cash

Exhibit B

Executive Cash Award Plan

Eloise Schmitz

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

	Actual 2005	Actual 2006	Actual 2007	Actual 2008	Estimate 2009*
Base Salary effective May 1st	$ 260,000	$ 350,000	$ 365,575	$ 500,000	$ 543,000
Account Activity	**12/31/2005**	**12/31/2006**	**12/31/2007**	**12/31/2008**	**12/31/2009**
Initial award/accumulating value	$ 260,000	$ 260,000	$ 330,000	$ 201,558	$ 301,558
Annual contribution		$ 70,000	$ 73,115	$ 100,000	$ 108,600
Subtotal	$ 260,000	$ 330,000	$ 403,115	$ 301,558	$ 410,158
Payout			**$ (201,558)**		**$ (410,158)**
Ending value	$ 260,000	$ 330,000	$ 201,558	$ 301,558	$ 0
Total cash paid Year 3 + Year 5					**$ 611,715**

* Applies 3.5% salary increase assumption to $525,000 base salary effective 7/1/08

See agreement in file for the 2006 contribution - salary changed to $350,000

AMENDMENT TO AMENDED AND RESTATED EMPLOYMENT AGREEMENT

This Amendment to the Amended and Restated Employment Agreement is entered into as of July 1, 2008 (the “Effective Date”) by and between CHARTER COMMUNICATIONS, INC., a Delaware corporation (the “Company”), and Robert A. Quigley, an adult resident of Illinois (the “Executive”).

WHEREAS, the Company and the Executive entered into a Amended and Restated Employment Agreement effective August 1, 2007 (the “Agreement”);

WHEREAS, the Company and the Executive desire to amend the Agreement as set forth herein;

NOW, THEREFORE, intending to be legally bound and in consideration of the covenants and promises set forth herein, the receipt and sufficiency of which is hereby acknowledged, the Company and the Executive agree that the Agreement shall be amended as follows:

1. Section 2 of the Agreement is hereby amended in its entirety to read as follows: "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 on December 31, 2008."

2. Section 3 of the Agreement is hereby amended in its entirety to read as follows: "Executive shall serve as an advisor reporting to the Chief Executive Officer, with such responsibilities, duties and authority as are assigned to him by the Chief Executive Officer or his designee."

3. Section 5 of the Agreement, is hereby amended in its entirety to read as follows: "Executive shall receive a total base salary of $60,000 for the Term of the Agreement all payable during the Term, less standard deductions, paid in accordance with the Company's general payroll practices for executives, but no less frequently than monthly."

4. Section 6 of the Agreement is hereby amended in its entirety to read as follows: "For 2008, the Executive shall be eligible to receive a bonus in an amount equal to 75% of Executive's previous Target Bonus of up to 60% of his Annual Base Salary prior to July 1, 2008 of $470,000, such total potential bonus amount being $211,500 (the "2008 Bonus"); provided that, $100,000 of the 2008 Bonus shall be payable to the Executive on the Effective Date hereof, and is not refundable to the Company. The remainder of the 2008 Bonus, if any, shall be paid pursuant to, and as set forth in, the terms of the Executive Bonus Plan as such Plan may be amended from time to time, and as shall be determined by the Committee in its sole discretion, with such remainder of the 2008 Bonus being paid on or before February 28, 2009, 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)."

5. Sections 7, 8 and 9 and 14, and any other sections as applicable, are amended so that all awards granted under the 2001 Stock Incentive Plan will vest through December 31, 2008.

6. Notwithstanding any other provision in the Agreement, Executive shall receive a lump sum payment, payable on the Effective Date hereof, equal to the amount 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; provided that, after December 31, 2008, the Executive remains eligible for COBRA, the Company will pay no further amounts for such cost of COBRA coverage.

The Company and the Executive agree that all other provisions of the Agreement shall remain in full force and effect until expiration or earlier termination upon the terms therein.

IN WITNESS WHEREOF, the Company and the Executive have each caused this Amendment to Restated and Amended Employment Agreement to be duly executed on its behalf as of the date first above written.

CHARTER COMMUNICATIONS, INC.

By: /s/ Lynne F. Ramsey
Name: Lynne F. Ramsey
Title: SVP, Human Resources

EXECUTIVE

/s/ Robert A. Quigley
Name: Robert A. Quigley

Exhibit 12.1

CHARTER COMMUNICATIONS, INC AND SUBSIDIARIES
RATIO OF EARNINGS TO FIXED CHARGES CALCULATION
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	**2007**	**2008**	**2007**
Earnings				
Loss from Operations before Income Taxes and Minority Interest	$ (215)	$ (300)	$ (513)	$ (610)
Fixed Charges	476	464	943	930
Total Earnings	$ 261	$ 164	$ 430	$ 320
Fixed Charges				
Interest Expense	$ 465	$ 454	$ 923	$ 910
Amortization of Debt Costs	9	8	16	16
Interest Element of Rentals	2	2	4	4
Total Fixed Charges	$ 476	$ 464	$ 943	$ 930
Ratio of Earnings to Fixed Charges (1)	-	-	-	-

(1) Earnings for the three months ended June 30, 2008 and 2007 were insufficient to cover fixed charges by $215 million and $300 million, respectively.
Earnings for the six months ended June 30, 2008 and 2007 were insufficient to cover fixed charges by $513 million and $610 million, respectively.
As a result of such deficiencies, the ratios are not presented above.

Exhibit 31.1

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 5, 2008

/s/ Neil Smit
Neil Smit
President and Chief Executive Officer

Exhibit 31.2

I, Eloise E. Schmitz, 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 5, 2008

/s/ Eloise E. Schmitz

Eloise E. Schmitz
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 Quarterly Report on Form 10-Q for the period ended June 30, 2008 (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 5, 2008

CERTIFICATION OF CHIEF FINANCIAL OFFICER REGARDING PERIODIC REPORT CONTAINING FINANCIAL STATEMENTS

I, Eloise E. Schmitz, 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 Quarterly Report on Form 10-Q for the period ended June 30, 2008 (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/ Eloise E. Schmitz
Eloise E. Schmitz
Chief Financial Officer
(Principal Financial Officer)
August 5, 2008