CHARTER COMMUNICATIONS, INC. /MO/
Form DEF 14A
March 21, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

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

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Charter Communications, Inc.

(Name of Registrant as Specified in its Charter)

Not Applicable
(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

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

2) Aggregate number of securities to which transaction applies:

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

4) Proposed maximum aggregate value of transaction:

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¨ Fee paid previously with preliminary materials.

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

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

March 21, 2013

Dear Stockholder:

You are invited to attend the annual meeting of stockholders of Charter Communications, Inc. (the Company or Charter), which will be held at the The Ritz Carlton Hotel, Denver, 1881 Curtis Street, Denver, Colorado 80202 on Tuesday, April 30, 2013 at 8:30 a.m. (Mountain Daylight Time).

All stockholders of record at the close of business on March 1, 2013 are invited to attend the meeting. For security reasons, however, to gain admission to the meeting you may be required to present identification containing a photograph and to comply with other security measures. Parking at the Hotel for the Annual Meeting will be complimentary. Please inform the attendant you are attending the Charter Annual Meeting.

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

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

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

Sincerely,

Thomas M. Rutledge
President and Chief Executive Officer

Charter Communications, Inc.

400 Atlantic Street, 10th Floor

Stamford, CT 06901

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

OF

CHARTER COMMUNICATIONS, INC.

Date:	April 30, 2013
Time:	8:30 a.m. (Mountain Daylight Time)
Place:	The Ritz Carlton Hotel, Denver 1881 Curtis Street Denver, Colorado 80202

Matters to be voted on:

1 The election of eleven Class A directors, named in this proxy statement;

2. An amendment increasing the number of shares in the Company s 2009 Stock Incentive Plan;

3. The ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the year ended December 31, 2013; and

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

The proxy statement more fully describes these proposals.

By order of the Board of Directors,

RICHARD R. DYKHOUSE
Corporate Secretary

March 21, 2013

CHARTER COMMUNICATIONS, INC.

PROXY STATEMENT

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on April 30, 2013. The 2013 notice and proxy statement and the 2012 annual report to stockholders are available at www.proxyvote.com.

This proxy statement and the Notice of Internet Availability of Proxy Materials were first mailed to stockholders on or about March 21, 2013.

Questions and Answers about Voting and the Annual Meeting

What matters will be voted on at the annual meeting?

As a holder of Class A common stock, you are being asked to vote, on the following:

Proposal 1: To elect eleven Class A directors, nominated by our board of directors and named in this proxy statement;

Proposal 2: To amend the Company s 2009 Stock Incentive Plan;

Proposal 3: To ratify the appointment of KPMG LLP as the Company s independent registered public accounting firm for the year ended December 31, 2013; and

Proposal 4: To vote on any other matters properly brought before the stockholders at the meeting.

How does the board of directors recommend that I vote?

The board of directors recommends that you vote:

FOR the election of the eleven Class A directors, nominated by our board of directors and named in this proxy statement;

FOR the amendment to the 2009 Stock Incentive Plan; and

FOR the ratification of the appointment of KPMG LLP as the Company s independent registered public accounting firm for the year ended December 31, 2013.

What if other matters come up at the annual meeting?

The items listed on the Notice of Annual Meeting of Stockholders are the only matters that we know will be voted on at the annual meeting. Your proxy gives discretionary authority to the persons named on the proxy card to vote on other matters. On such other business as may properly come before the meeting, your shares will be voted in the discretion and judgment of the proxy holder.

Who has been nominated for election as directors at the annual meeting?

The board of directors has nominated eleven directors for election. The eleven directors who have been nominated by the board of directors and agreed to serve as directors are: Messrs. Conn, Glatt, Jacobson, Karsh, Lee, Marcus, Markley, Merritt, Parker, Rutledge and Zinterhofer.

Who can vote at the annual meeting?

Holders of a total of 101,136,436 shares of Class A common stock, as of the close of business on March 1, 2013 (the Record Date), are entitled to vote at the annual meeting. Each holder of Class A common stock is entitled to one vote per share. The enclosed proxy card indicates the number of Class A shares that our records show you are entitled to vote.

What is the difference between being a stockholder of record and a beneficial owner?

You are a stockholder of record if at the close of business on the Record Date, your shares were registered in your name with Computershare Shareowner Services, our transfer agent and registrar.

You are a beneficial owner if at the close of business on the Record Date, your shares were held by a brokerage firm or other nominee and not directly in your name, but are held in street name. As the beneficial owner of your shares, you have the right to direct your broker or other nominee how to vote your shares, i.e., for or against the proposals to be considered at the annual meeting. If you do not provide your broker or nominee with instructions on how to vote your shares, your broker or nominee will be able to vote your shares with respect to some of the proposals, but not all. See, *What if I do not provide instructions on how to vote my shares,* below.

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

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

What if I do not provide instructions on how to vote my shares?

If you are a stockholder of record and you submit a proxy, but do not provide voting instructions, your shares will be voted for the election of the Company s director nominees and **FOR** the proposals as described above.

If you are a beneficial owner and you do not provide the broker or other nominee which holds your shares with voting instructions, the broker or nominee has discretionary authority to vote for certain proposals, but not others pursuant to the rules of NASDAQ and the Securities and Exchange Commission (SEC). Brokers and other nominees have the discretion to vote on routine matters such as Proposal 3, but not on non-routine matters such as Proposals 1 and 2. Therefore, if you do not provide voting instructions to the broker or nominee that holds your shares, the broker or nominee may only vote for Proposal 3 and any other routine matters properly presented for a vote at the annual meeting.

What is the quorum required for the meeting?

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

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

How are broker non-votes and abstentions treated?

Broker non-votes and abstentions are counted for purposes of determining whether a quorum is present. Only FOR and AGAINST votes are counted for purposes of determining the votes received in connection with each proposal.

With respect to each of the proposals, broker non-votes and abstentions will have no effect on determining whether the affirmative vote constitutes a majority of the shares present or represented by proxy and voting at the Annual Meeting. However, approval of these proposals also requires the affirmative vote of a majority of the shares necessary to constitute a quorum, and therefore broker non-votes and abstentions could prevent the approval of these proposals because they do not count as affirmative votes.

In order to minimize the number of broker non-votes, the Company encourages you to vote or to provide voting instructions to the organization that holds your shares by carefully following the instructions provided in the Notice.

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

The affirmative vote of the holders of a majority of Class A shares cast is required for approval of Proposals 1, 2 and 3. For purposes of determining whether votes have been cast, abstentions and broker non-votes will not be counted.

A stockholder may vote to abstain on any of the proposals. If you vote to abstain, your shares will be counted as present at the meeting for purposes of determining a quorum on all matters, but will not be considered to be votes cast with respect to such matters. Abstentions will not be voted and will have the effect of a vote against the proposals.

If an executed proxy is returned by a broker holding shares in street name that indicates that the broker does not have discretionary authority as to certain shares to vote on one or more matters (a broker non-vote), such shares will be considered present at the meeting for purposes of determining a quorum on all matters, but will not be considered to be votes cast with respect to such matters. Therefore, broker non-votes will have the effect of a vote against the proposals. In addition, in the election of directors, a stockholder may withhold such stockholder s vote.

What are my choices in the proposals on the agenda?

On Proposal 1, you can vote your shares FOR, or you can withhold your vote for the Class A director nominees. On Proposals 2 and 3, you can (1) vote for a proposal, (2) vote against a proposal, or (3) abstain from voting.

How do I vote by proxy?

Follow the instructions on the enclosed proxy card. Sign and date the proxy card and mail it back to us in the enclosed envelope. If you receive more than one proxy card it may mean that you hold shares in more than one account. Sign and return all proxy cards to ensure that all of your shares are voted. The proxy holder named on the proxy card will vote your shares as you instruct. If you sign and return the proxy card but do not indicate your vote, the proxy holder will vote on your behalf **FOR** each of the Proposals as noted above.

Can I vote via the Internet?

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

Proxies submitted via the Internet must be received by 11:59 p.m. (EDT) on April 29, 2013. Please refer to your voting instruction form and/or your proxy card for specific voting instructions. If you vote this year s proxy via the Internet, you may also elect to receive future proxy and other materials electronically by following the instructions when you vote. Making this election will save the Company the cost of producing and mailing these documents.

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

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

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

Although we encourage you to complete and return the proxy card to ensure that your vote is counted, you can attend the annual meeting and vote your shares in person. If you wish to attend the annual meeting and vote your shares in person and you are the beneficial owner of your shares, you must obtain the documents required to vote your shares in person at the annual meeting from your broker, or nominee.

Who will count the votes?

Broadridge Financial Solutions, Inc. has been appointed to receive and tabulate stockholder votes and to act as the inspector of election and certify to the election results.

Who is soliciting my vote?

The board of directors is soliciting your vote.

Who pays for this proxy solicitation?

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

Proposal No. 1: Election of Class A Directors

(Item 1 on Proxy Card)

The Company currently has eleven directors, each of whom is elected on an annual basis. The board of directors is soliciting your vote for the Class A directors to be elected at the annual meeting of stockholders. Once elected, each of the directors will hold office until his or her successor is elected, or he or she resigns or is otherwise removed.

THE BOARD OF DIRECTORS RECOMMENDS VOTING FOR THE CLASS A DIRECTOR NOMINEES.

Information about the Class A Director Nominees

The following information concerns the eleven individuals who have been nominated by the board of directors for election by the Class A stockholders. Each of the following individuals currently serves as a Class A director.

Directors	**Position(s)**
W. Lance Conn	Director
Craig A. Jacobson	Director
Darren Glatt	Director
Bruce A. Karsh	Director
Edgar Lee	Director
Jeffrey A. Marcus	Director
John D. Markley, Jr.	Director
David C. Merritt	Director
Stan Parker	Director
Thomas M. Rutledge	Director, President and Chief Executive Officer
Eric L. Zinterhofer	Chairman of the Board of Directors

W. Lance Conn, 44, was elected to the board of directors of Charter on November 30, 2009. Mr. Conn previously served on Charter s board of directors since September 2004. From July 2004 to May 2009, Mr. Conn served as the President of Vulcan Capital, the investment arm of Vulcan, Inc. Prior to joining Vulcan, Inc., Mr. Conn was employed by America Online, Inc., an interactive online services company, from March 1996 to May 2003. From September 1994 to February 1996, Mr. Conn was an attorney with Shaw, Pittman, Potts & Trowbrige LLP in Washington, D.C. Mr. Conn served as an officer of Charter Investment, Inc. prior to and during the time of its Chapter 11 bankruptcy proceedings filed concurrently with Charter s Chapter 11 proceedings. Mr. Conn holds a J.D. degree from the University of Virginia, a M.A. degree in history from the University of Mississippi and a B.A. degree in history from Princeton University. We believe Mr. Conn s qualifications to sit on Charter s board include his experience in the media business and as a director.

Darren Glatt, 37, was elected to the board of directors of Charter on November 30, 2009. Mr. Glatt joined Apollo Management, L.P. in 2006. During his tenure at Apollo, Mr. Glatt has focused on investments in the media, communications and leisure sectors. Prior to Apollo, Mr. Glatt was a member of the Media Group at Apax Partners from 2004 to 2006, a member of the Media Group at the Cypress Group from 2000 to 2002 and a member of the Mergers & Acquisitions Group at Bear, Stearns & Co. from 1998 to 2000. Mr. Glatt also serves on the board of directors of CORE Entertainment Holdings, Inc., PlayPower Holdings, Inc., Principal Maritime Holdings, LLC and Veritable Maritime Holdings, LLC. Mr. Glatt received his MBA from the Harvard Business School and graduated summa cum laude from George Washington University s School of Business & Public Management. We believe Mr. Glatt s qualifications to sit on Charter s board include his experience in the media, banking and investment industries.

Craig A. Jacobson, 60, was elected to the board of directors of Charter on July 27, 2010. Mr. Jacobson is a founding partner at the law firm of Hansen, Jacobson, Teller, Hoberman, Newman, Warren, Richman, Rush and Kaller, L.L.P., where he has practiced entertainment law for the past 25 years. Mr. Jacobson is a member of the Board of Directors of Expedia, Inc., Aver Media, a privately held Canadian lending institution, and Tribune Entertainment. Mr. Jacobson was a director of Ticketmaster from August 2008 until its merger with Live-Nation, Inc. in January 2010. Mr. Jacobson received his Bachelor of Arts degree from Brown University in 1974, where he was a member of Phi Beta Kappa, and his J.D. degree with Honors from George Washington University School of Law in 1979. We believe Mr. Jacobson s qualifications to sit on Charter s board include his media and business experience.

Bruce A. Karsh, 57, was elected to the board of directors of Charter on November 30, 2009. Since 1995, Mr. Karsh has served as President and co-founder of Oaktree Capital Management, L.P., formerly Oaktree Capital Management, LLC, a Los Angeles-based investment management firm. Prior to co-founding Oaktree, Mr. Karsh was a Managing Director of Trust Company of the West (TCW) and its affiliate, TCW Asset Management Company, and the portfolio manager of the Special Credits Funds for seven years. Prior to joining TCW, Mr. Karsh worked as Assistant to the Chairman of Sun Life Insurance Company of America and of SunAmerica, Inc., its parent. Prior to that, he was an attorney with the law firm of O Melveny & Myers. Mr. Karsh holds an A.B. degree in Economics from Duke University and a J.D. from the University of Virginia School of Law. Mr. Karsh serves as the Chairman of the Board of Directors for Duke University s investment management company and serves as a director of Oaktree Capital Group, LLC, LBI Media Holdings, Inc. and LBI Media, Inc. We believe Mr. Karsh s qualifications to sit on Charter s board include his business and investment experience.

Edgar Lee, 37, was elected to the board of directors of Charter on January 18, 2011. He is a Managing Director of Oaktree Capital Management, L.P. Mr. Lee joined Oaktree Capital Management in 2007. From 2005 to 2007, Mr. Lee was an Associate Director in the TMT Investment Banking division of UBS Investment Bank in Los Angeles. Prior to UBS, Mr. Lee was an Associate in the Fixed Income Division at Lehman Brothers Inc. Mr. Lee received a B.A. in Economics from Swarthmore College and a M.P.P. with a concentration in Applied Economics from Harvard University. We believe Mr. Lee s qualifications to sit on Charter s board include his business and investment experience.

Jeffrey A. Marcus, 66, was elected to the board of directors of Charter on May 1, 2012. Mr. Marcus joined Crestview Partners in 2004 as a Partner. He is a media and communications entrepreneur who previously served as the President and Chief Executive Officer of AMFM, Inc., (formerly Chancellor Media Corporation), one of the nation s largest radio broadcasting companies. Mr. Marcus was also the founder and chief executive officer of Marcus Cable Company, which was the largest privately held cable company in the United States at the time of its sale in 1998. Mr. Marcus also founded an earlier cable company, Marcus Communications, Inc., which was merged into Western Tele-Communications, Inc. Mr. Marcus served as the chief executive officer of the merged and renamed company, WestMarc Communications, Inc. until 1988. In 1989, the company was sold to Tele-Communications, Inc. Mr. Marcus is currently a director of Cumulus Media, Inc., CWGS Enterprises, LLC, and NEP Group, Inc. and has served on public and private company boards of directors, including OneLink Communications, Insight Communications Company, Inc., Brinker International, Inc., AMFM Inc. and WestMarc Communications, Inc. Mr. Marcus received his B.A. in Economics from the University of California Berkeley. We believe Mr. Marcus qualifications to sit on Charter s board include his cable and business experience.

John D. Markley, Jr., 47, was elected to the board of directors of Charter on November 30, 2009. Mr. Markley has served as Managing Director of Bear Creek Capital Management, an investment firm focused on public and private companies in the communications, media and technology industries, since 2009. From 1996 to 2009, Mr. Markley was a partner at Columbia Capital, a venture capital firm. Prior to Columbia Capital, Mr. Markley was at the Federal Communications Commission where he developed US Government spectrum policy, and with Kidder, Peabody, an investment firm. Mr. Markley is currently a director of Broadsoft and Millennial Media, both publicly traded companies, and numerous private companies. Mr. Markley received a B.A. degree from Washington & Lee University and an M.B.A degree from Harvard Business School. We believe Mr. Markley s qualifications to sit on Charter s board include his experience in the telecommunications and media industries.

David C. Merritt, 58, was elected to the board of directors of Charter on December 15, 2009, and was also appointed as Chairman of Charter s Audit Committee at that time. Mr. Merritt previously served on Charter s board and Audit Committee since 2003. Since March 2009, he has been the president of BC Partners, Inc., a financial advisory firm. From October 2007 to March 2009, Mr. Merritt served as Senior Vice President and Chief Financial Officer of iCRETE, LLC. Mr. Merritt is a director of Outdoor Channel Holdings, Inc. and of Calpine Corporation and currently serves as Chairman of the Audit Committee of each company. He is also a director of Buffet Restaurants Holdings, Inc. From 1975 to 1999, Mr. Merritt was an audit and consulting partner of KPMG serving in a variety of capacities during his years with the firm, including national partner in charge of the media and entertainment practice. Mr. Merritt holds a B.S. degree in Business and Accounting from California State University Northridge. We believe Mr. Merritt s qualifications to sit on Charter s board include his many years of experience with a major accounting firm, as a director and audit committee member, and in the media industry.

Stan Parker, 37, was elected to the board of directors of Charter on January 18, 2011. He is a Senior Partner of Apollo Global Management LLC, having joined the firm as an associate in 2000. Prior to that time, Mr. Parker was employed by Salomon Smith Barney, Inc. in its Financial Entrepreneurs Group within the Investment Banking Division. Mr. Parker also serves on the board of directors of Affinion Group, CEVA Logistics, Momentive Performance Materials and CORE Entertainment Holdings, Inc. Mr. Parker holds a B.S. degree in Economics from The Wharton School of Business at the University of Pennsylvania. We believe Mr. Parker s qualifications to sit on Charter s board include his business and investment experience.

Thomas M. Rutledge, 59, was appointed as a director and President and Chief Executive Officer of the Company effective on February 13, 2012. Prior to joining Charter, Mr. Rutledge served as Chief Operating Officer of Cablevision from April 2004 until December 2011. A 34-year cable industry veteran, Mr. Rutledge previously served as president of Time Warner Cable. He began his career in 1977 at American Television and Communications (ATC), a predecessor company of Time Warner Cable. Mr. Rutledge currently serves on the board of the National Cable and Telecommunications Association (NCTA). He served as Chairman of the NCTA from 2008-2010, and currently serves on the boards of CableLabs, C-SPAN and the CTAM Educational Foundation. In 2011, he received NCTA s Vanguard Award for Distinguished Leadership, the cable industry s highest honor. He is a member of the Cable Hall of Fame and was inducted into the Broadcasting and Cable Hall of Fame in 2011. He received a B.A. in economics from California University in California, Pennsylvania in 1977. We believe Mr. Rutledge s qualifications to sit on Charter s board include his many years of experience as an executive in the media industry.

Eric L. Zinterhofer, 41, was elected to the board of directors of Charter on November 30, 2009 and as non-executive Chairman of the board on December 1, 2009. In 2010, Mr. Zinterhofer founded Searchlight Capital Partners, LLC, a private equity firm. Previously, he served as a senior partner at Apollo Management, L.P. and was with Apollo from 1998 until May 2010. From 1994 to 1996, Mr. Zinterhofer was a member of the Corporate Finance Department at Morgan Stanley Dean Witter & Co. From 1993 to 1994, Mr. Zinterhofer was a member of the Structured Equity Group at J.P. Morgan Investment Management. Mr. Zinterhofer is a director of Central European Media Enterprises Ltd., Dish TV India Ltd, and Hunter Boot Ltd. In the past five years, Mr. Zinterhofer was a director of iPCS, Inc, Unity Media SCA and Affinion Group, Inc. Mr. Zinterhofer received B.A. degrees in Honors Economics and European History from the University of Pennsylvania and received an M.B.A. from Harvard Business School. We believe Mr. Zinterhofer s qualifications to sit on Charter s board include his experience as a director and in the banking and investment industries.

Board of Directors and Committees of the Board of Directors

Our board of directors meets regularly throughout the year on an established schedule. The board also holds special meetings and acts by written consent from time to time as necessary. The Company held an annual stockholders meeting in 2012, which all directors attended. Members of the board of directors are encouraged to attend the annual meeting each year. In 2012, the full board of directors held six meetings and acted one time by written consent. No incumbent director attended fewer than 90% of the total number of meetings of the board and of committees on which he served.

The board of directors delegates authority to act with respect to certain matters to board committees whose members are appointed by the board. The committees of the board of directors include the following: Audit Committee, Compensation and Benefits Committee, Nominating and Corporate Governance Committee, Section 162(m) Committee and Finance Committee. The Audit, Compensation and Benefits, Finance and Nominating and Governance Committees each has a charter which is available on our website, www.charter.com.

Charter s Audit Committee consisted of Messrs. Merritt, Jacobson and Markley in 2012. Mr. Merritt is Chairman of the Audit Committee. Charter s board of directors has determined that, in its judgment, Mr. Merritt is an audit committee financial expert within the meaning of the applicable federal regulations. All members of the Audit Committee were determined by the board in 2012 to be independent in accordance with the listing standards of the NASDAQ Global Select Market and Rule 10A-3 of the Securities Exchange Act of 1934, as amended. The Audit Committee met six times in 2012.

The Compensation and Benefits Committee reviews and approves the Company s compensation of the senior management of the Company and its subsidiaries. During 2012, the Committee was comprised of Messrs. Conn, Zinterhofer and Marcus. Mr. Marcus was appointed to the Compensation and Benefits Committee on May 1, 2012, following his election at Charter s annual shareholders meeting. All members of the Compensation and Benefits Committee were determined by the board in 2012 to be independent in accordance with the listing standards of the NASDAQ Global Select Market. The Compensation and Benefits Committee met five times in 2012 and executed five unanimous consents in lieu of meetings.

The Nominating and Corporate Governance Committee members in 2012 were Messrs. Karsh, Glatt and Lee. Mr. Karsh is Chairman of the Committee. All members of the Nominating and Governance Committee were determined by the board in 2012 to be independent in accordance with the listing standards of the NASDAQ Global Select Market. The Nominating and Corporate Governance Committee met three times in 2012.

The Section 162(m) Committee reviews the Company s compensation for purposes of qualifying as performance-related compensation and thus meeting the provisions under Internal Revenue Code 162(m) for deductibility. In 2012, the Section 162(m) Committee was comprised of Messrs. Cohn (for a portion of the year), replaced by Mr. Jacobson and Markley. This committee executed two unanimous consents in lieu of meetings.

The Finance Committee reviews the Company s financing activities and approves the terms and conditions of certain financing transactions referred to it by the board, in consultation with the Company s legal and financial advisors. The Finance Committee in 2012 consisted of Messrs. Lee, Merritt and Parker. The Finance Committee met three times during the year.

From time to time, the board may create ad hoc committees for specific projects or transactions. There were no ad hoc committees in 2012.

The Company s Nominating and Corporate Governance Committee of the board of directors has determined that Messrs. Conn, Jacobson, Markley and Merritt are independent directors under NASDAQ rules. The committee also determined that Messrs. Glatt, Karsh, Lee, Marcus, Parker and Zinterhofer are independent under the NASDAQ rules; however, their status or relationship with an affiliate of the Company prohibits an independence finding under SEC rules for Audit Committee membership purposes. Mr. Rutledge is the President and Chief Executive Officer of the Company and is thus not independent.

Nomination and Qualifications of Directors

Candidates for director are nominated by the board of directors, based on the recommendation of the Nominating and Corporate Governance Committee. Charter s Corporate Governance Guidelines provide that, among other things, candidates for new board members to be considered by the Charter s board of directors should be individuals from diverse business and professional backgrounds with unquestioned high ethical standards and professional achievement, knowledge and experience. Candidates should include diversity of gender, race and national origin, education, professional experience and differences in viewpoints and skills. The Nominating and Corporate Governance Committee does not have a formal policy with respect to diversity; however, the board of directors and the Nominating and Corporate Governance Committee believe that it is essential that board members represent diverse viewpoints. In considering candidates for the Board, the Nominating and Corporate Governance Committee considers the entirety of each candidate s credentials in the context of these standards. In addition, director candidates must be individuals with the time and commitment necessary to perform the duties of a board member and other special skills that complement or supplement the skill sets of current directors.

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

Stockholders also are free to suggest persons for the board of directors to consider as nominees. The board of directors will consider those individuals if adequate information is submitted in a timely manner (see Stockholders Proposal for 2014 Annual Meeting below for deadline requirements) in writing to the board of directors at the Company s principal executive offices, in care of the General Counsel. The board of directors may, however, give less serious consideration to individuals not personally known by the current board members.

Board Leadership Structure and Risk Oversight

We separate the roles of Chief Executive Officer (CEO) and Chairman of the Board in recognition of the differences between the two roles. The CEO is responsible for setting the strategic direction for the Company and the day to day leadership and performance of the Company, while the Chairman of the Board, as a non-executive officer, provides guidance to the CEO and presides over meetings of the full board. We could decide to combine these positions in the future.

The full board of directors oversees the various risks to the Company, delegating to the various committees specific responsibilities. The Audit Committee reviews our Enterprise Risk Management (ERM) Program on a regular basis. The Audit Committee meets regularly with members of management in executive session, as well as with the General Counsel, Chief Compliance Officer, the Vice President of Internal Audit Services and representatives of our independent registered public accounting firm. The Compensation and Benefits Committee oversees our compensation policies and practices, including reviewing our incentive and equity-based compensation plans and benefits plans. The Nominating and Corporate Governance Committee oversees corporate governance, including recommending board and committee nominations and the corporate guidelines and determining director independence.

Stockholder Contact with Directors

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

Charter Communications, Inc.

400 Atlantic Street, 10th Floor

Stamford, CT 06901

Attn: Corporate Secretary

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

2012 Director Compensation

The non-employee director compensation package in effect for 2012 includes an annual retainer of $90,000 in cash and an annual award of $90,000 in restricted stock. In addition to the annual retainer, under the non-employee director compensation plan, the Audit Committee chair receives $20,000 per year, the Compensation and Benefits Committee chair receives $10,000 per year, and the chair of the Nominating and Corporate Governance Committee receives $10,000 per year. Each Audit Committee member (including the chair) receives $20,000 per year, each Compensation and Benefits Committee member (including the chair) receives $15,000 per year, each Finance Committee member receives $15,000 per year and each Nominating and Corporate Governance Committee member (including the chair) receives $10,000 per year.

Messrs. Glatt and Parker (as to Apollo Management, L.P.); Messrs. Karsh and Lee (as to Oaktree Capital Management, L.P.) and Mr. Marcus (as to Crestview Partners, L.P.) each requested that all cash compensation they received for their participation on Charter s board of directors or committees of the board be paid directly to their respective employers in accordance with their internal policies.

Directors who are employees do not receive additional compensation for board of directors participation. Mr. Rutledge, Charter s President, CEO and board member, was the only current director who was also an employee during 2012.

The following table sets forth information regarding the compensation to those non-employee members of the board of directors listed below for services rendered for the fiscal year ended December 31, 2012.

Name	Fees Earned or Paid in Cash ($) (1)	Stock Awards ($) (2)	Total ($)
Robert Cohn(3)	34,856		34,856
W. Lance Conn	115,000	89,982	204,982
Darren Glatt	100,000		100,000
Craig Jacobson	110,000	89,982	199,982
Bruce Karsh	110,000	89,982	199,982
Edgar Lee	115,000	89,982	204,982
Jeffrey Marcus(3)	70,000	89,982	159,982
John D. Markley, Jr.	110,000	89,982	199,982
David Merritt	145,000	89,982	234,982
Stan Parker	105,000		105,000
Eric Zinterhofer	105,000	89,982	194,982

(1) Cash compensation to the directors is paid in advance on a quarterly basis. All directors received the annual retainer of $90,000 for 2012; however, the annual retainers for Messrs. Marcus and Cohn were pro-rated to reflect their respective partial year of service. In addition to his pro-rated annual retainer of $29,877, Mr. Cohn received $4,979 for his partial year of service on the Compensation and Benefits Committee. In addition to the annual retainer, Mr. Conn received $10,000 for his service as the Compensation and Benefits Committee chair and $15,000 for his service as a member of that Committee. In addition to the annual retainer, Mr. Glatt received $10,000 for his service as a member of the Nominating and Governance Committee. In addition to the annual retainer, Mr. Jacobson received compensation for his service on the Audit Committee equal to $20,000. In addition to the annual retainer, Mr. Karsh received $10,000 for his service as chair of the Nominating and Governance Committee as well as $10,000 for his service as a member of that committee. In addition to his annual retainer, Mr. Lee received $10,000 for his service on the Nominating and Governance Committee and $15,000 for his service on the Finance Committee. In addition to his pro-rated annual retainer of $60,000, Mr. Marcus received $10,000 for his service on the Compensation and Benefits Committee. In addition to the annual retainer, Mr. Markley received $20,000 for his service on the Audit Committee. In addition to the annual retainer, Mr. Merritt received $20,000 for his service as chair of the Audit Committee as well as $20,000 for his service as a member of that committee and $15,000 for his service on the Finance Committee. In addition to his annual retainer, Mr. Parker received $15,000 for his service on the Finance Committee. In addition to the annual retainer, Mr. Zinterhofer received $15,000 for his service on the Compensation and Benefits Committee.

(2) Amounts attributed to the annual restricted stock grant for all directors vesting one year after the date of grant, with a fair value on the date of grant (May 1, 2012) of $89,982. The grant date fair value amount was calculated in accordance with accounting guidance related to share-based payment transactions with employees (FASB Topic 718). For more information on FASB Topic 718, see Impact of Tax and Accounting under Compensation Discussion and Analysis. All restricted stock granted to the directors during 2012 valued above will vest on May 1, 2013.

(3) Mr. Cohn served on Charter s Board during the first quarter of 2012 through the annual meeting on May 1, 2012. Mr. Cohn did not, however, stand for re-election at that meeting and his seat on the Board was filled by Mr. Marcus.

Indemnification

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

Executive Officers

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

Executive Officers	Position
Thomas M. Rutledge	President, Chief Executive Officer and Director
John Bickham	Chief Operating Officer
Christopher L. Winfrey	Executive Vice President and Chief Financial Officer
Thomas E. Adams	Executive Vice President, Field Operations
James Blackley	Executive Vice President, Engineering and Information Technology
Donald F. Detampel	Executive Vice President, Strategy and President, Commercial Services
Richard R. Dykhouse	Executive Vice President, General Counsel and Corporate Secretary
Jonathan Hargis	Executive Vice President, Chief Marketing Officer
Kathleen Mayo	Executive Vice President, Customer Operations
Robert E. Quicksilver	Executive Vice President, Chief Administrative Officer
Scott Weber	Executive Vice President, Network Operations
James M. Heneghan	President, Charter Media
Kevin D. Howard	Senior Vice President Finance, Controller and Chief Accounting Officer

Information regarding our executive officers, other than Mr. Rutledge who serves as a director, is set forth below.

John Bickham, 63, *Chief Operating Officer.* Mr. Bickham joined Charter as Executive Vice President and Chief Operating Officer on April 30, 2012. Prior to joining Charter, Mr. Bickham served as President of Cable and Communications for Cablevision where he was employed from 2004 through November 2011. Prior to Cablevision, Mr. Bickham was Executive Vice President with corporate responsibility for a number of large markets for Time Warner Cable. In 1986, Mr. Bickham was a founding executive of KBLCOM, a cable company which partnered with ATC and owned cable systems with 1,700,000 customers. Mr. Bickham s tenure with KBLCOM ended in 1995 as President and Chief Operating Officer. Mr. Bickham serves on the Cable Center Board and was honored with the industry s Vanguard Award for Cable Operations Management in 2007. He received his B.S. degree in electrical engineering from Texas A&I University.

Christopher L. Winfrey, 37, *Executive Vice President and Chief Financial Officer.* Mr. Winfrey joined Charter as Executive Vice President and Chief Financial Officer on November 1, 2010. Prior to joining Charter, Mr. Winfrey served as Chief Financial Officer and Managing Director of Unitymedia GmbH from March 2006 through October 2010. Mr. Winfrey was also appointed Managing Director of Unitymedia Management GmbH, Unitymedia Hessen Verwaltung GmbH and Unitymedia NRW GmbH in March 2006 and arena Sport Rechte und Marketing GmbH in April 2008. From December 2002 through December 2005, Mr. Winfrey served as Senior Vice President Corporate Finance and Development at Cablecom GmbH. Mr. Winfrey was previously Director of Financial Planning and Analysis of NTL s continental European operations and a Senior Associate in the private equity group at Communications Equity Associates. Mr. Winfrey graduated from the University of Florida, with a B.S. degree in Accounting. He also received his M.B.A. from the University of Florida.

Thomas E. Adams, 58, *Executive Vice President, Field Operations.* Mr. Adams joined Charter as Executive Vice President, Field Operations on October 1, 2012. Prior to joining Charter, Mr. Adams served as Regional Vice President of Operations for Wisconsin at Time Warner Cable from 2009 to September 28, 2012. Prior to that Mr. Adams served as Regional Vice President of Operations for Eastern Carolina at Time Warner Cable from 2007 to 2009 and Division President for Raleigh, North Carolina at Time Warner Cable from 2002 to 2007. Mr. Adams received an associate degree in Applied Science, Engineering from Delhi Agriculture and Technical College and a B.S degree in Engineering from Florida International University.

James Blackley, 57, *Executive Vice President, Engineering and Information Technology*. Mr. Blackley joined Charter as Executive Vice President, Corporate Engineering and Technology on October 15, 2012. Prior to joining Charter, Mr. Blackley served as Executive Vice President, Corporate Engineering and Technology for Cablevision, where he was employed from 1996 through May 2012. Prior to Cablevision, Mr. Blackley designed software and systems with evolving development and technology responsibilities with Royal Insurance, Depository Trust Company, Long Island Lighting Company, Con Edison and American International Group.

Donald F. Detampel, 57, *Executive Vice President, Strategy and President, Commercial Services.* Mr. Detampel joined Charter as Executive Vice President and President, Commercial Services in October 2010 and was appointed Executive Vice President, Technology and President, Commercial Services in April 2011. Prior to joining Charter, Mr. Detampel served as Senior Vice President, Business Services at Comcast Corporation from March 2010 through August 2010. Prior to that, Mr. Detampel served as an Executive Chairman and director of New Global Telecom, Inc. from May 2008 through February 2010. Mr. Detampel served as President and Chief Executive Officer and board director of Raindance Communications, Inc., a publicly traded multimedia conferencing company, from February 2004 through April 2006. Mr. Detampel currently serves on the boards of directors of Alpine Access, Inc. and Peer 1 Networks, Inc. and also on the advisory board of Advanced Data Centers, Inc. Mr. Detampel received B.S. degrees, magna cum laude, in mathematics and physics, from St. Norbert College.

Richard R. Dykhouse, 49, *Executive Vice President, General Counsel and Corporate Secretary.* Mr. Dykhouse has served in to his current position since February 2013 having previously been a Senior Vice President since 2011 and Vice President of Charter since 2006. Prior to joining Charter, Mr. Dykhouse was Senior Counsel and Assistant Secretary for CNH Global, N.V. from 2004 to 2006 and was an attorney for Conseco, Inc. from 1994 to 2003 serving in the corporate law group with his last position as a Senior Vice President, Legal. Mr. Dykhouse received a bachelor s degree in finance from Olivet Nazarene University, a M.B.A. from Indiana University and a J.D. degree from Indiana University School of Law Indianapolis.

Jonathan Hargis, 56, *Executive Vice President and Chief Marketing Officer*. Mr. Hargis joined Charter as Executive Vice President and Chief Marketing Officer on April 9, 2012. Prior to joining Charter, Mr. Hargis was with Cablevision from December 2000 through March 2012, most recently serving at Cablevision as Executive Vice President, Marketing. Prior to Cablevision, Mr. Hargis served in various leadership roles at AT&T. He served on the board of the Cable & Telecommunications Association for Marketing (CTAM) from April 2008 to March 2012 and chaired the CTAM board from September 2011 to March 2012. Mr. Hargis received a B.A. from Otterbein College and a M.B.A. from Wright State University.

Kathleen Mayo, 54, *Executive Vice President, Customer Operations.* Ms. Mayo joined Charter as Executive Vice President, Customer Operations on September 17, 2012. Prior to joining Charter, Ms. Mayo joined Cablevision in 1997 and most recently served as Executive Vice President, Consumer Operations of Cablevision. Ms. Mayo earned a B.A. at West Chester University and a M.B.A. at Temple University.

Robert E. Quicksilver, 59, *Executive Vice President and Chief Administrative Officer*. Mr. Quicksilver joined Charter as Executive Vice President and Chief Administrative Officer on September 6, 2011. Prior to joining Charter, Mr. Quicksilver was a partner with the law firm, Patton Boggs, LLP in Washington, D.C., from November 2010 through September 2011. Prior to that, Mr. Quicksilver was an independent consultant for the Internet industry from February 2010 through October 2010. From July 2007 through January 2010, Mr. Quicksilver served as chief content officer of TidalTV, an online video aggregation and advertising optimization platform. Prior to that, Mr. Quicksilver served as an independent consultant to Internet companies, including Yahoo! Media Group, from November 2005 to June 2007. From August 1999 to August 2005, Mr. Quicksilver served as President, Network Distribution at FOX Broadcasting Company. Mr. Quicksilver received a B.A. degree, summa cum laude, from Dartmouth College and a J.D. degree, magna cum laude, from the University of Michigan Law School.

Scott Weber, 57, *Executive Vice President, Network Operations.* Mr. Weber joined Charter as Executive Vice President, Network Operations on June 18, 2012. Prior to joining Charter, Mr. Weber served as Executive Vice President, Engineering Network Management for Cablevision from January 2007 through January 2012. Prior to joining Cablevision, Mr. Weber was with Comcast from 1986 through January 2007 leading technical operations, engineering operations and network management in various roles there. Mr. Weber is a member of Society of Cable Telecommunications Engineers (SCTE), Institute of Electrical and Electronics Engineers (IEEE) and American Radio Relay League (ARRL).

James M. Heneghan, 54*, President, Charter Media.* Mr. Heneghan was promoted to his current position in July 2010. Prior to his promotion, he served as Senior Vice President of Advertising Sales, Senior Vice President of Marketing and Advertising Sales, Vice President of Charter Media and Vice President of Advertising Sales of the Western Operating Division during his tenure at Charter which began in March 2001. Before joining Charter, Mr. Heneghan was Corporate Director of Advertising Sales for Cable One. Prior to Cable One, he served six years in several capacities with Cable One s parent company, The Washington Post, in newspaper advertising sales. He also worked with the DDB Needham and J. Walter Thompson advertising agencies. Mr. Heneghan earned a Bachelor s degree in Economics and Political Science from Bucknell University in Lewisburg, Pennsylvania.

Kevin D. Howard, 43, *Senior Vice President Finance, Controller and Chief Accounting Officer.* Mr. Howard was promoted to his position as Senior Vice President Finance, Controller and Chief Accounting Officer in December 2009. From August 1, 2010 through October 31, 2010, Mr. Howard served as Interim Chief Financial Officer. From April 2006 to December 2009, Mr. Howard served as Vice President, Controller and Chief Accounting Officer. Prior to that, he served as Vice President of Finance from April 2003 until April 2006 and as Director of Financial Reporting since joining Charter in April 2002. Mr. Howard began his career at Arthur Andersen LLP in 1993 where he held a number of positions in the audit division prior to leaving in April 2002. Mr. Howard served as an executive officer of Charter during the pendency of its Chapter 11 cases in 2009. Mr. Howard received a bachelor s degree in finance and economics from the University of Missouri Columbia and is a certified public accountant and certified managerial accountant.

Executive Compensation

Compensation Committee Interlocks and Insider Participation

During 2012, no member of Charter s Compensation and Benefits Committee was an officer or employee of Charter or any of its subsidiaries. Mr. Zinterhofer served as the non-executive Chairman of the Board in 2012.

During 2012, (1) none of Charter s executive officers served on the compensation committee of any other company that has an executive officer currently serving on Charter s board of directors or Compensation and Benefits Committee and (2) none of Charter s executive officers served as a director of another entity, one of whose executive officers served on the Compensation and Benefits Committee.

Report of the Compensation and Benefits Committee

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

The Compensation and Benefits Committee has reviewed and discussed with management the Compensation Discussion and Analysis (CD&A) set forth below including the accompanying tables and recommended to the board of directors that it be included in this proxy statement.

W. LANCE CONN, Chairman

ERIC ZINTERHOFER

JEFFREY A. MARCUS

Compensation Discussion and Analysis

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

Role of the Compensation and Benefits Committee

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

Our CEO annually reviews the performance of each of the other Named Executive Officers. He recommends to the Compensation and Benefits Committee salary adjustments, annual cash bonuses and equity incentive compensation applying specific performance metrics that have been approved by the Compensation and Benefits Committee at the beginning of each year for the other Named Executive Officers. The Compensation and Benefits Committee has, on occasion, requested the CEO to be present at Compensation and Benefits Committee meetings where executive compensation and Charter and individual performance are discussed and evaluated. The CEO is invited for the purpose of providing insight or suggestions regarding executive performance objectives and/or achievements, and the overall competitiveness and effectiveness of our executive compensation program. Although the Compensation and Benefits Committee considers the CEO s recommendations along with analysis provided by the Compensation and Benefits Committee s compensation consultants, it retains full discretion to set all compensation for our Named Executive Officers, except that the Compensation and Benefits Committee s recommendations for the CEO s compensation goes before Charter s full board of directors, with non-employee directors voting on the approval of any recommendations, subject to any employment agreements.

Compensation Consultant

The Compensation and Benefits Committee has the authority under its Charter to directly engage the services of a compensation consultant(s) or other advisors. Semler Brossy Consulting Group, LLC (Semler Brossy) was retained directly by the Compensation and Benefits Committee. In carrying out its assignments, Semler Brossy also interacted with management when necessary and appropriate. Semler Brossy may, in its discretion, seek input and feedback from management regarding its consulting work product prior to presentation to the Compensation and Benefits Committee in order to confirm alignment with our business strategy, and identify data questions or other similar issues, if any. During the year ended December 31, 2012, Semler Brossy provided no services to the Company other than its advice to the Compensation and Benefits Committee on executive compensation issues.

The following is a description of the services provided by Semler Brossy, as the Compensation and Benefits Committee consultant, during the year ended December 31, 2012:

- Attended all Compensation and Benefits Committee meetings;
- Provided information, research, and analysis pertaining to executive compensation programs and conducted a comprehensive assessment of our annual executive compensation program relative to competitive markets;
- Regularly updated the Compensation and Benefits Committee on market trends, changing practices, and legislation pertaining to compensation;
- Assisted the Compensation and Benefits Committee in making pay determinations for the Chief Executive Officer and other executive officers;
- Advised on the design of the executive compensation program and the reasonableness of individual compensation targets and awards; and

Provided advice and recommendations that incorporated both market data and Company-specific factors.

The Compensation and Benefits Committee believes that there was no conflict of interest between the compensation consultant and the Compensation and Benefits Committee during the year ended December 31, 2012. In reaching this conclusion, the Compensation and Benefits Committee considered the factors set forth in the SEC rule effective July 27, 2012 regarding compensation advisor independence.

Compensation Philosophy and Objectives

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

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

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

Retention. We recognize that a key element to our success is our ability to retain a team of highly-qualified executives who can provide the leadership necessary to successfully execute our short- and long-term business strategies. We also recognize that, because of their qualifications, our senior executives are often presented with other professional opportunities, potentially ones at higher compensation levels. It is often difficult to retain talented management. Our retention strategy faces additional challenges in that the skills of our current management team are attractive to many companies inside and outside of the cable industry. The following programs underscore our focus on retention.

Pay Levels and Competitive Analysis

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

With the assistance of Semler Brossy, the Compensation and Benefits Committee approved a peer group of the following 13 publicly-traded companies for assessing the competitiveness of executive compensation effective for 2012:

- BCE Inc.
- Cablevision Systems Corp.
- CenturyLink Inc.
- Comcast Corporation
- The DIRECTV Group, Inc.
- Frontier Communications Corp.
- Leap Wireless International Inc.
- Liberty Global
- MetroPCS Communications Inc.
- Telephone and Data Systems Inc.
- TELUS Corp.
- Time Warner Cable Inc., and
- Windstream Corp.

Peer group companies selected met the following criteria:

- Cable, satellite and telecommunications services industry (based on GICS code);
- Telecommunications companies with between one-third and 3 times Charter s revenue; and
- Companies headquartered in the United States or Canada.

Consistent with our practice, and in light of recent transactions within the peer group, the Compensation and Benefits Committee revisits peer group composition on a periodic basis. In addition to these specific peer companies, the Compensation and Benefits Committee also reviews data from a number of published compensation surveys that provide broader market data for specific functional responsibilities for companies of similar revenue size to us.

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

In light of our practice of making a relatively high portion of each executive officer s compensation based on performance (*i.e.*, at risk), the Compensation and Benefits Committee generally examines peer company data at the -50th- percentile (*i.e.*, the median), for performance at target or for specialization of a skill set. The Compensation and Benefits Committee generally sets target compensation for our executive group at the median of the market data.

As noted above, notwithstanding our overall pay positioning objectives, pay opportunities for specific individuals vary based on a number of factors such as scope of duties, tenure, experience and expertise, institutional knowledge and/or difficulty in recruiting a new executive. Actual total compensation in a given year will vary above or below the target compensation levels based primarily on the attainment of operating goals and the preservation of stakeholder value. Based on data provided by our outside advisor, target total direct 2012 compensation (*i.e.* salary, bonus and long-term incentive) for our Named Executive Officers was, on average, below median levels for the peer group.

Pay Mix

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

For key executives, the mix of compensation is weighted toward at-risk pay (annual incentives and long-term incentives). We believe that maintaining this pay mix results in a fundamental pay-for-performance orientation for our executives. We also believe that long-term incentives, and particularly equity compensation, provide a very important motivational and retentive aspect to the compensation package of our key executives. We adopted a new stock incentive plan after emergence from bankruptcy in November 2009 and awards were made to executives under this new plan in July 2010 and April and December 2011. Awards were made in 2012 to our Named Executive Officers, Messrs. Bickham and Blackley and Ms. Mayo, in connection with execution of their employment agreements with the Company in 2012. An award was made to Mr. Winfrey in August 2012 in connection with his relocation to the New York metropolitan area. See Special Compensation Programs below for further details on Mr. Winfrey s relocation package.

Implementing Our Objectives

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

- Assessment of Company Performance criteria may include revenue, monthly recurring revenue, adjusted EBITDA, free cash flow, adjusted EBITDA less capital expenditures, average revenue per unit, operating cash flow, operational improvements, capital management, customer satisfaction or other service metrics and/or such other metrics as the Compensation and Benefits Committee determines is critical to our long-term success. Application of this factor is more specifically discussed under Elements Used to Achieve Compensation Objectives as applicable;

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

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

Elements Used to Achieve Compensation Objectives

The main components of our compensation program include:

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

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

Long-Term Incentives equity awards which historically included stock options, restricted share units and restricted shares, often incorporating vesting requirements that require achievement of targeted stock prices, designed to motivate long-term performance and align executive interests with those of our shareholders; and

Special Compensation Programs cash and equity programs targeted at executives in critical positions designed to incentivize performance and encourage long-term retention.

Details of Each Compensation Element

(1) Base Salary

Base Salaries are set with regard to the level of the position within Charter and the individual s current and sustained performance results. The Base Salary levels for executives, and any changes in those salary levels, are reviewed each year by the Compensation and Benefits Committee, and such adjustments may be based on factors such as new roles and/or responsibilities assumed by the executive and the executive s significant impact on our then current goals. Salary adjustments may also be based on changes in market pay levels for comparable positions in our competitive markets**.** Base Salaries are reviewed and adjusted to account for: (a) market-competitive increases, (b) individual impact on and contributions to the business performance and company goals, (c) salary increases to align certain levels of responsibility; and (d) company-wide total salary increases. Of the Named Executive Officers, Mr. Winfrey was the only officer eligible to receive a base salary increase in 2012 receiving a $16,500 base salary increase attributable to company-wide management-level merit adjustments. The other Named Executive Officers started with the Company as officers in 2012.

There is no specific weighting applied to any one factor in setting the level of salary, and the process ultimately relies on the subjective exercise of the Compensation and Benefits Committee s judgment. Although salaries are generally targeted at market median compared to an industry peer group and other compensation survey data for experienced professionals, the Compensation and Benefits Committee may also take into account historical compensation, potential as a key contributor as well as special recruiting/retention situations in setting salaries for individual executives above or below the market median. Consistent with our pay philosophy, salary increases are not automatic or the same for each individual, taking into consideration the factors set forth above. Based upon data provided by Semler Brossy, base salaries for our Named Executive Officers are generally at median competitive levels. Four of the five Named Executive Officers were recruited in 2012 (December 2011 in the case of the CEO) and their salaries reflect what was required to attract these talented individuals to become employed by the Company.

(2) Bonus Plans

2012 Executive Bonus Plan

The 2012 Executive Bonus Plan is designed to align the Company around common performance measures. Specifically, the objective was to focus on consistent execution at all levels, with an overall goal of exceeding budgeted Company revenue, adjusted EBITDA, and Customer Satisfaction indicators for the first six months of the year. The objective for the second half of 2012 was to focus on the goal of the uplift in the residential monthly recurring revenue and Customer Satisfaction indicators. For 2012, bonuses for eligible employees were determined based on Charter s (or, if applicable, an employee s particular operating group s or Key Market Area s) performance during 2012 measured against Charter s performance goals or measures. These measures, and the percentage of an employee s bonus allocated to each measure, are:

Financial performance metric including Company revenue from January 1, 2012 through June 30, 2012 (12%), Adjusted EBITDA for the Company from January 1, 2012 through June 30, 2012 (16%), and the uplift in residential monthly recurring revenue from July 1, 2012 through December 31, 2012 (28%);

Charter Customer Experience Satisfaction Index (CESI) (24%); and

CEO discretionary award (20%).

For the period beginning January 1, 2012 through and including June 30, 2012, the financial performance metric is measured based on Company revenue (12%) and Adjusted EBITDA (16%) to arrive at the total of 28% for the financial performance metric for the first half of the year. Adjusted EBITDA is defined as consolidated net income (loss) plus net interest expense, income taxes, depreciation and amortization, stock compensation expense, loss on extinguishment of debt and other operating expenses, such as special charges and loss on sale or retirement of assets. For the period beginning July 1, 2012 through and including December 31, 2012, the financial performance metric of 28% is measured solely on the uplift in residential monthly recurring revenue (MRR) from June to December 2012. The metrics for the year were bifurcated as a result of the Company s change in go-to-market strategy and the new pricing and packaging of the Company s products. The Compensation and Benefits Committee determined that an adjustment should be made to reflect the new operating structure. The 2012 Executive Bonus Plan also contained a discretionary component with 20% of the target bonus percentage being at the sole discretion of the Chief Executive Officer of the Company or the Compensation and Benefits Committee. Potential payouts under the 2012 Executive Bonus Plan relative to target range from 10% to 150% of target bonus amounts. Target bonuses for our Named Executive Officers ranged from 75% to 175% of base salary in 2012, subject to applicable employment agreements (see Employment Agreements). All of the Named Executive Officers are participants under the 2012 Executive Bonus Plan, except for Mr. Lovett.

On February 20, 2013, the Compensation and Benefits Committee determined that achievement toward Charter performance goals for 2012 resulted in bonuses under the 2012 Executive Bonus Plan at the corporate level of 106.6% of targeted bonuses, as detailed in the following chart.

Executive Bonus Plan Metrics for Named Executive Officers for 2012:

	Weight	Performance Goal ($ in millions)	Pro Forma Results ($ in millions)	Attainment of Performance Goal	Bonus MatrixesAttainments	Weighted Payout%
Financial Performance (January June 2012):						
Revenue	12%	$ 3,730	$ 3,711	99.5%	90%	10.8%
Adjusted EBITDA	16%	$ 1,346	$ 1,345	99.9%	98%	15.7%
Financial Performance (July December 2012):						
Residential MRR Uplift	28%	$ 6,098	$ 5,947	97.5%	96.9%	27.1%
CESI	24%	10.00	10.23	102.3%	120%	28.8%
CEO Discretionary	20%					24.2%
Total Attainment						**106.6%**

The CEO is authorized by the Compensation and Benefits Committee to make discretionary bonus awards of up to 5% of the projected payout under the executive bonus plan. Discretionary bonus awards are recommended by management based upon management s judgment of a participant s performance and contribution to the Company, and are in addition to the Executive Bonus Plan. For 2012, the CEO recommended to the Compensation and Benefits Committee, that this discretionary amount be reallocated to all participants across most of the Company s bonus plans including the Executive Bonus Plan. Therefore, the attainment of 106.6% (and in the case of Ms. Mayo and Mr. Blackely, 107.3%) included the CEO s discretionary award for all participants in the Executive Bonus Plan. Ms. Mayo s and Mr. Blackley s attainment metric was fractionally higher than the others because they did not join the Company until the second-half of 2012 and the bonus metric attainment was slightly higher for that period. As set forth in the Non-Equity Incentive Plan column of the Summary Compensation Table, awards were made to the Named Executive Officers under the Executive Bonus Plan after reallocating the discretionary awards, as follows for 2012: Mr. Rutledge $3,301,679; Mr. Winfrey $448,858; Mr. Bickham $1,333,632; Ms. Mayo $107,248; and Mr. Blackley $66,160.

(3) Long-Term Incentives

Our long-term incentive award compensation program is designed to recognize scope of responsibilities, reward demonstrated performance and leadership, motivate future superior performance, align the interests of the executive with that of our stakeholders, and incentivize and retain the executives through the term of the awards. We believe that performance-based incentives help to drive our performance through their direct linkage to controllable business results while, at the same time, rewarding executives for the value created through share price appreciation. While the size of the award is ultimately left to the Compensation and Benefits Committee discretion, grant levels are generally targeted at the median to top quartile of competitive levels.

The 2009 Stock Incentive Plan provides for the potential grant of non-qualified stock options, stock appreciation rights, dividend equivalent rights, performance units and performance shares, share awards, phantom stock and shares of restricted stock as each term is defined in the 2009 Stock Incentive Plan and in the discretion of the Compensation and Benefits Committee. Unless terminated sooner, the 2009 Stock Incentive Plan will terminate on April 28, 2019, and no option or award can be granted thereafter under that plan. In November 2009, 3,848,393 shares were included in the 2009 Stock Incentive Plan and on December 16, 2009, the board of directors approved the inclusion of another 3,848,393 shares in the 2009 Stock Incentive Plan.

As of December 31, 2012, 1,414,919 shares remained available for future grants under the plan. See Proposal 2 below, for a description of the Company s proposal to increase the number of shares in the 2009 Stock Incentive Plan for future awards. As of December 31, 2012, there were 381 participants in the 2009 plan. See the Summary Compensation Table below for the awards received by our Named Executive Officers.

The 2009 Stock Incentive Plan authorizes the repricing of options, which could include reducing the exercise price per share of any outstanding option, permitting the cancellation, forfeiture or tender of outstanding options in exchange for other awards or for new options with a lower exercise price per share, or repricing or replacing any outstanding options by any other method. While the 2009 Stock Incentive Plan authorizes repricing, no repricing has occurred under the plan.

On April 26, 2011, the Board of Directors adopted the 2011-2013 Long Term Incentive Plan (the Plan). The Plan provides that awards made in 2011 were to cover Plan years 2011-2013 and that no further grants would be made absent unusual circumstances. In 2012, in connection with execution of employment agreements, grants were made under the Plan to certain of our Named Executive Officers who were hired in 2012. In addition, a grant was made to Mr. Winfrey in 2012 in connection with his relocation package. The amount and type of incentive compensation granted under the Plan is based upon our overall strategic, operational and financial performance and reflects the participant s expected contributions to our future success. Grants to Named Executive Officers under the Plan are awards of time-vesting stock options, time-vesting restricted stock, performance-vesting options, performance-vesting restricted stock and restricted stock units, under the Company s 2009 Stock Incentive Plan, and described as follows:

Time-Vesting Stock Options. Time-vesting stock options made to Named Executive Officers involve the grant of options to purchase shares of the Company s Class A common stock on each vesting date generally divided into a third or a fourth with each such portion of a grant vesting and becoming exercisable in four equal installments on each of the first four anniversaries of certain specified dates, such as a new employee s hire date. Grants of certain options made in 2012 to non-Named Executive Officers, provided for two tranches of options, vesting over a longer period of time. Grants in 2011 were made in three tranches and also provided for longer vesting. Time-vesting option grants were made to Messrs. Bickham and Blackley and Ms. Mayo in 2012 in connection with execution of their respective employment agreements. Messrs. Rutledge and Winfrey were previously granted time-vesting options under the Plan.

Performance-Vesting Stock Options. Performance-vesting stock options involve the grant of options to purchase shares of the Company s Class A common stock in tranches commencing on certain specified dates subject to occurrence of achievement of set stock price thresholds. Achievement of the applicable stock price thresholds are measured based on the average of the per share closing price of a share of the Company s Class A common stock as reported on NASDAQ for any sixty consecutive trading days commencing on or after the specified dates in the grantee s option agreement. By way of example, grants made on April 26, 2011 vest as follows: one-third of each of three tranche will vest and become exercisable upon the first occurrence of shares of achieving a stock price threshold of $60 per share; one-third at a stock price threshold of $80 per share; and one-third at $100 per share. Achievement of the applicable stock price thresholds will be measured based on the average of the per share closing price of a share of the Company s Class A common stock as reported on NASDAQ for any sixty consecutive trading days commencing on or after January 26, 2012 (as to Tranche I); on or after September 30, 2012 (as to Tranche II); and on or after September 30, 2013 (as to Tranche III). In December 2011, Mr. Rutledge s employment agreement provided that his options vest in five tranches, with additional threshold prices at $125 and $150. Mr. Bickham s performance-vesting options vest in four tranches at $80, $100, $125 and $150. Ms. Mayo s performance-vesting options have vesting thresholds at $80 and $100 and Mr. Blackley s thresholds are at $85 and $105. Grants of performance-vesting options are limited to our president and chief executive officer, and to executive vice president and president-level executives. See the tables below for the amount of the grants to the Named Executive Officers. Total amounts granted were determined by the Compensation and Benefits Committee by examining a multitude of factors. The Committee did evaluate the accounting grant value of the total award and verified that the total value of the grant, when evaluated on an annualized basis, was consistent with the awards at median. More importantly, the Compensation and Benefits Committee evaluated the potential value of the grant at the price hurdles of $60, $80, $100, $125 and $150, and subjectively determined that the value delivered to each participant was compelling, was sufficiently large to balance the shorter-term focus of the annual incentive plan and would serve to retain the executives during this time period. Performance-vesting option grants have been made to all of our Named Executive Officers.

Time-Vesting Restricted Stock. The grant of time-vesting restricted stock provides that the grantee may receive shares of the Company s Class A common stock on a straight vesting schedule with the grant vesting in 25% installments on each of the four anniversaries of the applicable grant or effective date. Grants of time-vesting restricted stock were made in 2011 and 2012 to Messrs. Rutledge and Bickham, respectively, in connection with the execution of their respective employment agreements.

Performance Vesting Restricted Stock. The grant of performance-vesting restricted stock provides that the grantee may receive shares of the Company s Class A common stock in tranches commencing on certain specified dates subject to the occurrence of achievement of set stock price thresholds similar to the performance-vesting stock options as described above. Grants of performance-vesting stock options were made in 2011 and 2012 to Messrs. Rutledge and Bickham, respectively, in connection with execution of their respective employment agreements. Mr. Rutledge s restricted stock was granted in three tranches with thresholds at $60, $80 and $100 and Mr. Bickham s restricted stock was granted in two tranches with thresholds at $80 and $100.

Restricted Stock Units. The grant of restricted stock units (RSUs) provides that the grantee may receive one share of the Company s Class A common stock for each RSU following vesting. The grants are generally subject to a straight vesting schedule with the grant vesting in equal parts on each date specified in the grantee s employment agreement. Grants of restricted stock units were made in 2012 to Messrs. Winfrey, Blackley and Ms. Mayo, in connection with the execution of Mr. Winfrey s relocation agreement and Mr. Blackley and Ms. Mayo s employment agreements.

Timing of Equity Grants

Grants of equity-based awards are determined by the Compensation and Benefits Committee and typically were made annually following review by the Compensation and Benefits Committee of our prior year s performance. As noted above, in 2011 the Compensation and Benefits Committee adopted the Plan which granted awards in 2011 with the intent no annual grants would be made in 2012 and 2013. Grants may also be made at other times of the year, such as upon execution of a new employment agreement, based upon an analysis of peer company compensation to maintain a competitive compensation package or in a new hire or promotion situation. Grants of options, if made, have an exercise price equal to the average of the high and low stock price on the date of grant.

(4) Special Compensation Programs

Relocation Package

On June 4, 2012, the Company announced its intention to open an office in the New York Metropolitan area to house a limited number of senior executives. On July 26, 2012, the Compensation and Benefits Committee approved a relocation package for Senior Vice Presidents and the Company s Executive Vice President and Chief Financial Officer, Mr. Winfrey. The relocation package was designed to incentivize key members of management to relocate, including covering the cost of living difference. The relocation package included: amendment and restatement of his employment agreement to extend the term to two years following the relocation; relocation incentive payment equal to $250,000 subject to a two year claw-back in the event of a voluntary or for-cause termination; protection for loss on sale of his home; home purchase assistance; moving assistance; and temporary living assistance. Mr. Winfrey also received 6,600 restricted stock units, vesting in three tranches over a thirty month period. For further details regarding the relocation incentive payment two-year claw-back, please see the Section titled Separation and Related Arrangements.

Other Compensation Elements

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

An independent consultant was engaged to perform a risk assessment of the Company s compensation programs and did not identify any material risks that might adversely impact the financial health or performance of the Company. After review of the report from the independent consultant, the Compensation and Benefits Committee agreed with the conclusion reached by the independent consultants.

Stockholder Vote on Say on Pay

At the Company s 2011 Annual Stockholders Meeting, the stockholders considered advisory proposals (i) to approve Executive Compensation, and (ii) on the frequency of holding a vote on Executive Compensation. As the board of directors had recommended, the stockholders approved the Executive Compensation and voted to hold an advisory vote on Executive Compensation every three years. The Compensation and Benefits Committee agreed with the advisory votes. The next vote on Executive Compensation by the stockholders is scheduled for 2014.

Impact of Tax and Accounting

Section 162(m) of the Internal Revenue Code generally provides that certain kinds of compensation in excess of $1 million in any single year paid to the chief executive officer and the three other most highly compensated executive officers other than the chief financial officer of a public company are not deductible for federal income tax purposes. However, pursuant to regulations issued by the U.S. Treasury Department, certain limited exemptions to Section 162(m) apply with respect to qualified performance-based compensation. While the tax effect of any compensation arrangement is one factor to be considered, such effect is evaluated in light of our overall compensation philosophy. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals, the Compensation and Benefits Committee has not adopted a policy that all compensation must be deductible. Stock options and performance shares granted under our 2009 Stock Incentive Plan are subject to the approval of the Compensation and Benefits Committee. The grants qualify as performance-based compensation and, as such, are exempt from the limitation on deductions. Outright grants of restricted stock and certain cash payments (such as base salary and cash bonuses) are not structured to qualify as performance-based compensation and are, therefore, subject to the Section 162(m) limitation on deductions and will count against the $1 million cap. However, the Executive Bonus Plan is structured to comply with Section 162(m) to obtain all allowable deductions. The 2012 grants of equity to executive officers were structured as complying with Section 162(m).

When determining amounts and forms of compensation grants to executives and employees, the Compensation and Benefits Committee considers the accounting cost associated with the grants. We account for stock-based compensation in accordance with accounting standards regarding stock compensation which addresses the accounting for share-based payment transactions in which a company receives employee services in exchange for (a) equity instruments of that company or (b) liabilities that are based on the fair value of the company s equity instruments or that may be settled by the issuance of such equity instruments. Under this accounting guidance, grants of stock options, restricted stock, restricted stock units, and other share-based payments result in an accounting charge. The accounting charge is equal to the fair value of the instruments being issued on the date of the grant and is amortized over the requisite service period, or vesting period of the instruments. For restricted stock and restricted stock units, the cost is equal to the fair value of the stock on the date of grant times the number of shares or units granted. For stock options, the cost is equal to the fair value of the option on the date of the grant, estimated using the Black-Scholes option-pricing model, times the number of options granted. For stock options and restricted stock with market conditions, the cost is equal to the fair value of the option or restricted stock on the date of grant, estimated using Monte Carlo simulations, times the number of stock options or shares of restricted stock granted. The grant date weighted average assumptions used during the years ended December 31, 2012 and 2011, respectively, were: risk-free interest rate of 1.5% and 2.5%; expected volatility of 38.4% and 38.4%, expected lives of 6.3 and 6.6 years and cost of equity of 16.2% and 15.5%.

The valuations assume no dividends are paid. Dollar values included in the Non-Employee Director Compensation Table and the Summary Compensation Table represent the aggregate fair value of all awards granted in 2012 and prior.

Stock Ownership Guidelines and Hedging Policy

The Compensation and Benefits Committee has not formally adopted stock ownership guidelines for the Named Executive Officers. The Committee believes that the structure of the equity award to the Named Executive Officers, with vesting contingent of achieving stock price hurdles set at levels between $80 and $150 closely aligns the economic interests of the Named Executive Officers with the shareholders, precludes the necessity for stock ownership guidelines.

The Company prohibits any Named Executive Officer, as well as other senior members of management, from hedging or pledging Company securities.

Summary Compensation Table

The following table sets forth compensation information for our Named Executive Officers that were named as such during the years ended December 31, 2012, 2011 and 2010.

Name and Principal Position	Year	Salary ($)	Bonus ($)(1)	Stock Awards ($)(2)	Option Awards ($)(3)	Non-Equity Incentive Plan Compensation ($)(4)	All Other Compensation ($)(5)	Total ($)
Thomas M. Rutledge	2012	1,756,307				3,301,679	220,512	5,278,498
President and Chief Executive Officer								
Michael J. Lovett	2012	573,250					246,145	819,395
	2011	1,300,000			16,059,501	3,142,096	36,750	20,538,347
Former President and Chief Executive Officer	2010	1,237,367	2,210,000		3,687,250	3,709,465	68,442	10,912,524
Christopher L. Winfrey	2012	561,423	250,000	522,390		448,858	442,534	2,225,205
	2011	534,616	40,000		6,423,796	368,083	48,333	7,414,828
Executive Vice President and Chief Financial Officer	2010	70,673		2,616,000	1,408,500	66,998	17,356	4,179,527
John Bickham	2012	872,597		12,702,430	4,786,200	1,333,632	64,433	19,759,292
Chief Operating Officer								
Kathleen Mayo	2012	133,269		1,632,200	3,468,498	107,248	2,006	5,343,221
Executive Vice President, Customer Operations								
James Blackley	2012	82,211		1,534,200	3,255,999	66,160	1,133	4,939,703
Executive Vice President, Information and Engineering								

(1) Amounts reported in this column include discretionary and retention bonuses received by the Named Executive Officer, if any, for the applicable fiscal years ended December 31 set forth opposite the executive s name and position. For 2012, Mr. Winfrey received a relocation incentive payment of $250,000.

(2) Amounts reported in this column reflect the aggregate grant date fair value of restricted stock and restricted stock unit grants to each Named Executive Officer. Restricted stock and Restricted Stock Units reported represents the aggregate grant date fair value based on the closing stock price on the applicable grant date. For more information on accounting guidance regarding stock compensation, see Impact of Tax and Accounting under Compensation Discussion and Analysis.

(3) Amounts reported in this column were calculated in accordance with accounting guidance regarding stock compensation and reflect the aggregate grant date fair value of options granted to each Named Executive Officer during the applicable fiscal years set forth above. For more information on accounting guidance regarding stock compensation, see Impact of Tax and Accounting under Compensation Discussion and Analysis.

(4) The amounts reported under this column include Bonus Plan payments for each Named Executive Officer, other than Mr. Lovett. The following bonus plan payments were made under the 2012 Executive Bonus Program: Mr. Rutledge $3,301,679; Mr. Winfrey $448,858; Mr. Bickham $1,333,632; Ms. Mayo $107,248; and Mr. Blackley $66,160.

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

Name	Year	Personal Use of Corporate Airplane ($)	401(k) Matching Contributions ($)	Executive Long-Term Disability Premiums ($)	Gross-up for Executive Long Term Disability ($)	Automobile Allowance ($)	Severance (including COBRA for Severance Period)	Other ($)(6)
Thomas M. Rutledge	2012	136,980		896	1,680			80,956
Michael J. Lovett	2012	19,452		384	720	3,000	222,085	504
	2011	21,255	3,664	1,110	2,081	7,200		1,440
	2010	29,683	4,718	1,110	2,081	7,200		23,650
Christopher L. Winfrey	2012		4,694	1,110	2,081			434,649
	2011		3,664	1,110	2,081			41,478
	2010		423	85	160			16,688
John Bickham	2012	38,513		640	1,200			24,080
Kathleen Mayo	2012		1,213	213	400			180
James Blackley	2012		549	128	240			216

(6) This column includes credits generally available to all employees at their election that, if used, decrease the employee s out-of-pocket costs for participation in the Company s healthcare insurance program. Amounts reported also include, for Mr. Rutledge, $50,000 in reimbursed legal costs, $30,353 in reimbursed commuting expenses and a $27 gross-up for a 2012 service award. Amounts reported also include, for Mr. Winfrey, a $432,284 relocation expense gross-up, $1,620 in reimbursed relocation expenses and a $25 gross-up for a 2012 service award. Further, amounts reported for Mr. Bickham include $11,488 in reimbursed legal expenses and $12,448 for reimbursed commuting expenses.

2012 Grants of Plan Based Awards

		Estimated Future Payouts Under Non-Equity Incentive Plan Awards(2)						
Name	Grant Date(1)	Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	All Other Option Awards: Number of Securities Underlying Options (#)(4)	Exercise or Base Price of Option Awards ($)(5)	Grant Date Fair Value of Stock and Option Awards ($)(6)
Thomas M. Rutledge		309,726	3,097,260	4,645,890				
Michael J. Lovett								
Christopher L. Winfrey		42,107	421,068	631,601				
	08/03/2012				6,600			522,390
John Bickham		125,106	1,251,062	1,876,592				
	04/30/2012				232,000			12,702,430
	04/30/2012					210,000	60.46	4,786,200
Kathleen Mayo		9,995	99,952	149,928				
	09/17/2012				20,000			1,632,200
	09/17/2012					100,000	81.61	3,468,498
James Blackley		6,166	61,659	92,488				
	10/15/2012				20,000			1,534,200
	10/15/2012					100,000	76.71	3,255,999

(1) During 2012, grants of restricted stock, restricted stock units and stock options were made to certain officers in connection with execution of their employment agreements including Messrs. Bickham and Blackley and Ms. Mayo. In addition, Mr. Winfrey received a restricted stock unit grant in connection with execution of his relocation agreement and amended and restated employment agreement.

(2) These columns show the range of payouts under the 2012 Executive Bonus Plan based on the applicable 2012 performance criteria. These payments were made in 2013 for 2012 performance based on the metrics described in the section titled 2012 Executive Bonus Plan in the Compensation Discussion & Analysis. These payments are reflected in the Non-Equity Incentive Plan column in the Summary Compensation Table.

(3) Awards under this column were granted as restricted stock and restricted stock units under the 2009 Stock Incentive Plan and are more fully described in the Outstanding Equity Awards at Fiscal Year-End table.

(4) These option awards were granted as time-vesting and performance-vesting options and are more fully described in the Outstanding Equity Awards at Fiscal Year-End table.

(5) The exercise prices of the option awards were determined using the average of high and low stock prices on the date of grant.

(6) Amounts were calculated in accordance with FASB Topic 718 and represent the aggregate grant date fair value. For more information on FASB Topic 718, see Impact of Tax and Accounting under Compensation Discussion and Analysis.

Outstanding Equity Awards at Fiscal Year End

The following table provides information concerning unexercised options and unvested restricted stock and restricted stock units for each of our Named Executive Officers that remained outstanding as of December 31, 2012.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Options Exercisable (#)**	**Number of Securities Underlying Unexercised Options Unexercisable (#)**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock that have not Vested (#)**	**Market Value of Shares or Units of Stock that Have Not Vested ($)(1)**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights that have not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights that have not Vested ($)(1)**
Thomas M. Rutledge		200,000(2)		53.60	12/19/2021				
			446,800(3)	53.60	12/19/2021(4)				
						305,000(5)	23,253,200		
								306,700(6)	23,382,808
Michael J. Lovett									
Christopher L. Winfrey	12,916(2)	64,584(2)		55.12	04/26/2021				
	40,185(3)		140,648(3)	55.12	04/26/2021				
	45,000(7)	45,000(7)		32.70	11/01/2020				
						26,667(8)	2,033,092		
						4,400(9)	335,456		
John Bickham		70,000(2)		60.46	04/30/2022				
			140,000(3)	60.46	04/30/2022(10)				
						100,000(5)	7,624,000		