Spectrum Brands Holdings, Inc.
Form 10-Q
May 12, 2011
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended April 3, 2011

OR

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

For the transition period from to

Commission File Number 001-34757

Spectrum Brands Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of** **incorporation or organization)**		**27-2166630** **(I.R.S. Employer** **Identification Number)**
601 Rayovac Drive **Madison, Wisconsin** **(Address of principal executive offices)**		**53711** **(Zip Code)**

(608) 275-3340

(Registrant s telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report.)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

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

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

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

The number of shares outstanding of the Registrant s common stock, $.01 par value, as of May 09, 2011, was 50,935,710.

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SPECTRUM BRANDS HOLDINGS, INC.

QUARTERLY REPORT ON FORM 10-Q

FOR QUARTER ENDED April 3, 2011

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Financial Position

April 3, 2011 and September 30, 2010

(Unaudited)

(Amounts in thousands, except per share figures)

	April 3, 2011	September 30, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$ 73,091	$ 170,614
Receivables:		
Trade accounts receivable, net of allowances of $3,884 and $4,351, respectively	362,723	365,002
Other	50,979	41,445
Inventories	561,043	530,342
Deferred income taxes	28,866	35,735
Prepaid expenses and other	57,011	56,574
Total current assets	1,133,713	1,199,712
Property, plant and equipment, net	201,917	201,164
Deferred charges and other	45,138	46,352
Goodwill	617,724	600,055
Intangible assets, net	1,757,330	1,769,360
Debt issuance costs	45,478	56,961
Total assets	$ 3,801,300	$ 3,873,604
Liabilities and Shareholders Equity		
Current liabilities:		
Current maturities of long-term debt	$ 31,841	$ 20,710
Accounts payable	252,719	332,231
Accrued liabilities:		
Wages and benefits	53,668	93,971
Income taxes payable	43,819	37,118
Restructuring and related charges	18,341	23,793
Accrued interest	29,015	31,652
Other	113,175	123,297
Total current liabilities	542,578	662,772
Long-term debt, net of current maturities	1,793,259	1,723,057
Employee benefit obligations, net of current portion	92,730	92,725
Deferred income taxes	304,430	277,843
Other	63,670	70,828
Total liabilities	2,796,667	2,827,225
Commitments and contingencies		

Shareholders equity:		
Common stock, $.01 par value, authorized 200,000 shares; issued 51,163 and 51,101 shares, respectively; outstanding 50,964 and 51,020 shares	512	514
Additional paid-in capital	1,330,014	1,316,461
Accumulated deficit	(330,828)	(260,892)
Accumulated other comprehensive income (loss)	10,384	(7,497)
	1,010,082	1,048,586
Less treasury stock, at cost, 199 and 81 shares, respectively	(5,449)	(2,207)
Total shareholders equity	1,004,633	1,046,379
Total liabilities and shareholders equity	$ 3,801,300	$ 3,873,604

See accompanying notes which are an integral part of these condensed consolidated financial statements

(Unaudited).

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SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Operations

For the three and six month periods ended April 3, 2011 and April 4, 2010

(Unaudited)

(Amounts in thousands, except per share figures)

	THREE MONTHS		SIX MONTHS	
	2011	2010	2011	2010
Net sales	$ 693,885	$ 532,586	$ 1,554,952	$ 1,124,526
Cost of goods sold	436,393	321,017	997,627	726,844
Restructuring and related charges	2,053	1,989	2,647	3,640
Gross profit	255,439	209,580	554,678	394,042
Selling	130,362	104,163	270,582	215,452
General and administrative	58,508	45,382	119,265	86,144
Research and development	8,798	7,823	16,365	14,268
Acquisition and integration related charges	7,588	3,039	24,043	5,470
Restructuring and related charges	3,094	3,402	8,065	8,178
Total operating expenses	208,350	163,809	438,320	329,512
Operating income	47,089	45,771	116,358	64,530
Interest expense	72,431	48,410	125,525	97,892
Other (income) expense, net	(287)	6,338	602	6,984
Loss from continuing operations before reorganization items and income taxes	(25,055)	(8,977)	(9,769)	(40,346)
Reorganization items expense, net				3,646
Loss from continuing operations before income taxes	(25,055)	(8,977)	(9,769)	(43,992)
Income tax expense	25,131	10,057	60,174	32,556
Loss from continuing operations	(50,186)	(19,034)	(69,943)	(76,548)
Loss from discontinued operations, net of tax				(2,735)
Net loss	$ (50,186)	$ (19,034)	$ (69,943)	$ (79,283)
Basic earnings per share:				
Weighted average shares of common stock outstanding	50,817	30,000	50,804	30,000
Loss from continuing operations	$ (0.99)	$ (0.63)	$ (1.38)	$ (2.55)
Loss from discontinued operations				(0.09)
Net loss	$ (0.99)	$ (0.63)	$ (1.38)	$ (2.64)
Diluted earnings per share:				
Weighted average shares and equivalents outstanding	50,817	30,000	50,804	30,000
Loss from continuing operations	$ (0.99)	$ (0.63)	$ (1.38)	$ (2.55)
Loss from discontinued operations				(0.09)

Net loss	$	(0.99)	$	(0.63)	$	(1.38)	$	(2.64)

See accompanying notes which are an integral part of these condensed consolidated financial statements

(Unaudited).

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SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Cash Flows

For the six month periods ended April 3, 2011 and April 4, 2010

(Unaudited)

(Amounts in thousands)

	SIX MONTHS	
	2011	**2010**
Cash flows from operating activities:		
Net loss	$ (69,943)	$ (79,283)
Loss from discontinued operations		(2,735)
Loss from continuing operations	(69,943)	(76,548)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	23,315	25,244
Amortization of intangibles	28,634	20,864
Amortization of unearned restricted stock compensation	14,287	6,393
Amortization of debt issuance costs	6,557	1,839
Administrative related reorganization items		3,646
Payments for administrative related reorganization items		(45,782)
Non-cash increase to cost of goods sold due to fresh-start reporting inventory valuation		34,494
Non-cash interest expense on 12% Notes		13,383
Non-cash debt accretion	3,001	12,246
Write off of unamortized discount on retired debt	8,950	
Write off of debt issuance costs	15,420	
Other non-cash adjustments	5,630	7,474
Net changes in assets and liabilities, net of discontinued operations	(158,567)	(74,967)
Net cash used by operating activities of continuing operations	(122,716)	(71,714)
Net cash used by operating activities of discontinued operations	(259)	(9,290)
Net cash used by operating activities	(122,975)	(81,004)
Cash flows from investing activities:		
Capital expenditures	(18,712)	(10,843)
Proceeds from sale of property, plant and equipment	131	208
Acquisition, net of cash	(10,278)	
Proceeds from sale of Assets Held for Sale - Ningbo	6,997	
Other investing activity	(1,530)	
Net cash used by investing activities of continuing operations	(23,392)	(10,635)
Cash flows from financing activities:		
Debt issuance costs	(8,648)	(2,950)
Prepayment of Term Debt	(6,800)	
Proceeds from debt financing	22,496	27,820
Reduction of debt	(367)	(8,096)
ABL Revolving Credit Facility, net	118,000	38,867
Refund of debt issuance costs		204
Payments of Senior Credit Facilities	(71,700)	
Treasury stock purchases	(3,241)	

Net cash provided by financing activities	49,740	55,845
Effect of exchange rate changes on cash and cash equivalents	(896)	(880)
Effect of exchange rate changes on cash and cash equivalents due to Venezuela hyperinflation		(5,640)
Net decrease in cash and cash equivalents	(97,523)	(42,314)
Cash and cash equivalents, beginning of period	170,614	97,800
Cash and cash equivalents, end of period	$ 73,091	$ 55,486

See accompanying notes which are an integral part of these condensed consolidated financial statements

(Unaudited).

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)

(Amounts in thousands, except per share figures)

1 DESCRIPTION OF BUSINESS

Spectrum Brands Holdings, Inc., a Delaware corporation (SB Holdings or the Company), is a global branded consumer products company and was created in connection with the combination of Spectrum Brands, Inc. (Spectrum Brands), a global branded consumer products company, and Russell Hobbs, Inc. (Russell Hobbs), a global branded small appliance company, to form a new combined company (the Merger). The Merger was consummated on June 16, 2010. As a result of the Merger, both Spectrum Brands and Russell Hobbs are wholly-owned subsidiaries of SB Holdings and Russell Hobbs is a wholly-owned subsidiary of Spectrum Brands. SB Holdings trades on the New York Stock Exchange under the symbol SPB.

In connection with the Merger, Spectrum Brands refinanced its existing senior debt, except for Spectrum Brands 12% Senior Subordinated Toggle Notes due 2019 (the 12% Notes), which remain outstanding, and a portion of Russell Hobbs existing senior debt through a combination of a new $750,000 United States (U.S.) dollar term loan due June 16, 2016 (the Term Loan), new $750,000 9.5% Senior Secured Notes maturing June 15, 2018 (the 9.5% Notes) and a new $300,000 ABL revolving facility due June 16, 2014 (the ABL Revolving Credit Facility). The Term Loan was subsequently refinanced in February 2011, and the ABL Revolving Credit Facility was amended in April 2011. (See also Note 7, Debt, for a more complete discussion of the Company s outstanding debt.)

On February 3, 2009, Spectrum Brands, at the time a Wisconsin corporation, and each of its wholly owned U.S. subsidiaries (collectively, the Debtors) filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code (the Bankruptcy Code), in the U.S. Bankruptcy Court for the Western District of Texas (the Bankruptcy Court). On August 28, 2009 (the Effective Date), the Debtors emerged from Chapter 11 of the Bankruptcy Code. As of the Effective Date and pursuant to the Debtors confirmed plan of reorganization, Spectrum Brands converted from a Wisconsin corporation to a Delaware corporation. Prior to and including August 30, 2009, all operations of the business resulted from the operations of the Predecessor Company (as defined below). In accordance with Accounting Standard Codification (ASC) Topic 852: *Reorganizations,* the Company determined that all conditions required for the adoption of fresh-start reporting were met upon emergence from Chapter 11 of the Bankruptcy Code on the Effective Date. However in light of the proximity of that date to the Company s August accounting period close, which was August 30, 2009, the Company elected to adopt a convenience date of August 30, 2009 for recording fresh-start reporting.

Unless the context indicates otherwise, the term Company is used to refer to both Spectrum Brands and its subsidiaries prior to the Merger and SB Holdings and its subsidiaries subsequent to the Merger. The term Predecessor Company refers only to the Company prior to the Effective Date and the term Successor Company refers to Spectrum Brands or the Company subsequent to the Effective Date.

The Company is a diversified global branded consumer products company with positions in seven major product categories: consumer batteries; small appliances; pet supplies; electric shaving and grooming; electric personal care; portable lighting; and home and garden control.

Effective October 1, 2010, the Company s chief operating decision-maker decided to manage the businesses of the Company in three vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of the Company s worldwide battery, electric shaving and grooming, electric personal care, portable lighting business and small appliances primarily in the kitchen and home product categories (Global Batteries & Appliances); (ii) Global Pet Supplies, which consists of the Company s worldwide pet supplies business (Global Pet Supplies); and (iii) Home and Garden Business, which consists of the Company s home and garden and insect control business (the Home and Garden Business). The current reporting segment structure reflects the combination of the former Global Batteries & Personal Care segment (Global Batteries & Personal Care), which consisted of the worldwide battery, electric shaving and grooming, electric personal care and portable lighting business, with substantially all of the former Small Appliances segment (Small Appliances), which consisted of the Russell Hobbs business acquired on June 16, 2010, to form the Global Batteries & Appliances segment. In addition, certain pest control and pet products included in the former Small Appliances segment have been reclassified into the Home and Garden Business and Global Pet Supplies segments, respectively. The presentation of all historical segment reporting herein has been changed to conform to this segment reporting.

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

The Company s operations include the worldwide manufacturing and marketing of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic health supplies and the designing and marketing of rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. The Company s operations also include the manufacturing and marketing of specialty pet supplies. The Company also manufactures and markets herbicides, insecticides and insect repellents in North America. The Company also designs, markets and distributes a broad range of branded small appliances and personal care products. The Company s operations utilize manufacturing and product development facilities located in the U.S., Europe, Asia and Latin America.

The Company sells its products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers and enjoys name recognition in its markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8-in-1, Spectracide, Cutter, Black & Decker, George Foreman, Russell Hobbs, Farberware and various other brands.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at April 3, 2011 and September 30, 2010, and the results of operations for the three and six month periods ended April 3, 2011 and April 4, 2010 and the cash flows for the six month periods ended April 3, 2011 and April 4, 2010. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2010. Certain prior period amounts have been reclassified to conform to the current period presentation.

Significant Accounting Policies and Practices: The condensed consolidated financial statements include the condensed consolidated financial statements of SB Holdings and its subsidiaries and are prepared in accordance with GAAP. All intercompany transactions have been eliminated.

The preparation of condensed consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Discontinued Operations: On November 11, 2008, the Predecessor Company s board of directors approved the shutdown of the growing products portion of the Home and Garden Business, which included the manufacturing and marketing of fertilizers, enriched soils, mulch and grass seed. The decision to shutdown the growing products portion of the Home and Garden Business was made only after the Predecessor Company was unable to successfully sell this business, in whole or in part. The shutdown of the growing products portion of the Home and Garden Business was completed during the second quarter of the Company s fiscal year ended September 30, 2009.

The presentation herein of the results of continuing operations excludes the growing products portion of the Home and Garden Business for all periods presented. The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the six month period ended April 4, 2010:

	2010
Net sales	$

Loss from discontinued operations before income taxes	$ (2,512)
Provision for income tax expense	223
Loss from discontinued operations, net of tax	$ (2,735)

Intangible Assets: Intangible assets are recorded at cost or at fair value if acquired in a purchase business combination. Customer relationships and proprietary technology intangibles are amortized, using the straight-line method, over their estimated useful lives of approximately 4 to 20 years. Excess of cost over fair value of net assets acquired (goodwill) and trade name intangibles

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

are not amortized. Goodwill is tested for impairment at least annually at the reporting unit level, with such groupings being consistent with the Company s reportable segments. If an impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Trade name intangibles are tested for impairment at least annually by comparing the fair value with the carrying value. Any excess of carrying value over fair value is recognized as an impairment loss in income from operations. The Company s annual impairment testing is completed at the August financial period end. ASC Topic 350: *Intangibles-Goodwill and Other,* requires that goodwill and indefinite-lived intangible assets be tested for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred. Management uses its judgment in assessing whether assets may have become impaired between annual impairment tests. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts may signal that an asset has become impaired.

The Company s goodwill and indefinite lived trade name intangibles were tested in conjunction with the Company s realignment of reportable segments on October 1, 2010. The Company concluded that the fair values of its reporting units, which are the same as the Company s reporting segments, and indefinite lived trade name intangible assets were in excess of the carrying amounts of those assets, under both the Company s prior reportable segment structure and the current reportable segment structure, and, accordingly, no impairment of goodwill or indefinite lived trade name intangibles was recorded.

Shipping and Handling Costs: The Company incurred shipping and handling costs of $47,698 and $98,968 for the three and six month periods ended April 3, 2011, respectively, and $34,950 and $71,411 for the three and six month periods ended April 4, 2010, respectively. These costs are included in Selling expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited). Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company s products for shipment from its distribution facilities.

Concentrations of Credit Risk: Trade receivables subject the Company to credit risk. Trade accounts receivable are carried at net realizable value. The Company extends credit to its customers based upon an evaluation of the customer s financial condition and credit history, and generally does not require collateral. The Company monitors its customers credit and financial condition based on changing economic conditions and makes adjustments to credit policies as required. Provision for losses on uncollectible trade receivables are determined principally on the basis of past collection experience applied to ongoing evaluations of the Company s receivables and evaluations of the risks of nonpayment for a given customer.

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represented approximately 22% and 23% of the Company s Net sales during the three and six month periods ended April 3, 2011, respectively. This customer represented approximately 22% and 21% of the Company s Net sales during the three and six month periods ended April 4, 2010, respectively. This customer also represented approximately 14% and 15% of the Company s Trade accounts receivable, net at April 3, 2011 and September 30, 2010, respectively.

Approximately 44% and 47% of the Company s Net sales during the three and six month periods ended April 3, 2011, respectively, and 43% and 47% of the Company s Net sales during the three and six month periods ended April 4, 2010, respectively, occurred outside the U.S. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for collectibility based on an assessment of the risks present.

Stock-Based Compensation: On the Effective Date all of the existing common stock of the Predecessor Company was extinguished and deemed cancelled, including restricted stock and other stock-based awards.

In September 2009, the Successor Company s board of directors (the Board) adopted the 2009 Spectrum Brands Inc. Incentive Plan (the 2009 Plan). In conjunction with the Merger, the 2009 Plan was assumed by SB Holdings. Up to 3,333 shares of common stock, net of forfeitures and cancellations, could have been issued under the 2009 Plan. After October 21, 2010, no further awards may be made under the 2009 Plan (as described in further detail below) as the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (the 2011 Plan) was approved by the shareholders of the Company on March 1, 2011.

In conjunction with the Merger, the Company assumed the Spectrum Brands Holdings, Inc. 2007 Omnibus Equity Award Plan (formerly known as the Russell Hobbs, Inc. 2007 Omnibus Equity Award Plan, as amended on June 24, 2008) (the 2007 RH Plan). Up to 600 shares of common stock, net of forfeitures and cancellations, could have been issued under the 2007 RH Plan. After October 21, 2010, no further awards may be made under the 2007 RH Plan (as described in further detail below) as the 2011 Plan was approved by the shareholders of the Company on March 1, 2011.

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

On October 21, 2010, the Board adopted the 2011 Plan, which received shareholder approval at the Annual Meeting of the shareholders of the Company held on March 1, 2011. Upon such shareholder approval, no further awards will be granted under the 2009 Plan and the 2007 RH Plan. 4,626 shares of common stock of the Company, net of cancellations, may be issued under the 2011 Plan.

Under ASC Topic 718: Compensation-Stock Compensation, the Company is required to recognize expense related to its stock-based plans based on the fair value of its employee stock awards.

Total stock compensation expense associated with restricted stock awards and restricted stock units recognized by the Company during the three and six month periods ended April 3, 2011 was $8,674, or $5,638, net of taxes, and $14,287, or $9,287, net of taxes, respectively. Total stock compensation expense associated with restricted stock awards recognized by the Company during the three and six month periods ended April 4, 2010 was $3,197 or $2,078, net of taxes and $6,393, or $4,155, net of taxes, respectively.

The Company granted approximately 629 shares of restricted stock awards during the six month period ended April 4, 2010. Of these grants, 18 shares are time-based and vest after a one year period and 611 shares are time-based and vest over a two year period. All vesting dates are subject to the recipient s continued employment with the Company, except as otherwise permitted by the Board or in certain cases if the employee is terminated without cause. The total market value of the restricted stock awards on the date of grant was approximately $14,555.

The Company granted approximately 157 and 1,580 restricted stock units during the three and six month periods ended April 3, 2011, respectively. Of these grants, 15 restricted stock units are time-based and vest over a one year period and 18 restricted stock units are time-based and vest over a three year period. The remaining 1,547 restricted stock units are performance and time-based with 665 units vesting over a two year period and 882 units vesting over a three year period. The total market value of the restricted stock units on the dates of the grants was approximately $46,034.

The fair value of restricted stock awards and restricted stock units is determined based on the market price of the Company s shares of common stock on the grant date. A summary of the status of the Company s non-vested restricted stock awards and restricted stock units as of April 3, 2011 is as follows:

Restricted Stock Awards	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value**
Restricted stock awards at September 30, 2010	446	$ 23.56	$ 10,508
Vested	(310)	23.12	(7,166)
Restricted stock awards at April 3, 2011	136	$ 24.57	$ 3,342

Restricted Stock Units	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value**
Restricted stock units at September 30, 2010	249	$ 28.22	$ 7,028
Granted	1,580	29.14	46,034
Forfeited	(10)	28.80	(288)
Vested	(65)	28.83	(1,874)

Restricted stock units at April 3, 2011	1,754	$ 29.02	$ 50,900

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

Reorganization Items: In accordance with ASC Topic 852: *Reorganizations,* reorganization items are presented separately in the accompanying Condensed Consolidated Statements of Operations (Unaudited) and represent expenses, income, gains and losses that the Company has identified as directly relating to its voluntary petitions under Chapter 11 of the Bankruptcy Code. See Note 2, Voluntary Reorganization Under Chapter 11 in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2010 for additional information regarding the Chapter 11 filing and subsequent emergence. Reorganization items expense, net for the six month period ended April 4, 2010 is summarized as follows:

	2010
Legal and professional fees	$ 3,536
Provision for rejected leases	110
Reorganization items expense, net	$ 3,646

Acquisition and Integration Related Charges: Acquisition and integration related charges reflected in Operating expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited) include, but are not limited to, transaction costs such as banking, legal and accounting professional fees directly related to the acquisition, termination and related costs for transitional and certain other employees, integration related professional fees and other post business combination related expenses associated with the Company s acquisitions.

Acquisition and integration related charges associated with the Merger incurred by the Company during the three and six month periods ended April 3, 2011 and April 4, 2010 are summarized as follows:

	Three Months		Six Months	
	2011	2010	2011	2010
Legal and professional fees	$ 1,193	$ 3,039	$ 3,589	$ 5,470
Employee termination charges	1,144		4,896	
Integration costs	5,241		15,370	
Total Acquisition and integration related charges	$ 7,578	$ 3,039	$ 23,855	$ 5,470

Additionally, the Company incurred $10 and $188 of legal and professional fees associated with the acquisition of Seed Resources, LLC (Seed Resources) during the three and six month periods ended April 3, 2011. (See Note 15, Acquisitions for information on the Seed Resources acquisition.)

3 OTHER COMPREHENSIVE LOSS

Comprehensive loss and the components of other comprehensive loss, net of tax, for the three and six month periods ended April 3, 2011 and April 4, 2010 are as follows:

	Three Months		Six Months	
	2011	**2010**	**2011**	**2010**
Net loss	$ (50,186)	$ (19,034)	$ (69,943)	$ (79,283)
Other comprehensive income (loss):				
Foreign currency translation	23,944	(5,321)	19,870	(6,436)
Valuation allowance adjustments	433	(2,022)	1,076	(3,121)
Pension liability adjustments		(52)		(52)
Net unrealized loss on derivative instruments	(7,244)	(2,194)	(3,065)	(3,398)
Net change to derive comprehensive loss for the period	17,133	(9,589)	17,881	(13,007)
Comprehensive loss	$ (33,053)	$ (28,623)	$ (52,062)	$ (92,290)

Net exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries are accumulated in the Accumulated other comprehensive income (AOCI) section of Shareholders equity. Also included are the effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as hedges of net foreign investments.

The changes in accumulated foreign currency translation for the three and six month periods ended April 3, 2011 and April 4, 2010 were primarily attributable to the impact of translation of the net assets of the Company s European operations, primarily denominated in Euros and Pounds Sterling.

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

4 NET LOSS PER COMMON SHARE

Net loss per common share of the common stock of the Company for the three and six month periods ended April 3, 2011 and April 4, 2010 is calculated based upon the following number of shares:

	Three Months		Six Months	
	2011	2010	2011	2010
Basic	50,817	30,000	50,804	30,000
Effect of common stock equivalents				
Diluted	50,817	30,000	50,804	30,000

For the three and six month periods ended April 3, 2011 and April 4, 2010 the Company has not assumed the exercise of common stock equivalents as the impact would be antidilutive.

5 INVENTORIES

Inventories for the Company, which are stated at the lower of cost or market, consist of the following:

	April 3, 2011	September 30, 2010
Raw materials	$ 74,786	$ 62,857
Work-in-process	31,879	28,239
Finished goods	454,378	439,246
	$ 561,043	$ 530,342

6 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets for the Company consist of the following:

	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Total
Goodwill:				
Balance at September 30, 2010	$ 268,420	$ 159,985	$ 171,650	$ 600,055
Additions		10,029		10,029
Effect of translation	5,808	1,832		7,640

Balance at April 3, 2011	$ 274,228	$ 171,846	$ 171,650	$ 617,724
Intangible Assets:				
Trade names Not Subject to Amortization				
Balance at September 30, 2010	$ 569,945	$ 211,533	$ 76,000	$ 857,478
Additions		2,630		2,630
Effect of translation	3,551	3,825		7,376
Balance at April 3, 2011	$ 573,496	$ 217,988	$ 76,000	$ 867,484
Intangible Assets Subject to Amortization				
Balance at September 30, 2010, net	$ 516,324	$ 230,248	$ 165,310	$ 911,882
Amortization during period	(16,522)	(7,651)	(4,461)	(28,634)
Effect of translation	4,393	2,205		6,598
Balance at April 3, 2011, net	$ 504,195	$ 224,802	$ 160,849	$ 889,846
Total Intangible Assets, net at April 3, 2011	$ 1,077,691	$ 442,790	$ 236,849	$ 1,757,330

Intangible assets subject to amortization include proprietary technology, customer relationships and certain trade names. The carrying value of technology assets was $57,497, net of accumulated amortization of $10,117 at April 3, 2011 and $60,792, net of accumulated amortization of $6,305 at September 30, 2010. Trade names subject to amortization relate to the valuation under fresh-start reporting and the Merger. The carrying value of these trade names was $139,659, net of accumulated amortization of $10,041 at

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

April 3, 2011 and $145,939, net of accumulated amortization of $3,750 at September 30, 2010. Remaining intangible assets subject to amortization include customer relationship intangibles. The carrying value of customer relationships was $692,690, net of accumulated amortization of $59,013 at April 3, 2011 and $705,151, net of accumulated amortization of $35,865 at September 30, 2010. The useful life of the Company s intangible assets subject to amortization are 8 years for technology assets related to the Global Pet Supplies segment, 9 to 17 years for technology assets associated with the Global Batteries & Appliances segment, 15 to 20 years for customer relationships of the Global Batteries & Appliances segment, 20 years for customer relationships of the Home and Garden Business and Global Pet Supplies segments, 12 years for a trade name within the Global Batteries & Appliances segment and 4 years for a trade name within the Home and Garden Business segment.

Amortization expense for the three and six month periods ended April 3, 2011 and April 4, 2010 is as follows:

	Three Months		Six Months	
	2011	2010	2011	2010
Proprietary technology amortization	$ 1,649	$ 1,547	$ 3,297	$ 3,092
Customer relationships amortization	9,526	8,918	19,058	17,709
Trade names amortization	3,140	32	6,279	63
	$ 14,315	$ 10,497	$ 28,634	$ 20,864

The Company estimates annual amortization expense for the next five fiscal years will approximate $55,630 per year.

7 DEBT

Debt consists of the following:

	April 3, 2011		September 30, 2010	
	Amount	Rate	Amount	Rate
Term Loan, U.S. Dollar, expiring June 17, 2016	$ 678,300	5.1%	$ 750,000	8.1%
9.5% Notes, due June 15, 2018	750,000	9.5%	750,000	9.5%
12% Notes, due August 28, 2019	245,031	12.0%	245,031	12.0%
ABL Revolving Credit Facility, expiring June 16, 2014	118,000	4.5%		4.1%
Other notes and obligations	36,623	14.1%	13,605	10.8%
Capitalized lease obligations	11,819	5.2%	11,755	5.2%
	1,839,773		1,770,391	
Original issuance discounts on debt	(14,673)		(26,624)	
Less current maturities	31,841		20,710	
Long-term debt	$ 1,793,259		$ 1,723,057	

In connection with the Merger, Spectrum Brands (i) entered into a new senior secured term loan pursuant to a new senior credit agreement (the Senior Credit Agreement) consisting of the Term Loan, (ii) issued $750,000 of 9.5% Notes and (iii) entered into a $300,000 ABL Revolving

Credit Facility. The proceeds from such financings were used to repay Spectrum Brands then-existing senior term credit facility (the Prior Term Facility) and Spectrum Brands then-existing asset based revolving loan facility, to pay fees and expenses in connection with the refinancing and for general corporate purposes.

The 9.5% Notes and 12% Notes were issued by Spectrum Brands. SB/RH Holdings, LLC, a wholly-owned subsidiary of SB Holdings, and the wholly owned domestic subsidiaries of Spectrum Brands are the guarantors under the 9.5% Notes. The wholly owned domestic subsidiaries of Spectrum Brands are the guarantors under the 12% Notes. SB Holdings is not an issuer or guarantor of the 9.5% Notes or the 12% Notes. SB Holdings is also not a borrower or guarantor under the Company s Term Loan or the ABL Revolving Credit Facility. Spectrum Brands is the borrower under the Term Loan and its wholly owned domestic subsidiaries along with SB/RH Holdings, LLC are the guarantors under that facility. Spectrum Brands and its wholly owned domestic subsidiaries are the borrowers under the ABL Revolving Credit Facility and SB/RH Holdings, LLC is a guarantor of that facility.

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

Senior Term Credit Facility

On February 1, 2011, the Company completed the refinancing of its Term Loan, which had an aggregate amount outstanding of $680,000, with an Amended and Restated Credit Agreement (the New Term Loan , together with the amended ABL Revolving Credit Facility, the Senior Credit Facilities) at a lower interest rate.

The New Term Loan was issued at par with a maturity date of June 17, 2016. Subject to certain mandatory prepayment events, the Term Loan is subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued and unpaid interest, due at maturity. Among other things, the New Term Loan provides for interest on the New Term Loan at a rate per annum equal to, at the Company s option, the LIBO rate (adjusted for statutory reserves) subject to a 1.00% floor plus a margin equal to 4.00%, or an alternate base rate plus a margin equal to 3.00%.

The New Term Loan contains financial covenants with respect to debt, including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the New Term Loan contains customary restrictive covenants, including, but not limited to, restrictions on the Company s ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, the Company and its domestic subsidiaries have guaranteed their respective obligations under the New Term Loan and related loan documents and have pledged substantially all of their respective assets to secure such obligations. The New Term Loan also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

In connection with the New Term Loan during the three and six month periods ended April 3, 2011, the Company recorded $8,648 of fees. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the New Term Loan. In connection with the refinancing of the Term Loan during the three and six month periods ended April 3, 2011, the Company recorded cash charges of $6,800 and accelerated amortization of portions of the unamortized discount and unamortized Debt issuance costs totaling $24,370 as an adjustment to increase interest expense. In connection with voluntary prepayments of $70,000 of term debt during the six month period ended April 3, 2011, the Company recorded accelerated amortization of portions of the unamortized discount and unamortized Debt issuance costs totaling $3,581 as an adjustment to increase interest expense.

At April 3, 2011 and September 30, 2010, the aggregate amount outstanding under the Term Loan totaled $678,300 and $750,000, respectively.

9.5% Notes

At both April 3, 2011 and September 30, 2010, the Company had outstanding principal of $750,000 under the 9.5% Notes maturing June 15, 2018.

The Company may redeem all or a part of the 9.5% Notes, upon not less than 30 or more than 60 days notice, at specified redemption prices. Further, the indenture governing the 9.5% Notes (the 2018 Indenture) requires the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture.

The 2018 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2018 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments on or acceleration of certain other indebtedness, and certain events of bankruptcy and

insolvency. Events of default under the 2018 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 9.5% Notes. If any other event of default under the 2018 Indenture occurs and is continuing, the trustee for the 2018 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 9.5% Notes may declare the acceleration of the amounts due under those notes.

The 9.5% Notes were issued at a 1.37% discount and were recorded net of the $10,245 amount incurred. The discount is reflected as an adjustment to the carrying value of principal, and is being amortized with a corresponding charge to interest expense over the remaining life of the 9.5% Notes. During Fiscal 2010, the Company recorded $20,823 of fees in connection with the issuance of the 9.5% Notes. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 9.5% Notes.

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

12% Notes

On August 28, 2009, in connection with emergence from the voluntary reorganization under Chapter 11 of the Bankruptcy Code and pursuant to the Debtors confirmed plan of reorganization, the Company issued $218,076 in aggregate principal amount of 12% Notes maturing August 28, 2019. Semiannually, at its option, the Company may elect to pay interest on the 12% Notes in cash or as payment in kind (PIK). PIK interest is added to principal on the relevant semi-annual interest payment date. Under the Prior Term Facility, the Company agreed to make interest payments on the 12% Notes through PIK for the first three semi-annual interest payment periods. As a result of the refinancing of the Prior Term Facility, the Company is no longer required to make interest payments as payment in kind after the semi-annual interest payment date of August 28, 2010. Effective with the semi-annual interest payment date of February 28, 2011, the Company gave notice to the trustee that the interest payment due August 28, 2011 would be made in cash.

The Company may redeem all or a part of the 12% Notes, upon not less than 30 or more than 60 days notice, beginning August 28, 2012 at specified redemption prices. Further, the indenture governing the 12% Notes (the 2019 Indenture) require the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture.

At April 3, 2011 and September 30, 2010, the Company had outstanding principal of $245,031 under the 12% Notes, including PIK interest of $26,955 added to principal during Fiscal 2010.

The 2019 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2019 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments on or acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2019 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 12% Notes. If any other event of default under the 2019 Indenture occurs and is continuing, the trustee for the indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 12% Notes may declare the acceleration of the amounts due under those notes.

The Company is subject to certain limitations as a result of the Company s Fixed Charge Coverage Ratio under the 2019 Indenture being below 2:1. Until the test is satisfied, Spectrum Brands and certain of its subsidiaries are limited in their ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. The Company does not expect its inability to satisfy the Fixed Charge Coverage Ratio test to impair its ability to provide adequate liquidity to meet the short-term and long-term liquidity requirements of its existing businesses, although no assurance can be given in this regard.

In connection with the Merger, the Company obtained the consent of the note holders to certain amendments to the 2019 Indenture (the Supplemental Indenture). The Supplemental Indenture became effective upon the closing of the Merger. Among other things, the Supplemental Indenture amended the definition of change in control to exclude the Harbinger Capital Partners Master Fund I, Ltd. (Harbinger Master Fund), Harbinger Capital Partners Special Situations Fund, L.P. (Harbinger Special Fund) and, together with Harbinger Master Fund, the HCP Funds), Global Opportunities Breakaway Ltd. (together with the HCP Funds, the Harbinger Parties), and their respective affiliates and increased the Company s ability to incur indebtedness up to $1,850,000.

During Fiscal 2010, the Company recorded $2,966 of fees in connection with the consent. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 12% Notes effective with the closing of the Merger.

ABL Revolving Credit Facility

The ABL Revolving Credit Facility is governed by a credit agreement (the ABL Credit Agreement) with Bank of America as administrative agent (the Agent). The ABL Revolving Credit Facility consists of revolving loans (the Revolving Loans), with a portion available for letters of credit and a portion available as swing line loans, in each case subject to the terms and limits described therein.

The Revolving Loans may be drawn, repaid and reborrowed without premium or penalty. The proceeds of borrowings under the ABL Revolving Credit Facility are to be used for costs, expenses and fees in connection with the ABL Revolving Credit Facility, working capital requirements of the Company and its subsidiaries, restructuring costs, and for other general corporate purposes.

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SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

Prior to April 21, 2011, the ABL Revolving Credit Facility carried an interest rate, at the Company s option, which was subject to change based on availability under the facility, of either: (a) the base rate plus currently 2.75% per annum or (b) the reserve-adjusted LIBO rate (the Eurodollar Rate) plus currently 3.75% per annum. No amortization was required with respect to the ABL Revolving Credit Facility. The ABL Revolving Credit Facility was scheduled to mature on June 16, 2014. As described further below, effective April 21, 2011, the Company entered into certain amendments to the ABL Credit Agreement.

The ABL Credit Agreement contains various representations and warranties and covenants, including, without limitation, enhanced collateral reporting, and a maximum fixed charge coverage ratio. The ABL Credit Agreement also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

During Fiscal 2010, the Company recorded $9,839 of fees in connection with the ABL Revolving Credit Facility. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the ABL Revolving Credit Facility. Pursuant to the credit and security agreement, the obligations under the ABL credit agreement are secured by certain current assets of the guarantors, including, but not limited to, deposit accounts, trade receivables and inventory.

As a result of borrowings and payments under the ABL Revolving Credit Facility at April 3, 2011, the Company had aggregate borrowing availability of approximately $81,527, net of lender reserves of $28,568.

At April 3, 2011, the Company had outstanding letters of credit of $36,121 under the ABL Revolving Credit Facility.

As a result of borrowings and payments under the ABL Revolving Credit Facility at September 30, 2010, the Company had aggregate borrowing availability of approximately $225,255, net of lender reserves of $28,972.

Effective as of September 22, 2010, March 3, 2011 and April 21, 2011, the Company entered into certain amendments to the ABL Credit Agreement, pursuant to which the Agent and the lenders under the ABL Credit Agreement consented to certain amendments, including, without limitation, the following:

- the maturity date under the ABL Credit Agreement was extended to April 21, 2016 from June 16, 2014;

- the interest margins under the ABL Revolving Credit Facility were reduced to, depending on the average availability, either (i) base rate plus a margin equal to 1.00%, 1.25% or 1.50% per annum (previously 2.50%, 2.75% or 3.00%), as applicable, or (ii) LIBOR plus a margin equal to 2.00%, 2.25% or 2.50% per annum (previously 3.50%, 3.75% or 4.00%), as applicable;

- the unused commitments fees payable by the Company were reduced to (i) a rate per annum equal to 0.375% (previously 0.50%) when utilization equals or exceeds 50% of the aggregate commitments under the ABL Revolving Credit Facility and (ii) a rate per annum equal to 0.50% (previously 0.75%) when utilization is less than 50% of such commitments;

- the covenants in respect of agent s inspection rights and certain restrictions on liens, debt, acquisitions, accounts receivable dispositions, restricted payments and prepayments of subordinated debt were amended to be more favorable to, and generally allow greater operational flexibility for, the Company and the other borrowers; and

amendments to allow for certain internal corporate restructuring transactions to be undertaken by the Company.

8 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. When hedge accounting is elected at inception, the Company formally designates the financial instrument as a hedge of a specific underlying exposure if such criteria are met, and documents both the risk management objectives and strategies for undertaking the hedge. The Company formally assesses both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the forecasted cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the forecasted cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument s change in fair value is immediately recognized in earnings. For derivatives that are not designated as cash flow hedges, or do not qualify for hedge accounting treatment, the change in the fair value is also immediately recognized in earnings.

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)-(Continued)

(Amounts in thousands, except per share figures)

Under ASC Topic 815: *Derivatives and Hedging,* (ASC 815), entities are required to provide enhanced disclosures for derivative and hedging activities.

The Company s fair value of outstanding derivative contracts recorded as assets in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) were as follows:

Asset Derivatives		**April 3, 2011**	**September 30, 2010**
Derivatives designated as hedging instruments under ASC 815:			
Commodity contracts	Receivables Other	$ 2,567	$ 2,371
Commodity contracts	Deferred charges and other	1,600	1,543
Foreign exchange contracts	Receivables Other	807	20
Foreign exchange contracts	Deferred charges and other	41	55
Total asset derivatives designated as hedging instruments under ASC 815		$ 5,015	$ 3,989
Derivatives not designated as hedging instruments under ASC 815:			
Foreign exchange contracts	Receivables Other	18	
Total asset derivatives		$ 5,033	$ 3,989

The Company s fair value of outstanding derivative contracts recorded as liabilities in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) were as follows:

Liability Derivatives		**April 3, 2011**	**September 30, 2010**
Derivatives designated as hedging instruments under ASC 815:			
Interest rate contracts	Accounts payable	$ 3,701	$ 3,734
Interest rate contracts	Accrued interest	862	861
Interest rate contracts	Other long term liabilities		2,032
Commodity contracts	Accounts payable	155	
Foreign exchange contracts	Accounts payable	12,538	6,544
Foreign exchange contracts	Other long term liabilities	2,100	1,057
Total liability derivatives designated as hedging instruments under ASC 815		$ 19,356	$ 14,228
Derivatives not designated as hedging instruments under ASC 815:			
Foreign exchange contracts	Accounts payable	13,697	9,698
Foreign exchange contracts	Other long term liabilities	21,459	20,887
Total liability derivatives		$ 54,512	$ 44,813

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative, representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in current earnings.

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(Amounts in thousands, except per share figures)

The following table summarizes the pretax impact of derivative instruments designated as cash flow hedges on the accompanying Condensed Consolidated Statements of Operations (Unaudited) for the three month period ended April 3, 2011:

	1,000,000		1,500,000						
		6/17/2016				45,210(7)			2,384,516
		6/17/2016					406,890(8)	221.25	17,797,369
Christopher L. Winfrey				976,178	1,464,267				
		1/15/2016				6,798			1,249,946
		1/15/2016					24,064	183.87	1,250,041
		6/17/2016				55,257(7)			2,914,425
		6/17/2016					497,309(8)	221.25	21,752,296
Jonathan Hargis				570,225	855,338				
		1/15/2016				6,798(7)			1,249,946
		1/15/2016					24,064	183.87	1,250,041
		6/17/2016				25,117(7)			1,324,748
		6/17/2016					226,049(8)	221.25	9,887,383

(1) The 2016 LTIP grants were made on January 15, 2016 under the Stock Incentive Plan. Mr. Rutledge received grants on April 25 and 26, 2016 under the Stock Incentive Plan in connection with his new employment agreement. Five-year performance-based grants were made on June 17, 2016 under the Stock Incentive Plan in connection with the adoption of the five-year performance-based long-term incentive plan design. Mr. Bickham received an additional grant on July 25, 2016 under the Stock Incentive Plan in connection with his promotion to President.

(2) These columns show the range of payouts under the 2016 Executive Bonus Plan based on the applicable 2016 performance criteria. Related payments were made in 2017 for 2016 performance based on the metrics described in the section titled 2016 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 units under the 2016 LTIP and are more fully described in the Outstanding Equity Awards at Fiscal Year-End table. In connection with the closing of the Transactions the merger exchange ratio of .9042 was applied to the number of restricted stock units (multiplied by .9042) outstanding on May 18, 2016.

(4) These option awards were granted as options under the 2016 LTIP and are more fully described in the Outstanding Equity Awards at Fiscal Year-End table. In connection with the closing of the Transactions the merger exchange ratio of .9042 was applied to the exercise price (divided by .9042) and the number of options (multiplied by .9042) outstanding on May 18, 2016.

(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.

(7) Represents grants of performance-vesting RSUs that vest subject to achievement of certain price per share thresholds measured based on the average of the per share closing price of the Company s Class A common stock on the NASDAQ Global Select for sixty (60) consecutive trading days. One third of the RSUs are subject to the attainment of $455.66 per-share hurdle; one third of the RSUs are subject to the attainment of a $496.58 per-share hurdle; and one third of the RSUs are subject to the attainment of a $564.04 per-share hurdle. One third of the RSUs will be first eligible to vest on each of the third, fourth and fifth anniversaries of the date of grant subject to achievement of the applicable per-share price hurdles. Any RSUs that have not vested within 6 years from the date of grant will be cancelled.

(8) Represents grants of performance-vesting options that vest subject to achievement of certain price per share thresholds measured based on the average of the per share closing price of the Company s Class A common stock on the NASDAQ Global Select for sixty (60) consecutive trading days. One fifth of the options are subject to the attainment of a $289.76 per-share hurdle, one fifth of the options are subject to the attainment of a $364.97 per-share hurdle; one fifth of the options are subject to the attainment of $455.66 per-share hurdle; one fifth of the options are subject to the attainment of a $496.58 per-share hurdle; and one fifth of the options are subject to the attainment of a $564.04 per-share hurdle. One third of the stock options will be first eligible to vest on each of the third, fourth and fifth anniversaries of the date of grant subject to achievement of the applicable per-share price hurdles. Any options that have not vested within 6 years from the date of grant will be cancelled.

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, 2016. In connection with the closing of the Transactions the merger exchange ratio of .9042 was applied to the exercise price and performance targets (divided by .9042) and the number of restricted stock units and options (multiplied by .9042) for all equity awards outstanding on May 18, 2016.

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised 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	180,840(2)			$ 59.28	12/19/2021				
	203,445(3)			$ 59.28	12/19/2021				
		147,905(4)		$ 150.88	1/15/2024				
		136,188(4)		$ 175.76	1/15/2025				
			904,200(5)	$ 222.92	4/25/2026				
			723,360(5)	$ 232.34	4/26/2026				
								180,840(6)	$ 52,067,453
						12,316(7)	$ 3,546,023		
John Bickham	63,294(2)			66.87	4/30/2022				
	81,378(3)			66.87	4/30/2022(11)				
		73,952(4)		150.88	1/15/2024				
		68,094(4)		175.76	1/15/2025				
		48,129(4)		183.87	1/15/2026				
			587,730(5)	221.25	6/17/2026				
			135,630(5)	242.30	7/25/2026				
								80,373(6)	$ 23,140,994
						19,753(7)	$ 5,687,284		
David Ellen			406,890(5)	221.25	6/17/2026				
								45,210(6)	$ 13,016,863
Christopher L. Winfrey	81,378(8)			36.17	11/1/2020				
	70,075(2)			60.96	4/26/2021				
	163,509(3)			60.96	4/26/2021				
		36,976(4)		150.88	1/15/2024				
		34,046(4)		175.76	1/15/2025				
		24,064(4)		183.87	1/15/2026				
			497,309(5)	221.25	6/17/2026				
								55,257(6)	$ 15,909,595
						9,877(7)	$ 2,843,786		
Jonathan Hargis		36,976(4)		150.88	1/15/2024				
		34,046(4)		175.76	1/15/2025				
		24,064(4)		183.87	1/15/2026				
			226,049(5)	221.25	6/17/2026				
								25,117(6)	$ 7,231,687
						9,877(7)	$ 2,843,786		

(1) Based on the closing stock price at December 30, 2016 of $287.92 per share.

(2) Amounts shown reflect time-vesting options granted in 2011 and 2012 under the Stock Incentive Plan with annual vesting on each anniversary date.

(3) Amounts shown reflect performance-vesting options granted in 2011 and 2012 under the Stock Incentive Plan. Grants of performance-vesting options vested subject to achievement of certain price per share thresholds measured based on the average of the per share closing price of the Company s Class A common stock on the NASDAQ Global Select for sixty (60) consecutive trading days. All of these performance-vesting option grants vested prior to December 31, 2016.

(4) Amounts shown reflect the three-year cliff vesting options granted to each of the Named Executive Officers other than Mr. Ellen. Grants of three-year cliff vesting options vest 100% on the third anniversary of the grant date.

Mr. Rutledge had 147,905 options vest on January 15, 2017, and will have 136,188 options vest on January 15, 2018. Mr. Winfrey had 36,976 options vest on January 15, 2017 and will have 34,046 options vest on January 15, 2018 and 24,064 options vest on January 15, 2019. Mr. Bickham had 73,952 options vest on January 15, 2017 and will have 68,094 options vest on January 15, 2018 and 48,129 options vest on January 15, 2019. Mr. Hargis had 36,976 options vest on January 15, 2017 and will have 34,046 options vest on January 15, 2018 and 24,064 options vest on January 15, 2019.

(5) Amounts shown reflect grants of performance-vesting options that vest subject to achievement of certain price per share thresholds measured based on the average of the per share closing price of the Company s Class A common stock on the NASDAQ Global Select for sixty (60) consecutive trading days.

(6) Amounts shown reflect grants of performance-vesting RSUs that vest subject to achievement of certain price per share thresholds measured based on the average of the per share closing price of the Company s Class A common stock on the NASDAQ Global Select for sixty (60) consecutive trading days.

(7) Amounts shown reflect the three-year cliff vesting restricted stock units granted to each of our Named Executive Officers other than Mr. Ellen. These restricted stock units will vest 100% on the third anniversary of the grant date. Mr. Rutledge had 6,627 RSUs vest on January 15, 2017 and will have 5,689 RSUs vest on January 15, 2018. Mr. Winfrey had 1,657 RSUs vest on January 15, 2017 and will have 1,422 RSUs vest on January 15, 2018 and 6,798 RSUs vest on January 15, 2019. Mr. Bickham had 3,313 RSUs vest on January 15, 2017 and will have 2,844 RSUs vest on January 15, 2018 and 13,596 RSUs vest on January 15, 2019. Mr. Hargis had 1,657 RSUs vest on January 15, 2017 and will have 1,422 RSUs vest on January 15, 2018 and 6,798 RSUs vest on January 15, 2019.

(8) Amounts shown reflect option awards granted to Mr. Winfrey during 2010. These option grants vested in equal installments over a four-year period from the grant date. As of December 31, 2016, Mr. Winfrey had 81,378 vested options capable of being exercised from his 2010 option award grant with no further options remaining for vesting.

2016 Options Exercised and Stock Vested

The following table provides information on option awards exercised and restricted stock and stock unit awards that vested during 2016 for each of the Company s Named Executive Officers.

	Option Awards		Stock Awards	
Name	**Number of Shares Acquired on Exercise (#)**	**Value Realized on Exercise ($)**	**Number of Shares Acquired on Vesting or Transfer for Value (#)**	**Value Realized on Vesting ($)(1)**
Thomas M. Rutledge(2)	55,450	6,175,467	152,927	25,132,023
John Bickham(3)	45,210	7,498,305	58,000	12,099,960
David Ellen(4)				
Christopher L. Winfrey(5)				
Jonathan Hargis(6)	13,233	2,191,406	5,000	1,018,850

(1) Amount attributed to the average high and low market values of the stock on the day of vesting.

(2) Mr. Rutledge exercised 55,450 stock options that were scheduled to expire on February 19, 2016 on a net exercise basis at an exercise price of $53.595 per option on February 16, 2016 at a market value of $164.965 (the average of the high and low trading prices on that day) with 36,241 shares withheld to cover the exercise price and taxes. Mr. Rutledge had 76,677 performance-vesting restricted shares vest

on February 13, 2016 and 36,417 shares were withheld on February 13, 2016 to cover taxes at a market value of $164.34 (the average of the high and low trading prices on that day). Mr. Rutledge also had 76,250 time-vesting restricted shares vest on February 13, 2016 and 37,096 were withheld on February 13, 2016 to cover taxes at a market value of $164.34 (the average of the high and low trading prices on that day).

(3) With respect to options that were scheduled to expire on November 2, 2016, Mr. Bickham exercised 22,605 stock options on a net exercise basis at an exercise price of $66.87 per option on July 1, 2016 at a market value of $232.32 (the average of the high and low trading prices on that day) with 14,387 shares withheld to cover the exercise price and taxes and 22,605 stock options on a net exercise basis at an exercise price of $66.87 per option on July 5, 2016 at a market value of $233.13 (the average of the high and low trading prices on that day) with 14,377 shares withheld to cover the exercise price and taxes. Mr. Bickham had 33,000 performance-vesting shares vest on April 30, 2016 and 16,152 shares were withheld on April 30, 2016 to cover taxes at a market value of $208.62 (the average of the high and low trading prices on that day). Mr. Bickham also had 25,000 time-vesting restricted shares vest on April 30, 2016 and 12,235 shares were withheld to cover taxes at a market value of $208.62 (the average of the high and low trading prices on that day).

(4) Mr. Ellen did not exercise any options during 2016. Mr. Ellen did not have any restricted stock or restricted stock unit vesting events in 2016.

(5) Mr. Winfrey did not exercise any options during 2016. Mr. Winfrey did not have any restricted stock or restricted stock unit vesting events in 2016.

(6) Mr. Hargis exercised and sold 2,000 stock options at an exercise price of $61.87 per option on March 1, 2016 at a market value of $183.712 (the average of the high and low trading prices on that day). Mr. Hargis also exercised and sold 4,000 stock options at an exercise price of $61.87 per option on May 2, 2016 at a market value of $214.672 (the average of the high and low trading prices on that day). Mr. Hargis also exercised and sold 7,233 stock options at an exercise price of $68.43 per option on August 11, 2016 at a market value of $253.21 (the average of the high and low trading prices on that day). Mr. Hargis also had 5,000 restricted stock units vest on April 9, 201 and 2,266 shares were withheld to cover taxes at a market value of $203.77 (the average of the high and low trading prices on that day).

Retirement Benefits

We sponsor a 401(k) plan, which is a qualified retirement plan offered to all eligible employees, including our Named Executive Officers, that permits eligible employees to elect to defer a portion of their compensation on a pre-tax basis.

Legacy TWC Pension Benefits

In connection with Mr. Rutledge s and Mr. Bickham s employment by a predecessor and/or affiliate of Legacy TWC, Mr. Rutledge and Mr. Bickham participated in the Time Warner Cable Pension Plan, a tax qualified defined benefit pension plan (the Cable Plan), and the Time Warner Cable Excess Benefit Pension Plan (the Excess Benefit Plan), a nonqualified defined benefit pension plan (collectively, the Pension Plans) offered by those employers and accrued a benefit as a result. No other executive officer is entitled to benefits under the Pension Plans. As of the closing of the Transactions, Charter is the sponsor of the Pension Plans. As of December 31, 2016, the present value of Mr. Rutledge s and Mr. Bickham s accrued benefit under the Pension Plans was $1,178,385, and $805,829, respectively, reflecting the assumptions that (i) the benefits will be payable at the earliest retirement age at which unreduced benefits are assumed to be payable (which is age 65) under the plans, valued as if paid as a life annuity, (b) 28.58 and 8.75 years, respectively, of benefit service to Legacy TWC during their tenure there, and (c) are consistent with the assumptions used in the calculation of the Company s benefit obligations as disclosed in Note 21 to the audited consolidated financial statements of the Company included in the Company s Annual Report on Form 10-K for the year ended December 31, 2016. As shown above in the Summary Compensation Table, the actuarial present value of Mr. Rutledge s and Mr. Bickham s accrued benefit under the Pension Plans increased by $503,383 and $192,726, respectively, during 2016 as a result of a required discontinuation of the payout status of their pension benefits prior to the Transactions and the required actuarial calculations pursuant to the Pension Plans.

Federal tax law limits both the amount of compensation that is eligible for the calculation of benefits and the amount of benefits that may be paid to participants under a tax-qualified plan, such as the Cable Plan. However, as permitted under Federal tax law, Legacy TWC designed the Excess Benefit Plan to provide for supplemental payments by Legacy TWC of an amount that eligible employees would have received under the Cable Plan if

eligible compensation were subject to a higher limit and there were no payment restrictions. The amount of the payment under the Excess Benefit Plan is calculated based on the differences between (a) the annual benefit that would have been payable under the Cable Plan if the annual eligible compensation limit imposed by the tax laws was $350,000 (the maximum compensation limit imposed under the Excess Benefit Plan) and (b) the actual benefit payable under the Cable Plan.

Benefit payments under the Pension Plans are calculated using the highest consecutive five-year average annual compensation (subject to federal law limits and the $350,000 limit referred to above), which is referred to as average compensation. Compensation covered by the Pension Plans takes into account salary, bonus, some elective deferrals and other compensation paid, but excludes the payment of deferred or long-term incentive compensation and severance payments. The annual pension payment under the terms of the TWC Pension Plans, if the employee is vested, and if paid as a single life annuity, commencing at age 65, is an amount equal to the sum of:

1.25% of the portion of average compensation that does not exceed the average of the Social Security taxable wage base ending in the year the employee reaches the Social Security retirement age, referred to as covered compensation, multiplied by the number of years of benefit service up to 35 years, plus

1.67% of the portion of average compensation that exceeds covered compensation, multiplied by the number of years of benefit service up to 35 years, plus

0.5% of average compensation multiplied by the employee s number of years of benefit service in excess of 35 years, plus

a supplemental benefit in the amount of $60 multiplied by the employee s number of years of benefit service up to 30 years, with a maximum supplemental benefit of $1,800 per year.

Reduced benefits are available in the case of retirement before age 65 and in other optional forms of benefits payouts, as described below.

The benefits under the Pension Plan are payable as (i) a single life annuity, (ii) a 50%, 75% or 100% joint and survivor annuity, (iii) a life annuity that is guaranteed for 10 years, or (iv) as of January 1, 2015, a lump sum. Spousal consent is required in certain cases. The participant may elect the form of benefit payment at the time of retirement or termination of employment (in which case, benefits are payable as (i) a single life annuity, (ii) a 50% or 75% joint and survivor annuity or (iii) a lump sum). In the case of a single life annuity, the amount of the annuity is based on the applicable formulas described above. In the case of a joint and survivor annuity, the amount of the annuity is based on the single life annuity amount but is reduced to take into account the ages of the participant and beneficiary at the time the annuity payments begin and the percentage elected by the participant. In the case of a life annuity that is guaranteed for a period of time, the amount of the annuity is based on the single life annuity amount but is reduced to take into account the guaranteed period. Benefits under the Excess Benefit Plan are payable only as a lump sum, unless the participant elected to receive monthly installments over 10 years by the applicable deadline.

Pension Benefits Table

Set forth in the table below are the years of credited service and the present value of Mr. Rutledge s and Mr. Bickham s accumulated benefit under the Pension Plans computed as of December 31, 2016, the pension plan measurement date used for financial statement reporting purposes in the Company s audited consolidated financial statements for the year ended December 31, 2016.

PENSION BENEFITS FOR 2016

Name	Plan Name	Number of Years Credited Service(1)	Present Value of Accumulated Benefit(2)	Payments During 2016
Thomas M. Rutledge	Time Warner Cable Pension Plan	28.583	$ 1,178,385	$ 18,869
	Excess Benefit Plan			
	Total		$ 1,178,385	$ 18,869
John Bickham	Time Warner Cable Pension Plan	8.75	$ 535,340	$ 12,117
	Excess Benefit Plan		270,489	8,402
	Total		$ 805,829	$ 20,519

(1) Consists of the number of years of service credited to the executive officers as of December 31, 2016 for the purpose of determining benefit service under the Pension Plans.

(2) The present values of accumulated benefits for the Pension Plans as of December 31, 2016 were calculated using a 4.20% discount rate for the Cable Plan and a 4.07% discount rate for the Excess Plan. The mortality assumption is based on the RP-2015 Sex-Distinct Annuitant Mortality projected forward using generational Scale MP-2015. Lump sums are based on the 2017 417(e) mortality and the September 2016 interest rates. The calculations are based on the assumptions used in the calculation of the Company s benefit obligations as disclosed in Note 21 to the audited consolidated financial statements of the Company included in the Company s Annual Report on Form 10-K for the year ended December 31, 2016 except that retirement is assumed to be at the earliest unreduced age and no pre-retirement mortality.

Employment Agreements

Thomas M. Rutledge

On May 17, 2016, Charter entered into an amended and restated employment agreement with Thomas Rutledge (the Rutledge Agreement). The Rutledge Agreement has a term of five years from May 17, 2016, and provides that Mr. Rutledge will serve as the Chairman of the Charter board of directors and Chief Executive Officer of Charter and will have duties commensurate with such positions. Under the Rutledge Agreement, Mr. Rutledge is to receive a current base salary of $2,000,000 during the term. Mr. Rutledge is eligible to participate in the Executive Bonus Plan with a target bonus equal to 300% of base salary. Mr. Rutledge is also eligible to participate in other employee benefit plans, programs and arrangements available to other senior executives. In addition, Charter must reimburse Mr. Rutledge for all reasonable and necessary expenses incurred in connection his performance of his duties, and Mr. Rutledge is entitled to use Company aircraft for such travel and for commuting and up to 125 hours of discretionary personal use per calendar year (without carryover). The Rutledge Agreement contains a one-year non-compete provision and a two-year non-solicitation clause.

John Bickham

Effective as of May 18, 2016, Charter entered into an employment agreement with John Bickham (the Bickham Agreement). The Bickham Agreement provides that Mr. Bickham shall be employed in an executive capacity as President and Chief Operating Officer with such responsibilities, duties and authority as are customary for such role reporting to the Chief Executive Officer at a base salary of $1,500,000 per year during the term. Under the Bickham Agreement, Mr. Bickham is to serve as Charter s President and Chief Operating Officer for a term expiring on May 18, 2021. He is eligible to participate in the Executive Bonus Plan with a target bonus of up to 200% of his annual base salary. Mr. Bickham is also eligible to participate in other employee benefit plans, programs and arrangements available to other senior executives. In addition, Charter must reimburse Mr. Bickham for all reasonable and necessary expenses incurred in connection his performance

of his duties, and Mr. Bickham is entitled to use Company aircraft for such travel and for up to 80 hours of discretionary personal use per calendar year (without carryover). The Bickham Agreement contains a one-year non-compete provision and a two-year non-solicitation clause.

David Ellen

Effective as of July 1, 2016, Charter entered into an employment agreement with David Ellen (the Ellen Agreement). The Ellen Agreement provides that Mr. Ellen shall be employed in an executive capacity as Senior Executive Vice President with the authorities, duties and responsibilities for overseeing: (i) the following business and corporate functions: Programming, Policy (in partnership with Government Affairs), Spectrum Networks (including RSNs and the local news and sports networks), Human Resources (including Diversity and Labor Relations), Communications and Security; and (ii) the legal group (x) supporting the Programming, Policy, Spectrum Networks, Product and Labor Relations functions as well as (y) handling regulatory compliance for a term expiring on July 1, 2021. The Ellen Agreement provides that Mr. Ellen will receive a base salary of $1,250,000 per year during the term and is eligible to participate in the Executive Bonus Plan with a target bonus of up to 160% of his annual base salary. Mr. Ellen is also eligible to participate in other employee benefit plans, programs and arrangements available to other senior executives. In addition, Charter must reimburse Mr. Ellen for all reasonable and necessary expenses incurred in connection his performance of his duties, and Mr. Ellen is entitled to use Company aircraft for such travel and for up to 30 hours of discretionary personal use per calendar year (without carryover). The Ellen Agreement contains a two-year non-compete provision and a one-year non-solicitation clause.

Christopher L. Winfrey

Effective as of May 18, 2016, Charter and Mr. Winfrey entered into an employment agreement (the Winfrey Agreement). The Winfrey Agreement provides that Mr. Winfrey shall be employed in an executive capacity as Executive Vice President and Chief Financial Officer with such responsibilities, duties and authority as are customary for such role, including, but not limited to, overall management responsibility for Charter s financial and accounting functions, at a base salary of $850,000 per year during the term. He is eligible to participate in the Executive Bonus Plan with a target bonus of up to 150% of his annual base salary. He is also eligible to receive such other employee benefits as are generally made available to other senior executives. In addition, Charter must reimburse Mr. Winfrey for all reasonable and necessary expenses incurred in connection his performance of his duties. The Winfrey Agreement has an initial term from the effective date through May 18, 2021 provided that the term can be extended by the Company for unlimited one-year periods. The Winfrey Agreement also contains a two-year non-compete provision and a one year non-solicitation clause.

Jonathan Hargis

Effective as of May 18, 2016, Charter and Mr. Hargis entered into an employment agreement (the Hargis Agreement). The Hargis Agreement provides that Mr. Hargis be employed in an executive capacity as Executive Vice President and Chief Marketing Officer with such responsibilities, duties and authority as are customary for such role, including, but not limited to, the overall management responsibility for the marketing operations and strategy of the Company. The Hargis Agreement provides that Mr. Hargis shall be employed at a current base salary of $600,000 per year. Mr. Hargis is eligible to participate in the Executive Bonus Plan with a target bonus of up to 110% of his annual base salary. He is also eligible to receive such other employee benefits as are generally made available to other senior executives. In addition, Charter must reimburse Mr. Hargis for all reasonable and necessary expenses incurred in connection his performance of his duties. The Hargis Agreement contains a two-year non-compete provision and a one-year non-solicitation clause.

Separation and Related Arrangements

Named Executive Officers

The stock price used in the separation tables that follow is based on $287.92 per share the closing price of Charter s Class A common stock on the NASDAQ Global Select Market on December 30, 2016. The paragraphs that follow describe the payments that each Named Executive Officer would have received assuming the applicable termination event occurred on December 31, 2016. The descriptions that follow cover only information regarding benefits that are not generally available to other employees. Benefits generally available to other employees include:

- Salary earned through date of termination;
- Lump sum payment for COBRA coverage for the period of severance, if applicable; and
- Lump sum payment of accrued and unused vacation.

As used in the following sections:

- Severance : Named Executive Officers may be eligible for certain payments following the occurrence of certain termination events specified in their employment agreements and in the tables that follow. If eligible for severance: Messrs. Rutledge and Bickham will each receive severance equal to two and one-half times their applicable annual base salary and target bonus; Messrs. Ellen, Winfrey, and Hargis will each receive severance equal to two times their applicable annual base salary and target bonus.
- Bonus : As used in the tables below, Bonus is the target bonus set forth and defined in each Named Executive Officer s employment agreement payable in accordance with the 2016 Executive Bonus Plan but assumed at 100% performance attainment for the purposes of these separation tables. If eligible for a bonus payment on a specific termination event: Mr. Rutledge will receive a target bonus of 300% of his annual base salary; Mr. Bickham will receive a target bonus of 200% of his annual base salary; Mr. Ellen will receive a target bonus of 160% of his annual base salary; Mr. Winfrey will receive a target bonus of 150% of his annual base salary; and Mr. Hargis will receive a target bonus of 110% of his annual base salary. See the Base Salary and Annual Bonus section in the Compensation Discussion and Analysis for further details of the plan. See the Summary Compensation Table for actual 2016 Executive Bonus Plan payouts.
- Stock Options, Restricted Stock and Restricted Stock Units : includes grants made under the Stock Incentive Plan. See Long-Term Incentives under the Compensation Discussion and Analysis section for further details on equity incentives offered by the Company.

Termination by Charter for Cause or a Voluntary Termination by the Executive without Good Reason

Under the current employment agreements with each of the Named Executive Officers, we do not provide any severance in the event of a termination by the Company for cause or a voluntary termination by a Named Executive Officer without good reason and all bonus awards and unvested equity will be forfeited and cancelled effective as of the date of termination. Under the long-term incentive award agreements with our Named Executive Officers, vested options generally may be exercised for a period of time not to exceed six months from the effective date of a for cause/voluntary termination or the option expiration date, if sooner. The performance-vesting options granted to Mr. Bickham in 2016 provide that he may exercise the options for up to three years following a voluntary termination without good reason. For cause is generally defined under our Named Executive Officers employment agreements to include: willful breaches of material obligations, fiduciary duties, the Company s code of conduct or other material Company policies; acts of fraud or willful and material misrepresentations or concealments from the Company or board of directors; misappropriation of a material amount of Company property; criminal convictions, guilty or no contest pleas to felonies, or any crime expected to have a material negative impact or crimes related to fraud, embezzlement, dishonesty, breach of trust or moral turpitude; admission or finding of liability for knowing or deliberate breach of any securities laws; illegal possession of a controlled substance; excessive alcohol use in connection with duties or otherwise on the

Company s premises or during a Company function; gross neglect of duty or willful misconduct related to duties; or willful or gross negligent commission of an act or failure to act which causes or is reasonably expected to cause substantial economic injury to the business reputation of the Company. Under our employment agreements with Messrs. Rutledge and Bickham, for cause includes the foregoing factors amended to read that breaches of material obligations and fiduciary duties, material misrepresentations and concealments and failure to adhere to Company policies must be willful and reasonably expected to cause substantial injury to the business or reputation of the Company. For a definition of good reason , see the section below, titled Termination by the Company without Cause or by the Executive for Good Reason (other than for a Change in Control) .

Termination due to Death or Disability or Retirement by the Executive

Under the employment and long-term incentive award agreements with each of our Named Executive Officers, we may be required to make certain payments to, or allow for pro-rata equity vesting for, these executives or their estates or beneficiaries in the event that the executive is terminated as a result of death or disability.

An executive is deemed to have a disability if, due to illness or injury: the executive is unable to perform his or her duties without accommodation for a certain period of time; or the executive is considered disabled for the purposes of receiving long term disability benefits under a participating plan or policy. In the event there is a period of time during which a Named Executive Officer is not being paid annual base salary and not receiving long-term disability insurance payments, the executive will receive interim payments equal to such unpaid disability insurance payments until commencement of disability insurance payments.

Charter generally defines retirement eligibility in its long-term incentive plan documents as the employee s age plus years of service equal to 70. Although of the Named Executive Officers only Mr. Bickham meets the rule of 70 retirement qualification, the table that follows assumes that all of them did as of December 31, 2016.

	Severance ($)(1)	Bonus ($)(2)	Stock Options ($)(3)	Restricted Stock and Restricted Stock Units ($)(4)	Total ($)
Thomas M. Rutledge		6,000,000	30,452,132	3,000,030	39,452,162
John Bickham		3,000,000	16,895,272	2,804,629	22,699,901
David Ellen		2,000,000			2,000,000
Christopher L. Winfrey		1,275,000	8,447,544	1,402,458	11,125,002
Jonathan Hargis		660,000	8,447,544	1,402,458	10,510,002

(1) No severance is payable in the event of a termination based on death, disability or the retirement of any Named Executive Officer.

(2) Each Named Executive Officer or his or her estate or beneficiaries will be entitled to receive a pro-rata bonus for the performance period ending prior to the date of a death or disability termination event. No pro-rata bonus is payable in the event of a Named Executive Officer s retirement. Bonus is the target bonus set forth and defined in each Named Executive Officer s employment agreement as of December 31, 2016 payable in accordance with the 2016 Executive Bonus Plan but assumed at 100% performance attainment for the purposes of these separation tables.

(3) All time-vesting option award grants made to our Named Executive Officers are subject to pro-rata vesting of all unvested equity in the event of a termination based on death, disability or the executive s retirement. As to performance-vesting option awards granted in 2016, the awards would be cancelled in the event of a termination on December 31, 2016.

(4) All time-vesting restricted stock and restricted stock unit award grants made to our Named Executive Officers are subject to pro-rata vesting of all unvested equity in the event of a termination based on death, disability or the executive s retirement. As to performance-vesting restricted stock unit awards granted in 2016, all of the awards would be cancelled in the event of a termination on December 31, 2016.

Termination by Charter Without Cause or by the Executive for Good Reason (other than for a Change in Control)

In the event that Charter terminates a Named Executive Officer s employment without cause or the executive terminates his or her employment with Charter for good reason other than in connection with a change in control, Charter will be required to make certain payments to the executive and the executive will be entitled to pro-rata vesting of long-term incentive award grants to the executive.

For a definition of a for cause, see the prior section titled Termination by Charter for Cause or a Voluntary Termination by the Executive without Good Reason.

An executive may generally only terminate his or her employment for good reason following thirty (30) days written notice to the Company of his or her intent to terminate, or, in certain circumstances, advance notice to the Company detailing the good reason and giving the Company an opportunity to cure prior to termination. As the term is used in the employment agreements of our Named Executive Officers, good reason includes: a reduction in base salary or bonus; a material reduction in authority, duties, or responsibilities of the executive or of the executive s reporting structure; a material failure by the Company to comply with provisions of the executive s employment agreement including paying compensation when due and the location of the executive s primary workplace; or any failure by a successor company to assume the executive s employment agreement following a change in control.

For a definition of change in control , see the section immediately following titled Termination within 30 days before or 13 months after Change in Control for without Cause or Good Reason.

	Severance ($)(1)	Bonus ($)(2)	Stock Options ($)(3)	Restricted Stock and Restricted Stock Units ($)(4)	Total ($)
Thomas M. Rutledge	20,000,000	6,000,000	30,452,132	3,000,030	59,452,162
John Bickham	11,250,000	3,000,000	16,895,272	2,804,629	33,949,901
David Ellen	6,500,000	2,000,000			8,500,000
Christopher L. Winfrey	4,250,000	1,275,000	8,447,544	1,402,458	15,375,002
Jonathan Hargis	2,520,000	660,000	8,447,544	1,402,458	13,030,002

(1) All Named Executive Officers are entitled to severance in accordance with the terms and conditions of each executive s respective employment agreement with the Company.

(2) All Named Executive Officers will be entitled to a pro-rata bonus previously earned for the performance period ending prior to the date of termination. Bonus is the target bonus set forth and defined in each Named Executive Officer s employment agreement as of December 31, 2016 payable in accordance with the 2016 Executive Bonus Plan but assumed at 100% performance attainment for the purposes of these separation tables.

(3) All time-vesting option award grants made to our Named Executive Officers are subject to pro-rata vesting of all unvested equity in the event of a without cause / good reason termination. As to performance-vesting option awards granted in 2016, all of the awards would be cancelled in the event of a termination on December 31, 2016.

(4) All time-vesting restricted stock and restricted stock unit award grants made to our Named Executive Officers are subject to pro-rata vesting of all unvested equity in the event of a without cause / good reason termination. As to performance-vesting restricted stock unit awards granted in 2016, all of the awards would be cancelled in the event of a termination on December 31, 2016.

Termination within 30 days before or 13 months after Change in Control without Cause or for Good Reason

Under our employment agreements with each of the Named Executive Officers, we may be required to make payments to the executives in the event that, within 30 days before, or 13 months following, the occurrence of a change in control, Charter or any of its subsidiaries, terminate the executive s employment without cause or he or she terminates his or her employment with Charter and its subsidiaries for good reason.

A change in control is defined to include: any person or entity acquires beneficial ownership of 35% or more of our outstanding common stock or combined voting power over our outstanding voting securities (or 50% or greater with regard to certain existing beneficial owners of greater than 10% of our outstanding stock); the incumbent directors (as defined in the employment agreements) cease to constitute a majority of the board of directors; the completion of certain corporate transactions including a reorganization or merger subject to certain exceptions; the complete liquidation or dissolution of the Company; and the sale or disposition of all or substantially all of the assets of the Company.

	Severance ($)(1)	Bonus ($)(2)	Stock Options ($)(3)	Restricted Stock and Restricted Stock Units ($)(4)	Total ($)
Thomas M. Rutledge	20,000,000	6,000,000	35,543,747	3,546,023	65,089,770
John Bickham	11,250,000	3,000,000	22,779,628	5,687,284	42,716,912
David Ellen	6,500,000	2,000,000			8,500,000
Christopher L. Winfrey	4,250,000	1,275,000	11,389,649	2,843,786	19,758,435
Jonathan Hargis	2,520,000	660,000	11,389,649	2,843,786	17,413,435

(1) All Named Executive Officers are entitled to severance in accordance with the terms and conditions of each executive s respective employment agreement with the Company.

(2) All Named Executive Officers will be entitled to a pro-rata bonus previously earned for the performance period ending prior to the date of termination. Bonus is the target bonus set forth and defined in each Named Executive Officer s employment agreement as of December 31, 2016 payable in accordance with the 2016 Executive Bonus Plan but assumed at 100% performance attainment for the purposes of these separation tables.

(3) All time-vesting option award grants made to our Named Executive Officers are subject to full, accelerated vesting of all unvested equity in the event of a change in control termination. As to the performance-vesting option awards granted in 2016, in the event of a change in control, all unvested performance-vesting options will vest based upon the highest price paid per share in the change in control transaction. Unless otherwise determined by the Company s Compensation and Benefits Committee at the time of such change in control, all non-eligible options and all unvested eligible options that do not vest in accordance with the award agreement in connection with a change in control shall be cancelled and forfeited. For the purposes of calculating the amount set forth in the table above, the Company has assumed that the highest price paid per share in the change in control transaction was $287.92, the closing price of the Company s Class A common stock on December 30, 2016 and therefore all of the performance-vesting options would be cancelled.

(4) All time-vesting restricted stock unit award grants made to our Named Executive Officers are subject to full, accelerated vesting of all unvested equity in the event of a change in control termination. As to performance-vesting restricted stock units, in the event of a change in control, all unvested performance-vesting restricted stock units will vest based upon the highest price paid per share in the change in control

transaction. For the purposes of calculating the amount set forth in the table above, the Company has assumed that the highest price paid per share in the change in control transaction was $287.92, the closing price of the Company s Class A common stock on December 30, 2016, and therefore all of the performance-vesting restricted stock units would be cancelled.

Limitation of Directors Liability and Indemnification Matters

Our Certificate of Incorporation limits the liability of directors to the maximum extent permitted by Delaware law. The Delaware General Corporation Law provides that a corporation may eliminate or limit the personal liability of a director for monetary damages for breach of fiduciary duty as a director, except for liability for:

(1) any breach of the director s duty of loyalty to the corporation and its stockholders;

(2) acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

(3) unlawful payments of dividends or unlawful stock purchases or redemptions; or

(4) any transaction from which the director derived an improper personal benefit.

Our Bylaws provide that we will indemnify all persons whom we may indemnify pursuant thereto 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.

We have also entered into indemnification agreements that require us to indemnify each of our directors and executive officers to the fullest extent permitted by law for any claims made against each of these persons because he or she is, was or may be deemed to be a stockholder, director, officer, employee, controlling person, agent or fiduciary of Charter or any of our subsidiaries. We are obligated to pay the expenses of these persons in connection with any claims that are subject to the agreement.

Certain Beneficial Owners of Charter Class A Common Stock

The following table sets forth information as of February 27, 2017 regarding the beneficial ownership of Charter Class A common stock by:

each holder of more than 5% of outstanding shares Charter Class A common stock;

each Charter director and named executive officer; and

all Charter directors and executive officers as a group.

Name	Shares Beneficially Owned(1) Number	Percent of Class
5% Stockholders:		
Liberty Broadband Corporation(2) 12300 Liberty Boulevard Englewood, CO 80112	76,661,587	25.01%
Advance/Newhouse Partnership(3) One World Trade Center, 44th Floor New York, New York 10007	39,576,567	12.9%
Directors and Executive Officers:		
W. Lance Conn(4)	8,850	*
Kim C. Goodman(5)	408	*
Craig A. Jacobson(6)	13,563	*
Gregory B. Maffei(7)	997	*
John C. Malone(2)(7)	564	*
John D. Markley, Jr.(4)(8)	13,511	*
David C. Merritt(4)	8,850	*
Steven A. Miron(9)	2,262	*
Balan Nair(10)	4,141	*
Michael Newhouse(11)	564	*
Mauricio Ramos(12)	1,997	*
Thomas M. Rutledge(13)	812,380	*
Eric L. Zinterhofer(14)	13,263	*
John Bickham(15)	254,113	*
David Ellen		*
Christopher L. Winfrey(16)	448,485	*
Jonathan Hargis(17)	44,025	*
All executive officers and directors as a group (19 persons)(18)	1,718,696	*

* less than 1%

(1) Beneficial ownership is determined in accordance with the rules and regulations of the SEC. These rules generally provide that a person is the beneficial owner of securities if such person has or shares the power to vote or direct the voting thereof, or to dispose or direct the disposition thereof or has the right to acquire such powers within 60 days. Shares shown in the table above include shares held in the beneficial owner s name or jointly with others, or in the name of a bank, nominee or trustee for the beneficial owner s account. Common stock subject to options that are currently exercisable or exercisable within 60 days of February 27, 2017 are deemed to be outstanding and

beneficially owned by the person holding the options.

These shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. Percentage of beneficial ownership is based on 307,329,725 shares of Class A common stock outstanding as of February 27, 2017, including Charter Communications Holdings, LLC (Charter Holdings) common and preferred units on an as-if-converted basis. Each holder of Class A common stock is entitled to one vote per share. Except as disclosed in the footnotes to this table, we believe that each stockholder identified in the table possesses sole voting and investment power over all shares of common stock shown as beneficially owned by the stockholder. Unless otherwise indicated in the table or footnotes below, the address for each beneficial owner is 400 Atlantic Street, Stamford, CT 06901. Each share of Class A common stock is entitled to one vote.

(2) Based on the Schedule 13D/A filed by Liberty Broadband on December 30, 2016. For information on Liberty Broadband s designees to Charter s board of directors and the Stockholders Agreement, see Governance Impacts of TWC and Bright House Transactions above and Certain Relationships and Related Transactions below. Of the shares reported in the Schedule 13D/A, Liberty Broadband reported that it had sole voting and dispositive power over 54,072,264 shares, that it shared voting and dispositive power with Liberty Interactive Corporation with respect to 5,358,401 shares and that it shared voting and dispositive power with A/N over 17,230,922 shares on an as-converted and as-exchanged basis. John C. Malone, Chairman of the Board of Directors of Liberty Broadband and a director of Charter, may be deemed to have voting and dispositive control, pursuant to Rule 13d-3(a), over the shares of Charter owned by Liberty Broadband as a result of the positions he holds with Liberty Broadband as well as his control of approximately 47.7% of the voting power of Liberty Broadband, among other factors. Mr. Malone, however, disclaims beneficial ownership of any Charter shares owned by Liberty Broadband on the basis that he is not, individually, a party to any agreement, arrangement or understanding relating to the voting or disposition of any such shares. Decisions with respect to the voting or disposition of any Charter shares owned by Liberty Broadband are made by Liberty Broadband s board of directors.

(3) Based on a Schedule 13D, Amendment No. 1, dated December 23, 2016 and filed on December 28, 2016 by Advance/Newhouse Partnership (A/N), Newhouse Broadcasting Corporation (NB), Advance Publications, Inc. (AP), Newhouse Family Holdings, L.P. (NF and Advance Long-Term Management Trust (ALM). For information on A/N s designees to Charter s board of directors and the Stockholders Agreement, see Governance Impacts of TWC and Bright House Transactions above and Certain Relationships and Related Transactions below. The 13D, Amendment No. 1, reports as follows: A/N, NB, AP, NF and ALM reported sole voting and dispositive power over all 39,576,567 of the reported shares. The 13D, Amendment No. 1, reported that the shares reported as beneficially owned represented 39,576,567 shares of Class A Common Stock (including Class B Common Units and Convertible Preferred Units on an as-converted, as-exchanged basis).

(4) Includes 558 shares of restricted stock that are not yet vested but eligible to be voted.

(5) Includes 408 shares of restricted stock that are not yet vested but eligible to be voted.

(6) Includes 989 shares of restricted stock that are not yet vested but eligible to be voted.

(7) Mr. Maffei is the President and Chief Executive Officer of Liberty Broadband and Mr. Malone is the Chairman of the Board of Liberty Broadband. Liberty Broadband beneficially owns 25.01% of the outstanding shares of Charter Class A common stock. Each of Messrs. Maffei and Malone expressly disclaim beneficial ownership of any shares owned by Liberty Broadband. Includes 564 shares of restricted stock for Mr. Malone and 997 shares of restricted stock for Mr. Maffei that are not yet vested but eligible to be voted.

(8) Includes 904 shares held jointly with his spouse, 726 shares held by the John Markley Family Trust and 558 shares of restricted stock that are not yet vested but eligible to be voted. Mr. Markley s shares are pledged as collateral security for a line of credit.

(9) Includes 1,265 shares held jointly with his spouse and 997 shares of restricted stock that are not yet vested but eligible to be voted.

(10) Includes 989 shares of restricted stock that are not yet vested but eligible to be voted.

(11) Includes 564 shares of restricted stock that are not yet vested but eligible to be voted.

(12) Includes 997 shares of restricted stock that are not yet vested but eligible to be voted.

(13) Includes 532,190 options that are vested and exercisable.

(14) Includes 1,634 shares of restricted stock that are not yet vested but eligible to be voted.

(15) Includes 218,624 options that are vested and exercisable.

(16) Includes 351,938 options that are vested and exercisable. Also includes 49,731 shares beneficially held by Mr. Winfrey and owned by Atalaya Management, LLC which is 100% owned by The Christopher Lawrence Winfrey Revocable Trust, a revocable trust pursuant to which Mr. Winfrey is the grantor and beneficiary with the power to revoke the trust.

(17) Includes 36,976 options that are vested and exercisable.

(18) Includes options and restricted stock units that are exercisable or eligible to become vested within sixty days of February 27, 2017, and the shares of Charter Class A common stock beneficially owned described in footnotes (4) through (12) and (13).

Certain Relationships and Related Transactions

We maintain written policies and procedures covering related party transactions. The Audit Committee reviews the material facts of related party transactions. Management has various procedures in place, *e.g.*, our Code of Conduct, which requires annual certifications from employees that are designed to identify potential related party transactions. Management brings those to the Audit Committee for review as appropriate. Our Related Party Transaction Policy provides that a Related Party Transaction is any transaction, arrangement or relationship or series of similar transactions, arrangements or relationships (including any indebtedness or guarantee of indebtedness) in which: (1) the aggregate amount involved will or may be expected to exceed $120,000 in any calendar year; (2) the Company is a participant; and (3) any Related Party has or will have a direct or indirect interest (other than solely as a result of being a director or a less than 10 percent beneficial owner of another entity). A Related Party is any person: (a) who is or was (since the beginning of the last fiscal year for which the Company has filed a Form 10-K and proxy statement, even if they do not presently serve in that role) an executive officer, director or nominee for election as a director; (b) who is a greater than 5 percent beneficial owner of the Company s common stock; or (c) who is an immediate family member of any of the foregoing. Immediate family member includes a person s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, and brothers- and sisters-in-law and anyone residing in such person s home (other than a tenant or employee). Open market purchases or privately-negotiated transactions, excluding any distributions by the Company, involving any securities of the Company or its subsidiaries, are not deemed to be a Related Party Transaction under our Related Party Transaction Policy.

The following sets forth certain transactions in which we are involved and in which the directors, executive officers and affiliates of Charter have or may have a material interest. The indentures of our subsidiaries, CCO Holdings, LLC and CCO Holdings Capital Corp., require delivery of fairness opinions for transactions with affiliates involving more than $100 million. Such fairness opinions have been obtained whenever required. All of our transactions entered into with affiliates have been deemed by Charter s board of directors or a committee of the board of directors to be in our best interest. Related Party Transactions are approved by the Audit Committee or another independent body of Charter s board of directors.

On May 23, 2015, in connection with the execution of the Merger Agreement and the amendment of the Contribution Agreement, Charter entered into the Amended and Restated Stockholders Agreement with Liberty Broadband, A/N and Legacy Charter (the Stockholders Agreement). As of the closing of the Transactions on May 18, 2016, the Stockholders Agreement replaced Legacy Charter s existing stockholders agreement with Liberty Broadband, dated September 29, 2014, and superseded the amended and restated stockholders agreement among Legacy Charter, Charter, Liberty Broadband and A/N, dated March 31, 2015.

Under the terms of the Stockholders Agreement, the number of Charter s directors is fixed at 13, and includes its chief executive officer. Upon the closing of the Transactions, two designees selected by A/N became members of the board of directors of Charter and three designees selected by Liberty Broadband continued as members of the board of directors of Charter. The remaining eight directors are not affiliated with either A/N or Liberty Broadband. Each of A/N and Liberty Broadband is entitled to nominate at least one director to each of the committees of Charter s board of directors, subject to applicable stock exchange listing rules and certain specified voting or equity ownership thresholds for each of A/N and Liberty Broadband, and provided that the Nominating and Corporate Governance Committee and the Compensation and Benefit Committee each have at least a majority of directors independent from A/N, Liberty Broadband and the Company (referred to as the unaffiliated directors). Each of the Nominating and Corporate Governance Committee and the Compensation and Benefits Committee is currently comprised of three unaffiliated directors and one designee of each of A/N and Liberty Broadband. A/N and Liberty Broadband also have certain other committee designation and other governance rights. Upon the closing of the Transactions, Mr. Rutledge became the chairman of the board of Charter.

In connection with the closing of the Transactions, a number of agreements were entered into with Liberty Broadband and/or A/N, including the Charter Communications Holdings, LLC operating agreement, an exchange agreement, a registration rights agreement, a tax receivables agreement, an amendment agreement (that amended

the Stockholders Agreement and the Liberty investment agreement) and a transition services agreement. These agreements were approved by the board of directors. Under the LLC agreement, Charter paid $93 million to A/N as dividends on the 25 million convertible preferred units held by it that are entitled to a 6% annual dividend. Charter also paid approximately $3 million to A/N as tax distributions under the LLC agreement. Under the transition services agreement, the Company agreed to pay A/N an initial fee of $100,000 per month for certain services needed to transition Bright House Networks to Charter. The fees under this agreement were reduced and eventually eliminated as the services were eliminated during the integration process.

In December 2016, the Company and A/N entered into a letter agreement (the Letter Agreement) pursuant to which A/N exchanged Charter Holdings common units for shares of Charter Class A common stock and the Company purchased from A/N Charter Holdings common units. The Letter Agreement also requires pro rata participation by A/N and its affiliates in any repurchases of shares of Charter Class A common stock until A/N has sold shares or units totaling $537 million ($218 million of which has already been completed), subject to Liberty Broadband s right of first refusal to purchase shares or units from A/N upon A/N s sale to any third party, including the Company. The exchange of A/N common units resulted in a tax step-up of the assets of Charter Holdings and under the tax receivables agreement entered into in connection with the closing of the Transactions, the Company must pay to A/N 50% of the tax benefit when realized from this step-up in basis and from the step-up in tax basis resulting from any future exchange or sale of the preferred and common units.

Charter is aware that Dr. Malone may be deemed to have a 36.4% voting interest in Liberty Interactive Corp. (Liberty Interactive) and is Chairman of the board of directors, an executive officer position, of Liberty Interactive. Liberty Interactive owns 38.3% of the common stock of HSN, Inc. (HSN) and has the right to elect 20% of the board members of HSN. Liberty Interactive wholly owns QVC, Inc. (QVC). The Company has programming relationships with HSN and QVC which pre-date the transaction with Liberty Media. For the year ended December 31, 2016, the Company recorded payments in the aggregate of approximately $53 million from HSN and QVC as part of channel carriage fees and revenue sharing arrangements for home shopping sales made to customers in the Company s footprint.

Dr. Malone and Mr. Steven Miron, each a member of Charter s board of directors, also serve on the board of directors of Discovery Communications, Inc., (Discovery) and the Company is aware that Dr. Malone owns 5.2% in the aggregate of the common stock of Discovery and has a 28.7% voting interest in Discovery for the election of directors. The Company is aware that Advance/ Newhouse Programming Partnership (A/N PP), an affiliate of A/N and in which Mr. Miron is the CEO, owns 100% of the Series A preferred stock of Discovery and 100% of the Series C preferred stock of Discovery, representing approximately 34.0% of the outstanding equity of Discovery s stock, on an as-converted basis. A/N PP has the right to appoint three directors out of a total of ten directors to Discovery s board to be elected by the holders of Discovery s Series A preferred stock. In addition, Dr. Malone is a member of the board of directors of Lions Gate Entertainment Corp. (Lions Gate , parent company of Starz, Inc.) and owns approximately 5.9% in the aggregate of the common stock of Lions Gate and has 8.1% of the voting power, pursuant to his ownership of Lions Gate Class A voting shares. The Company purchases programming from both Discovery and Lions Gate pursuant to agreements entered into prior to Dr. Malone and Mr. Miron joining Charter s board of directors. The Company also sells advertising to both Discovery and Lions Gate. Based on publicly available information, the Company does not believe that either Discovery or Lions Gate would currently be considered related parties. The amounts paid in the aggregate to and received from Discovery and Lions Gate represent less than 3% of total operating costs and expenses for the year ended December 31, 2016.

Liberty Broadband and A/N each have a number of subsidiary or affiliated companies with which Charter has existing customer or vendor relationships, some of which involved amounts in excess of $120,000 for 2016 or may involve amounts in excess of $120,000 for 2017. The following summarizes each of these relationships with Liberty Broadband and A/N subsidiaries and affiliates:

Advance Digital Inc., an A/N company, provides search engine marketing services to Charter under a contract that was entered into prior to the closing of the transactions. Charter payed approximately $172,000 for these services in 2016.

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Commerce Technologies, Inc. (Liberty Interactive owned 99%) is a customer of Spectrum Enterprise and purchased approximately $114,000 of services during 2016.

LendingTree, Inc. (Liberty Interactive owns 22% of equity) is a customer of Spectrum Enterprise and purchased approximately $140,000 of services during 2016.

Live Nation Entertainment, Inc. (Mr. Maffei is the Chairman of the Board and Liberty Media owns 34% of equity) is a customer of Spectrum Enterprise and Spectrum Media and purchased approximately $1.6 million of services during 2016.

Charter believes that all of these agreements and relationships and pricing are arms-length and at market terms.

Proposal No. 2: Approval, on an Advisory Basis, of the Compensation of Named Executive Officers

(Item 2 on Proxy Card)

As required by Section 14A of the Exchange Act, we are providing our shareholders with the opportunity to cause a non-binding advisory vote on the compensation of the Company s Named Executive Officers, as disclosed in the Compensation Discussion and Analysis section (above), the Compensation Tables (above), and any related information contained in this proxy statement under Executive Compensation.

Please review the Compensation Discussion and Analysis included in this proxy statement for a description and discussion of the Company s compensation process and programs. We believe our compensation program provides the appropriate current compensation and incentivizes our executives to create value creation for our stockholders.

We provide a significant part of executive compensation in performance based incentives;

We place a substantial portion of executive compensation at risk, specifically dependent upon our financial performance over relevant periods rewarding executives for performance that enhances our financial strength and stakeholder value; and,

We also do not generally provide tax gross-ups to our Named Executive Officers.

Your vote is requested. We believe that the information regarding named executive officer compensation as disclosed within the Executive Compensation section of this proxy statement demonstrates that the Company s executive compensation program was designed appropriately and structured to ensure the retention of talented executives and a strong alignment with the long-term interests of the Company s stockholders. This vote is not intended to address any specific item of compensation, but rather the overall compensation of the Company s Named Executive Officers, as described in this proxy statement. Accordingly, the Company will ask the Company s shareholders to vote FOR the following resolution:

RESOLVED, that the compensation paid to the Company s Named Executive Officers as disclosed under Executive Compensation pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, Compensation Tables and narrative disclosure contained in this proxy statement, is hereby APPROVED.

Because the vote is advisory, it will not be binding on the Company, the board or the Compensation and Benefits Committee, nor will it overrule any prior decision or require the board or the Compensation and Benefits Committee to take any action. However, the Compensation and Benefits Committee and the board value the opinions of the Company s stockholders and to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, the Compensation and Benefits Committee and the board will consider stockholders concerns and the Compensation and Benefits Committee will evaluate whether any actions are necessary to address those concerns.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY S EXECUTIVE COMPENSATION.

Proposal No. 3: Approval, on an advisory basis, of a triennial advisory vote on Executive Compensation

(Item 3 on Proxy Card)

Pursuant to SEC rules, the board of directors is required to submit an advisory, nonbinding resolution to stockholders at least once every six years to determine whether advisory, nonbinding votes on the Company s executive compensation should be held every one, two or three years. At the Company s annual meeting of stockholders in 2011, the Company s stockholders voted, in an advisory (nonbinding) vote, that future say-on-pay votes should be held every three years.

After careful consideration of this proposal, the board has determined that an advisory vote on executive compensation that occurs once every three years, or a triennial vote, continues to be the most appropriate alternative for the Company at this time, and therefore the board recommends a triennial advisory vote on executive compensation. We believe that a triennial advisory vote is the best approach for the Company based on a number of considerations, including the following:

As described in the Compensation Discussion and Analysis section above, one of the principles of our executive compensation program is to ensure management s interests are aligned with our investors interests to support long-term value creation. Accordingly, we grant awards with multi-year service periods to encourage our Named Executive Officers to focus on long-term performance, and recommend a triennial vote which would allow our executive compensation programs to be evaluated over a similar time-frame and in relation to our long-term performance;

A three-year vote cycle gives the board sufficient time to thoughtfully consider the results of the advisory vote and to implement any desired changes to our executive compensation policies and procedures; and

A three-year cycle will provide investors sufficient time to evaluate the effectiveness of our short- and long-term compensation strategies and the related business outcomes of the Company.

We carefully review changes to our program to maintain the consistency and credibility of the program which is important in motivating and retaining our employees. We therefore believe that a triennial vote is an appropriate frequency to provide our people and compensation committee sufficient time to thoughtfully consider and to implement any appropriate changes to our executive compensation program, in light of the timing that would be required to implement any decisions related to such changes. In the future, we may determine that a more frequent advisory vote is appropriate, either in response to the vote of the Company s stockholders on this proposal or for other reasons.

Stockholders may cast their vote on the preferred voting frequency by choosing the option of one year, two years, three years or abstain from voting when voting on this proposal. The option of one year, two years or three years that receives a majority of votes cast by stockholders will be the frequency for the advisory vote on executive compensation that has been recommended by stockholders. However, because this vote is advisory and not binding on the board or the Company in any way, the board may decide that it is in the best interests of the Company s stockholders and the Company to hold an advisory vote on executive compensation more or less frequently than the option approved by the Company s stockholders.

THE BOARD OF DIRECTORS RECOMMENDS SHAREOWNERS SELECT THREE YEARS ON THE PROPOSAL RECOMMENDING THE FREQUENCY OF ADVISORY VOTES ON EXECUTIVE COMPENSATION

Proposal No. 4: Ratification of the Appointment of Independent Registered Public Accounting Firm

(Item 4 on Proxy Card)

The Audit Committee of the board of directors has appointed KPMG LLP (KPMG) as the Company s independent registered public accounting firm for 2017. Stockholder ratification of the selection of KPMG as the Company s independent registered public accounting firm is not required by the Company s Bylaws or other applicable requirement. However, as a matter of corporate responsibility, the Audit Committee decided to solicit stockholder ratification of this appointment. Ratification of the appointment of KPMG as the Company s independent registered public accounting firm is not required for KPMG s retention; however, if the appointment is not ratified, the Audit Committee may consider re-evaluating the appointment.

KPMG has been serving as the Company s independent registered public accounting firm since 2002. The Company has been advised that no member of KPMG had any direct financial interest or material indirect financial interest in the Company or any of its subsidiaries or, during the past three years, has had any connection with the Company or any of its subsidiaries in the capacity of promoter, underwriter, voting trustee, director, officer or employee. The Company has been advised that no other relationship exists between KPMG and the Company that impairs KPMG s status as the independent registered public accounting firm with respect to the Company within the meaning of the Federal securities laws and the requirements of the Independence Standards Board.

Representatives of KPMG will be in attendance at the annual meeting and will have an opportunity to make a statement if they so desire. The representatives will also be available to respond to appropriate questions.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS THE COMPANY S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM.

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Accounting Matters

Principal Accounting Firm

KPMG acted as the Company s independent registered public accounting firm since 2002, and, subject to ratification by stockholders at the annual meeting, KPMG is expected to serve as the Company s independent registered public accounting firm for 2017.

Services of Independent Registered Public Accounting Firm

The Audit Committee has adopted policies and procedures requiring the pre-approval of non-audit services that may be provided by our independent registered public accounting firm. We have also complied and will continue to comply with the provisions of the Sarbanes-Oxley Act of 2002 and the related SEC rules pertaining to auditor independence and audit committee pre-approval of audit and non-audit services.

Audit Fees

During the years ended December 31, 2016 and 2015, we incurred fees and related expenses for professional services rendered by KPMG for the audits of our and our subsidiaries financial statements, for the review of our and our subsidiaries interim financial statements, registration statement filings and offering memoranda filings totaling approximately $12 million and $5 million, respectively.

Audit-Related Fees

Charter incurred audit-related fees to KPMG of approximately $1 million during each of the years ended December 31, 2016 and 2015. These services were primarily related to accounting and reporting consultation and services related to the Transactions.

Tax Fees

Charter incurred tax fees to KPMG of approximately $3 million during the year ended December 31, 2016.

All Other Fees

None.

The Audit Committee appoints, retains, compensates and oversees the independent registered public accounting firm (subject, if applicable, to board of director and/or stockholder ratification), and approves in advance all fees and terms for the audit engagement and non-audit engagements where non-audit services are not prohibited by Section 10A of the Securities Exchange Act of 1934, as amended with respect to independent registered public accounting firms. Pre-approvals of non-audit services are sometimes delegated to a single member of the Audit Committee. However, any pre-approvals made by the Audit Committee s designee are presented at the Audit Committee s next regularly scheduled meeting. The Audit Committee has an obligation to consult with management on these matters. The Audit Committee approved 100% of the KPMG fees for the years ended December 31, 2016 and 2015. The Audit Committee considered whether the provision of non-audit services was compatible with KPMG s independence. Each year, including 2016, with respect to the proposed audit engagement, the Audit Committee reviews the proposed risk assessment process in establishing the scope of examination and the reports to be rendered.

In its capacity as a committee of the board, the Audit Committee oversees the work of the independent registered public accounting firm (including resolution of disagreements between management and the public accounting firm regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services. The independent registered public accounting firm reports directly to the Audit Committee. In performing its functions, the Audit Committee undertakes those tasks and responsibilities that, in its judgment, most effectively contribute to and implement the purposes of the Audit Committee charter. For more detail of the Audit Committee s authority and responsibilities, see the Company s Audit Committee charter on the Company s website, www.charter.com.

Report of the Audit Committee

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

The Audit Committee was established to oversee the Company s accounting and financial reporting processes and the audits of the Company s annual financial statements. In 2016 Messrs. Merritt and Markley served on the Audit Committee for the entire year, Mr. Huseby served on the Audit Committee through his resignation from the board of directors upon the closing of the Transactions, Ms. Goodman was appointed to the Audit Committee upon her appointment to the board on July 26, 2016, and Mr. Jacobson served on the Audit Committee from the closing of the Transactions through Ms. Goodman s appointment. All members were determined by the board to be independent in accordance with the applicable corporate governance listing standards of the NASDAQ Global Select Market. The Company s board of directors has determined that, in its judgment, Mr. Merritt is an audit committee financial expert within the meaning of the applicable federal regulations.

The Audit Committee s functions are detailed in a written amended and restated Audit Committee charter adopted by the board of directors in December 2009, a copy of which is available on the Company s website at www.charter.com. As more fully described in its charter, the Audit Committee reviews the Company s financial reporting process on behalf of the board of directors. Company management has the primary responsibility for the Company s financial statements and the reporting process. The Company s independent registered public accounting firm is responsible for performing an audit of the Company s consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the conformity of the financial statements to generally accepted accounting principles. The internal auditors are responsible to the Audit Committee and the board of directors for testing the integrity of the financial accounting and reporting control systems and such other matters as the Audit Committee and board of directors determine. The Audit Committee held four meetings in 2016.

The Audit Committee has reviewed and discussed with management and the internal auditors the Company s audited financial statements and effectiveness of internal controls for the year ended December 31, 2016. The Audit Committee has discussed the matters required to be discussed by Statement on Auditing Standards No. 1301, as amended (Communication with Audit Committees) with KPMG, the independent registered public accounting firm for the Company s audited financial statements for the year ended December 31, 2016. The Audit Committee evaluated the primary risks associated with the Company s business.

The Audit Committee has also received the written disclosures and the letter from KPMG required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the Audit Committee concerning independence, and the Audit Committee has discussed the independence of KPMG with that firm and has considered the compatibility of non-audit services with KPMG s independence.

Based on the Audit Committee s review and discussions noted above, the Audit Committee recommended to the board of directors that the Company s audited financial statements be included in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2016 for filing with the SEC.

The Audit Committee evaluated KPMG s independence, performance, qualifications, tenure, partnership rotation and relationship management and based on that evaluation approved the appointment of KPMG as the Company s independent registered public accounting firm for 2016.

DAVID C. MERRITT

KIM C. GOODMAN

JOHN D. MARKLEY, JR.

Proposal No. 5: Stockholder Proposal Regarding Proxy Access

(Item 5 on Proxy Card)

This proposal was submitted by the Trust for the International Brotherhood of Electrical Workers Pension Benefit Fund, 900 Seventh Street, NW, Washington, DC 20001, the beneficial owners of 8,801 shares of our Class A common stock.

Resolved: Shareholders of Charter Communications, Inc. (the Company) ask the board of directors (the Board) to adopt, and present for shareholder approval, a proxy access bylaw. Such a bylaw shall require the Company to include in proxy materials prepared for a shareholder meeting at which directors are to be elected the name, Disclosure and Statement (as defined herein) of any person nominated for election to the board by a shareholder or group (the Nominator) that meets the criteria established below. The Company shall allow shareholders to vote on such nominee on the Company s proxy card.

The number of shareholder-nominated candidates appearing in proxy materials shall not exceed one quarter of the directors then serving. This bylaw, which shall supplement existing rights under Company bylaws, should provide that a Nominator must:

a) have beneficially owned 3% or more of the Company s outstanding common stock continuously for at least three years before submitting the nomination;

b) given the Company, within the time period identified in its bylaws, written notice of the information required by the bylaws and any Securities and Exchange Commission rules about (i) the nominee, including consent to being named in the proxy materials and to serving as director if elected; and (ii) the Nominator, including proof it owns the required shares (the Disclosure); and

c) certify that (i) it will assume liability stemming from any legal or regulatory violation arising out of the Nominator s communications with the Company shareholders, including the Disclosure and Statement; (ii) it will comply with all applicable laws and regulations if it uses soliciting material other than the Company s proxy materials; and (c) to the best of its knowledge, the required shares were acquired in the ordinary course of business and not to change or influence control at the Company.

The Nominator may submit with the Disclosure a statement not exceeding 500 words in support of the nominee (the Statement). The Board shall adopt procedures for promptly resolving disputes over whether notice of a nomination was timely, whether the Disclosure and Statement satisfy the bylaw and applicable federal regulations, and the priority to be given to multiple nominations exceeding the one-quarter limit.

Supporting Statement by Trust for the International Brotherhood of Electrical Workers Pension Benefit Fund

The proposed bylaw terms coincide with those established in vacated SEC Rule 14a11 (https://www.sec.gov/rules/fina1/2010/33-9136.pdf).

The CFA Institute s 2014 assessment of pertinent academic studies and the use of proxy access in other markets similarly concluded that proxy access:

Would benefit both the markets and corporate boardrooms, with little cost or disruption.

Has the potential to raise overall U.S. market capitalization by up to $140.3 billion if adopted market-wide. (http://www.cfa pubs.orq/dio/pdf/10.2469/ccb.v2014. n9.1)

More than 200 companies have adopted proxy access provisions, including Chevron, Priceline and Western Union.

We urge shareholders to vote FOR this proposal.

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Statement Against Stockholder Proposal Regarding Proxy Access

The board of directors takes very seriously its role in protecting and enhancing stockholders interests in the Company. The board believes that accountability to stockholders is not just a mark of good governance, but also an important component of the Company s success.

Because the board is actively engaged with the Company s stockholders, the board understands that the desire for proxy access is largely driven by a genuine and legitimate interest to find ways to ensure that boards are comprised of the right people to effectively represent stockholder interests. However, for the reasons stated below, the board believes the proposal is not in the best interest of the Company and recommends a vote against the proposal.

The board understands that opinion leaders in the corporate governance community offer strikingly different points of view on the topic. At the same time, other stockholders and some thoughtful and experienced voices, to whom the board could look to for guidance, have not yet provided a point of view.

The board believes that this proposal is not in the Company s best interest because:

Allows Shareholder Access Candidates for Entire Board. Each of our directors is elected each year for a one-year term. The proposal would allow stockholders, some motivated by special or short-term interests, to nominate access candidates for 100% of the board s seats.

No Limit on Ability to Use Proxy Access for Change in Control. The proposal does not require nominating stockowners to disclaim any current intent to effect a change in control, but only requires nominating stockowners to certify that the required shares were originally acquired in the ordinary course and not to change or influence control at the Company. A nominating stockholder s current intentions would be unknown. Proxy access should not be used as a means to effect a corporate takeover.

Governing Documents and Corporate Governance Policies. The Company s Certificate of Incorporation and the Stockholders Agreement contain detailed provisions related to the nomination of directors, including the rights of Liberty Broadband and A/N. These provisions were carefully considered and were approved by the Company s stockholders. The proposal disregards those and other mechanisms the Company has instituted to ensure board accountability and provide stockholders with meaningful access to the board. The board is accountable to the Company s stockholders through protections that are embedded in our governing documents and corporate governance practices. These practices include a Lead Independent Director, majority voting for directors, stockholder engagement programs and responsiveness to stockholder feedback. These structures have worked, ensuring that the stockholders voices are heard in the boardroom, while allowing the board to devote its time and attention necessary to oversee the Company s business and affairs for the long-term benefit of stockholders.

Bypassing Important Governance Committee Qualification Assessment. Proxy access would bypass the Nominating and Corporate Governance Committee process of identifying and recommending director nominees with a diverse and complementary blend of experiences, skills, qualifications and perspectives, to oversee our business and who can contribute to the overall effectiveness of the board. In undertaking this responsibility, the Nominating and Corporate Governance Committee has a fiduciary duty to act in a manner the committee reasonably believe to be in the best interests of the Company. Proxy access shareholder proponents will not have a fiduciary duty when nominating directors.

The board believes the right thing to do now is what it has always done continue to engage with our stockholders to ensure that we have as fulsome an understanding of their views as possible so that it can be incorporated into our approach on this issue.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE AGAINST THIS PROPOSAL.

Section 16(a) Beneficial Ownership Reporting Requirement

Section 16 of the Exchange Act requires our directors and certain of our officers, and persons who own more than 10% of our common stock, to file initial reports of ownership and reports of changes in ownership of our common stock and other of our equity securities with the SEC. Such persons are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms furnished to us and written representations that no other reports were required, we believe that all Section 16(a) filing requirements applicable to our officers, directors and greater than 10% beneficial owners were complied with during the 2016 fiscal year, except for a Form 4 reporting a sale by Mr. Bickham that was not timely filed.

Code of Ethics

We have adopted a Financial Code of Ethics within the meaning of federal securities regulations for our employees, including all executive officers and directors. We also established a hotline and website for reporting alleged violations of the Financial Code of Ethics, established procedures for processing complaints and implemented educational programs to inform our employees regarding the Financial Code of Ethics. A copy of our Financial Code of Ethics is available on our website at www.charter.com.

Stockholder Proposals for 2018 Annual Meeting

If you want to include a stockholder proposal in the proxy statement for the 2018 annual meeting, it must be delivered to the Corporate Secretary at the Company s executive offices no later than November 16, 2017. The federal proxy rules specify what constitutes timely submission and whether a stockholder proposal is eligible to be included in the proxy statement.

If a stockholder desires to bring business before the meeting that is not the subject of a proposal timely and properly submitted for inclusion in the proxy statement or to make a nomination of a person for election to the board of directors, the stockholder must follow procedures outlined in the Company s Bylaws. One of the procedural requirements in the Bylaws is timely notice in writing of the business the stockholder proposes to bring before the meeting. To be timely with respect to the 2018 annual meeting, such a notice must be delivered to the Company s Corporate Secretary at the Company s executive offices no earlier than January 5, 2018 and no later than January 30, 2018. However, in the event that the Company elects to hold its next annual meeting more than 30 days before or after the anniversary of this annual meeting, such stockholder proposals would have to be received by the Company not earlier than 120 days prior to the next annual meeting date and not later than 90 days prior to the next annual meeting date.

Such notice must include: (1) for a nomination for director, all information relating to such person that is required to be disclosed in a proxy for election of directors; (2) as to any other business, a description of the proposed business, the text of the proposal, the reasons therefore, and any material interest the stockholder may have in that business; and (3) certain information regarding the stockholder making the proposal. These requirements are separate from the requirements a stockholder must meet to have a proposal included in the Company s proxy statement. The foregoing time limits also apply in determining whether notice is timely for purposes of rules adopted by the SEC relating to the exercise of discretionary voting authority.

Any stockholder desiring a copy of the Company s Bylaws will be furnished one without charge upon written request to the Corporate Secretary. A copy of the amended and restated Bylaws was filed as an exhibit to the Company s Current Report on Form 8-K filed on May 19, 2016, and is available at the SEC Internet site (http://www.sec.gov).

Other Matters

At the date of mailing of this proxy statement, we are not aware of any business to be presented at the annual meeting other than the matters discussed above. If other proposals are properly brought before the meeting, any proxies returned to us will be voted as the proxyholder sees fit.

Our Annual Report on Form 10-K for the year ended December 31, 2016 is available without charge by accessing the Investor Relations section of our website at ir.charter.com. You also may obtain a paper copy of the Form 10-K, without exhibits, at no charge by writing to the Company at 400 Atlantic Street, Stamford, CT 06901, Attention: Investor Relations.

In addition, certain financial and other related information, which is required to be furnished to our stockholders, is provided to stockholders concurrently with this Proxy Statement in our 2016 Annual Report. The SEC has enacted a rule that allows the Company to deliver only one copy of our Proxy Statement and 2016 Annual Report to multiple security holders sharing an address if they so consent. This is known as householding. The Householding Election, which appears on your proxy card, provides you with a means for you to notify us whether you consent to participate in householding. By marking Yes in the block provided, you will consent to participate in householding and by marking no you will withhold your consent to participate. If you do nothing, you will be deemed to have given your consent to participate in householding. Your consent to householding will be perpetual unless you withhold or revoke it. You may revoke your consent at any time by contacting Broadridge Financial Solutions (Broadridge), either by writing to Broadridge, Householding Department, 51 Mercedes Way, Edgewood, New York 11717, or by calling (800) 542-1061. We will remove you from the householding program, following which you will promptly receive an individual copy of our Annual Report and this Proxy Statement. Even if your household receives only one Annual Report and one Proxy Statement, a separate proxy card will be provided for each stockholder. If you vote using the proxy card, please sign and return it in the enclosed postage-paid envelope. If you vote by Internet or telephone, there is no need to mail the proxy card.