

CHARTER COMMUNICATIONS INC /MO/

Form S-1

October 05, 2005

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As filed with the Securities and Exchange Commission on October 5, 2005

Registration No. 333-

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1

REGISTRATION STATEMENT

**UNDER
THE SECURITIES ACT OF 1933**

Charter Communications, Inc.

(Exact name of registrant as specified in its Charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

4841
*(Primary Standard Industrial
Classification Code Number)*

43-1857213
*(I.R.S. Employer
Identification Number)*

**12405 POWERSCOURT DRIVE
ST. LOUIS, MISSOURI 63131
(314) 965-0555**

*(Address, including zip code, and telephone number, including area code,
of registrant principal executive offices)*

Paul E. Martin
Senior Vice President, Interim Chief Financial Officer, Principal Accounting Officer and Corporate Controller
12405 Powerscourt Drive
St. Louis, Missouri 63131
(314) 965-0555

*(Name, address, including zip code, and telephone number,
including area code, of agent for service)*

Copies to:

Dennis J. Friedman
Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
(212) 351-4000

Jeremy W. Dickens
Brian A. Haskel
Weil, Gotshal & Manges LLP
767 Fifth Avenue
New York, NY 10153
(212) 310-8000

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

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If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
Class A Common Stock	122,830,000 shares	\$1.58	\$193,457,250	\$22,770

(1) Calculated pursuant to Rule 457(c) under the Securities Act solely for the purpose of calculating the registration fee on the basis of the average of the high and low prices of the Class A Common Stock as reported on the Nasdaq National Market on October 3, 2005.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED OCTOBER 5, 2005

PROSPECTUS

122,830,000 Shares

Charter Communications, Inc.

Class A Common Stock

\$ per share

The shares of our Class A common stock offered hereby are shares that we will loan to Citigroup Global Markets Limited, as borrower, through Citigroup Global Markets Inc., as agent, pursuant to a share lending agreement.

Our Class A common stock is quoted on the Nasdaq National Market under the symbol CHTR. The last reported sale price of our Class A common stock on the Nasdaq National Market on October 3, 2005 was \$1.50 per share.

Investing in our Class A common stock involves risks. See Risk Factors beginning on page 11.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<u>Per Share</u>	<u>Total</u>
Public Offering Price	\$	\$

Under the share lending agreement, we will receive a loan fee of \$.001 for each share that we lend. We have been advised by Citigroup Global Markets Limited that it, or its affiliates, intend(s) to use the short sales of the shares of our Class A common stock offered pursuant to this prospectus to facilitate transactions by which investors in our 5.875% convertible senior notes due 2009 issued on November 22, 2004 will hedge their investments in the 5.875% convertible senior notes. See Share Lending Agreement and Underwriting on pages 183 and 188, respectively, of this prospectus. We will not receive any of the proceeds from the sale of the shares of Class A common stock in this offering.

THE SHARES OFFERED HEREBY ARE NOT BEING OFFERED TO, AND MAY NOT BE PURCHASED BY, ANY PERSON WHO HOLDS AN OPEN SHORT POSITION IN OUR CLASS A COMMON STOCK, ANY PERSON WHO IS PURCHASING THE SHARES ON BEHALF OF OR FOR THE ACCOUNT OF SUCH A PERSON OR ANY PERSON WHO HAS AN ARRANGEMENT OR UNDERSTANDING TO RESELL, LEND OR OTHERWISE TRANSFER (DIRECTLY OR INDIRECTLY) THE SHARES TO SUCH A PERSON. PURCHASERS IN THIS OFFERING WILL BE REQUIRED TO CERTIFY THE FOREGOING IN WRITING. SEE NOTICE TO INVESTORS ON PAGE ii OF THIS PROSPECTUS.

The shares of our Class A common stock are being offered on a best efforts basis. Best efforts means that Citigroup Global Markets Limited is not under any obligation to borrow and sell any of the shares offered hereby. Citigroup Global Markets Limited has informed us that it will use its best efforts to sell the shares offered pursuant to this prospectus, provided that it intends to borrow and sell the shares offered hereby only to the extent there is interest by investors in the 5.875% convertible senior notes in establishing hedge positions and there is corresponding demand by purchasers for the shares. Accordingly, there is no assurance that all or any portion of the shares offered hereby will be sold.

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The offering will be at a fixed price and will not be conducted on a continuous or delayed basis. The offering will terminate on or before _____, 2005, and the underwriter expects to deliver the shares to purchasers on or about _____, 2005.

Citigroup

_____, 2005

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different from that contained in this prospectus. We are offering to sell shares of our common stock only in jurisdictions where offers and sales are permitted. The information in this prospectus is complete and accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of shares.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act, regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Many of the forward-looking statements contained in this prospectus may be identified by the use of forward-looking words such as believe, expect, anticipate, should, planned, will, may, intend, estimated and potential, among others. Important factors that may cause results to differ materially from the forward-looking statements we make in

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this prospectus are set forth in this prospectus and in other reports or documents that we file from time to time with the Securities and Exchange Commission, or SEC, and include, but are not limited to:

the availability, in general, of funds to meet interest payment obligations under our debt and to fund our operations and necessary capital expenditures, either through cash flows from operating activities, further borrowings or other sources and, in particular, our ability to be able to provide under applicable debt instruments, such funds (by dividend, investment or otherwise) to the applicable obligor of such debt;

our ability to sustain and grow revenues and cash flows from operating activities by offering video, high-speed Internet, telephone and other services and to maintain and grow a stable customer base, particularly in the face of increasingly aggressive competition from other service providers;

our ability to comply with all covenants in our indentures and credit facilities, any violation of which would result in a violation of the applicable facility or indenture and could trigger a default of other obligations under cross-default provisions;

our ability to pay or refinance debt prior to or when it becomes due and/or to take advantage of market opportunities and market windows to refinance that debt in the capital markets, through new issuances, exchange offers or otherwise, including restructuring our balance sheet and leverage position;

our ability to obtain programming at reasonable prices or to pass programming cost increases on to our customers;

general business conditions, economic uncertainty or slowdown; and

the effects of governmental regulation, including but not limited to local franchise authorities, on our business.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement.

ADDITIONAL INFORMATION

We have filed with the SEC a registration statement on Form S-1 to register the sale of the securities covered by this prospectus. This prospectus, which forms part of that registration statement, does not contain all the information included in the registration statement. For further information about us and the securities described in this prospectus, you should refer to the registration statement and its exhibits.

Our Class A common stock is quoted on the Nasdaq National Market under the symbol CHTR. We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy at prescribed rates any document we file at the SEC's public reference room at Room 1200, 450 Fifth Street, N.W., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC's website at www.sec.gov.

NOTICE TO INVESTORS

The shares offered hereby are not being offered to, and may not be purchased by, any person who has an open short position in Charter's Class A common stock at the time of the sale, any person who is purchasing the shares on behalf of or for the account of such a person or any person who has an arrangement or understanding to resell, lend or otherwise transfer (directly or indirectly) the shares to such a person.

Each purchaser of Charter's Class A common stock in this offering must execute and deliver the Investor Acknowledgement set forth on Annex A hereto to Citigroup by facsimile to (646) 843-3922.

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SUMMARY

This summary contains a general discussion of our business, and summary financial information. It does not contain all the information that you should consider before making an investment decision regarding our Class A common stock. For a more complete understanding of an investment in our Class A common stock, you should read this entire prospectus. Unless otherwise noted, all business data in this summary is as of June 30, 2005.

Unless otherwise stated, the discussion in this prospectus of our business and operations includes the business and operations of Charter Communications, Inc. and its subsidiaries. Unless the context otherwise requires, the terms we, us and our refer to Charter Communications, Inc. and its direct and indirect subsidiaries on a consolidated basis. The term Charter refers to the issuer, Charter Communications, Inc.

Our Business

We are a broadband communications company operating in the United States, with approximately 6.19 million customers at June 30, 2005. Through our broadband network of coaxial and fiber optic cable, we offer our customers traditional cable video programming (analog and digital, which we refer to as video service), high-speed cable Internet access, advanced broadband cable services (such as video on demand (VOD), high definition television service, and interactive television) and, in some of our markets, we offer telephone service. See Business Products and Services for further description of these terms, including customers.

At June 30, 2005, we served approximately 5.94 million analog video customers, of which approximately 2.69 million were also digital video customers. We also served approximately 2.02 million high-speed Internet customers (including approximately 234,600 who received only high-speed Internet services). We also provided telephone service to approximately 67,800 customers as of that date.

Our principal executive offices are located at Charter Plaza, 12405 Powerscourt Drive, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555 and we have a website accessible at www.charter.com. The information posted or linked on our website is not part of this prospectus and you should rely solely on the information contained in this prospectus and the related documents to which we refer herein when deciding to make an investment in our Class A common stock.

Strategy

Our principal financial goal is to maximize our return on invested capital. To do so, we will focus on increasing revenues, growing our customer base, improving customer retention and enhancing customer satisfaction by providing reliable, high-quality service offerings, superior customer service and attractive bundled offerings.

Specifically, in the near term, we are focusing on:

improving the overall value to our customers of our service offerings, relative to pricing;

developing more sophisticated customer care capabilities through investment in our customer care and marketing infrastructure, including targeted marketing capabilities;

executing growth strategies for new services, including digital simulcast, VOD, telephone, and digital video recorder service (DVR);

managing our operating costs by exercising discipline in capital and operational spending; and

identifying opportunities to continue to improve our balance sheet and liquidity.

We have begun an internal operational improvement initiative aimed at helping us gain new customers and retain existing customers, which is focused on customer care, technical operations and sales. We intend to continue efforts to focus management attention on instilling a customer service oriented culture throughout the company and to give those areas of our operations priority of resources for staffing levels, training budgets and financial incentives for employee performance in those areas.

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We believe that our high-speed Internet service will continue to provide a substantial portion of our revenue growth in the near future. We also plan to continue to expand our marketing of high-speed Internet service to the business community, which we believe has shown an increasing interest in high-speed Internet service and private network services. Additionally, we plan to continue to prepare additional markets for telephone launches in 2005.

We believe we offer our customers an excellent choice of services through a variety of bundled packages, particularly with respect to our digital video and high-speed Internet services, as well as telephone in certain markets. Our digital platform enables us to offer a significant number and variety of channels, and we offer customers the opportunity to choose among groups of channel offerings, including premium channels, and to combine selected programming with other services such as high-speed Internet, high definition television (in selected markets) and VOD (in selected markets).

We continue to pursue opportunities to improve our liquidity. Our efforts in this regard resulted in the completion of a number of transactions in 2004 and 2005, as follows:

the September 2005 exchange by Charter Communications Holdings, LLC (Charter Holdings), CCH I, LLC (CCH I) and CCH I Holdings, LLC (CIH) of approximately \$6.8 billion in total principal amount of outstanding debt securities of Charter Holdings in a private placement for new debt securities;

the August 2005 sale by, our subsidiaries, CCO Holdings, LLC (CCO Holdings) and CCO Holdings Capital Corp. of \$300 million of 8 3/4% senior notes due 2013;

the March and June 2005 issuance of \$333 million of Charter Communications Operating, LLC (Charter Operating) notes in exchange for \$346 million of Charter Holdings notes;

the March and June 2005 repurchase of \$131 million of our 4.75% convertible senior notes due 2006 leaving \$25 million in principal amount outstanding;

the March 2005 redemption of all of CC V Holdings, LLC 's outstanding 11.875% senior discount notes due 2008 at a total cost of \$122 million;

the December 2004 sale by our subsidiaries, CCO Holdings and CCO Holdings Capital Corp. of \$550 million of senior floating rate notes due 2010;

the November 2004 sale of the \$862.5 million of 5.875% convertible senior notes due 2009 and the December 2004 redemption of all of our outstanding 5.75% convertible senior notes due 2005 (\$588 million principal amount);

the April 2004 sale of \$1.5 billion of senior second lien notes by our subsidiary, Charter Operating, together with the concurrent refinancing of its credit facilities; and

the sale in the first half of 2004 of non-core cable systems for a total of \$735 million, the proceeds of which were used to reduce indebtedness.

Recent Events

Charter Holdings, CCH I and CIH Exchange Offer

On September 28, 2005, Charter Holdings and its wholly owned subsidiaries, CCH I and CIH, completed the exchange of approximately \$6.8 billion in total principal amount of outstanding debt securities of Charter Holdings in a private placement for new debt securities capturing \$545 million of discount and extending maturities. Holders of Charter Holdings notes due in 2009-2010 tendered \$3.4 billion principal amount of notes for \$2.9 billion principal amount of new 11% CCH I notes due 2015. Holders of Charter Holdings notes due 2011-2012 tendered \$845 million principal amount of notes for \$662 million principal amount of 11% CCH I notes due 2015. In addition, holders of Charter Holdings notes due 2011-2012 tendered \$2.5 billion principal amount of notes for \$2.5 billion principal amount of new CIH notes. Each series of new CIH notes have the same coupon and provisions for payment of cash interest as the series of old Charter Holdings notes for which such CIH notes were exchanged. In addition, the maturities for each series were extended three years.

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New President and Chief Executive Officer

On August 9, 2005, Neil Smit was appointed as our President and Chief Executive Officer, replacing Robert May effective August 22, 2005, who has served in both positions on an interim basis since January 2005. Mr. May will remain on our board of directors and serve as a member of our compensation committee and our strategic planning committee. During the last year, we have experienced a number of other changes in our senior management. See Risk Factors Risks Related to Our Business Recent management changes could disrupt operations.

CCO Holdings Note Offering

On August 17, 2005, CCO Holdings issued \$300 million in debt securities, the proceeds of which will be used for general corporate purposes, including the potential payment of dividends or distributions to its parent companies, including Charter Holdings, to pay interest expense.

Consummation of Prior Share Borrow Transaction

On July 29, 2005, we issued 27,170,000 shares of Class A common stock in a public offering (the prior share borrow transaction). As with the shares offered hereby, the shares were issued pursuant to the share lending agreement described herein under Share Lending Agreement, pursuant to which we had previously agreed to loan up to 150 million shares to Citigroup Global Markets Limited (CGML). Because less than the full 150 million shares covered by the share lending agreement were sold in the prior share borrow transaction, we remain obligated to issue, at CGML's request, up to an additional 122,830,000 additional loaned shares in up to three additional subsequent registered public offerings pursuant to the share lending agreement. Those remaining shares constitute the shares offered hereby.

As with this offering, the prior share borrow transaction was conducted to facilitate transactions by which investors in Charter's 5.875% convertible senior notes due 2009 issued on November 22, 2004, hedged their investments in those convertible senior notes. Charter did not receive any of the proceeds from the sale of shares in the prior share borrow transaction. However, under the share lending agreement, Charter received a loan fee of \$.001 for each share that it lent to CGML.

Approval and Funding of Litigation Settlement; Issuance of Shares

On June 30, 2005, the Federal District Court for the Eastern District of Missouri entered its final approval of the Stipulation of Settlement, as amended, of certain shareholder class action and derivative lawsuits filed against Charter which are more fully described in Business Legal Proceedings. On July 8, 2005, Charter delivered to the claims administrator its portion of the settlement consideration under the Stipulation in the form of 13.4 million shares of Class A common stock and approximately \$63 million in cash, and Charter has paid \$4.5 million to its insurance carriers to satisfy certain outstanding claims in connection with the settlement. Two notices of appeal were filed relating to the settlement. On September 26, 2005, the U.S. Court of Appeals for the Eighth Circuit entered Judgment dismissing the appeals pursuant to stipulation by the parties. See Business Legal Proceedings.

Hurricane Katrina

We have cable, broadband and related operations in the parts of Louisiana, Mississippi and Georgia which were impacted by hurricane Katrina. Approximately 3% of our total customers lost service. Service to the majority of those customers has since been restored. However, we have only recently been allowed access to some service areas and are therefore in the early stages of assessing damages. As a result, we are not able to estimate the impact to our financial results at this time.

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The Offering

Total shares of Class A common stock offered by us hereby	122,830,000 shares
Approximate number of shares of Class A common stock to be outstanding after the offering	471.4 million shares (including the shares offered hereby, 27.2 million shares issued on July 29, 2005 pursuant to the share lending agreement and 13.4 million shares issued on July 8, 2005 in connection with a litigation settlement)
Nasdaq National Market Symbol	CHTR

The shares of our Class A common stock offered hereby are shares that we will loan to Citigroup Global Markets Limited pursuant to a share lending agreement, dated as of November 22, 2004, which we refer to as the share lending agreement. Under the share lending agreement, we will receive a loan fee of \$.001 per share. We will not receive any proceeds from this offering. See Share Lending Agreement and Underwriting.

THE SHARES OFFERED HEREBY ARE NOT BEING OFFERED TO, AND MAY NOT BE PURCHASED BY, ANY PERSON WHO HOLDS AN OPEN SHORT POSITION IN OUR CLASS A COMMON STOCK, ANY PERSON WHO IS PURCHASING THE SHARES ON BEHALF OF OR FOR THE ACCOUNT OF SUCH A PERSON OR ANY PERSON WHO HAS AN ARRANGEMENT OR UNDERSTANDING TO RESELL, LEND OR OTHERWISE TRANSFER (DIRECTLY OR INDIRECTLY) THE SHARES TO SUCH A PERSON.

PURCHASERS IN THE OFFERING WILL BE REQUIRED TO CERTIFY THE FOREGOING IN WRITING. SEE NOTICE TO INVESTORS ON PAGE ii AND FORM OF INVESTOR ACKNOWLEDGMENT ON PAGE A-1.

Risk Factors

Investing in our Class A common stock involves substantial risk. See the Risk Factors section of this prospectus for a description of certain of the risks you should consider before investing in our Class A common stock.

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Organizational Structure

The chart below sets forth the organizational structure of Charter and its principal direct and indirect subsidiaries. The equity ownership, voting percentages and indebtedness amounts shown below are approximations as of June 30, 2005 on the pro forma basis described in Unaudited Pro Forma Consolidated Financial Statements (including giving effect to the issuance of the shares offered hereby) and do not give effect to any exercise, conversion or exchange of then outstanding options, preferred stock, convertible notes and other convertible or exchangeable securities.

- (1) Charter acts as the sole manager of Charter Holdco and its direct and indirect limited liability company subsidiaries. Charter's certificate of incorporation requires that its principal assets be securities of Charter Holdco, the terms of which mirror the terms of securities issued by Charter. See Description of Capital Stock and Membership Units. Also, on July 8, 2005, Charter issued 13.4 million shares of Class A common stock pursuant to a litigation settlement. See Business Legal Proceedings.
- (2) These membership units are held by Charter Investment, Inc. and Vulcan Cable III Inc., each of which is 100% owned by Paul G. Allen, our Chairman and controlling shareholder. They are exchangeable at any time on a one-for-one basis for shares of Charter Class A common stock.
- (3) The percentages shown in this table reflect the issuance of the 122.8 million shares of Class A common stock offered hereby as well as the 27.2 million shares of Class A common stock issued on July 29, 2005 and the corresponding issuance of an equal number of mirror membership units by Charter Holdco to Charter. However, for accounting purposes, Charter's common equity interest in Charter Holdco will remain at 47%, and Paul G. Allen's ownership of Charter Holdco will remain at 53%. These

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percentages exclude the 150 million mirror membership units issued or to be issued to Charter due to the required return of the issued mirror units upon return of the shares offered hereby pursuant to the share lending agreement. See Share Lending Agreement.

- (4) Represents 100% of the preferred membership interests in CC VIII, LLC, a subsidiary of CC V Holdings, LLC. An issue has arisen regarding the ultimate ownership of such CC VIII, LLC membership interests following Mr. Allen's acquisition of those interests on June 6, 2003. See Certain Relationships and Related Transactions Transactions Arising out of Our Organizational Structure and Mr. Allen's Investment in Charter Communications, Inc. and Its Subsidiaries Equity Put Rights CC VIII.

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Summary Consolidated Financial Data

Charter is a holding company whose principal assets are a controlling common equity interest in Charter Communications Holding Company, LLC and mirror notes that are payable by Charter Communications Holding Company, LLC to Charter which have the same principal amount and terms as those of Charter's convertible senior notes. Charter Communications Holding Company, LLC is a holding company whose primary assets are equity interests in our cable operating subsidiaries and intercompany loan receivables. Charter consolidates Charter Communications Holding Company, LLC on the basis of voting control. Charter Communications Holding Company, LLC's limited liability agreement provides that so long as Charter's Class B common stock retains its special voting rights, Charter will maintain 100% voting interest in Charter Communications Holding Company, LLC. Voting control gives Charter full authority and control over the operations of Charter Communications Holding Company, LLC.

The following table presents summary financial and other data for Charter and its subsidiaries and has been derived from the audited consolidated financial statements of Charter and its subsidiaries for the three years ended December 31, 2004 and the unaudited consolidated financial statements of Charter and its subsidiaries for the six months ended June 30, 2005 and 2004. The consolidated financial statements of Charter and its subsidiaries for the years ended December 31, 2002 to 2004 have been audited by KPMG LLP, an independent registered public accounting firm. The pro forma data set forth below represent our unaudited pro forma consolidated financial statements after giving effect to the following transactions as if they occurred on January 1 of the respective period for the statement of operations data and other financial data and as of the last day of the respective period for the operating data and balance sheet data:

- (1) the disposition of certain assets in March and April 2004 for total proceeds of \$735 million and the use of such proceeds in each case to pay down credit facilities;
- (2) the issuance and sale of \$550 million of CCO Holdings senior floating rate notes in December 2004 and \$1.5 billion of Charter Operating senior second lien notes in April 2004;
- (3) an increase in amounts outstanding under the Charter Operating credit facilities in April 2004 and the use of such funds, together with the proceeds from the sale of the Charter Operating senior second lien notes, to refinance amounts outstanding under the credit facilities of our subsidiaries, CC VI Operating, CC VIII Operating and Falcon;
- (4) the issuance and sale of \$863 million of 5.875% convertible senior notes in November 2004 with proceeds used for (i) the purchase of certain U.S. government securities pledged as security for the 5.875% convertible senior notes (and which we expect to use to fund the first six interest payments thereon), (ii) redemption of the outstanding 5.75% convertible senior notes due 2005 and (iii) general corporate purposes;
- (5) the repayment of \$530 million of borrowings under the Charter Operating revolving credit facility with net proceeds from the issuance and sale of the CCO Holdings senior floating rate notes in December 2004, which were included in our cash balance at December 31, 2004;
- (6) the redemption of all of CC V Holdings, LLC's outstanding 11.875% senior discount notes due 2008 with cash on hand;
- (7) the issuance and sale of \$300 million of 8 3/4% CCO Holdings senior notes in August 2005 and the use of a portion of such proceeds to pay financing costs and accrued interest in the exchange transaction referenced below;
- (8) the exchange of \$3.4 billion principal amount of Charter Holdings' notes scheduled to mature in 2009 and 2010 for CCH I notes and the exchange of \$3.4 billion principal amount of Charter Holdings' notes scheduled to mature in 2011 and 2012 for CIH notes and CCH I notes; and
- (9) the issuance of 27.2 million shares in July 2005 and the shares offered hereby pursuant to the share lending agreement, the sole effect of which is to increase common shares issued and outstanding. See Share Lending Agreement.

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The following information should be read in conjunction with Selected Historical Consolidated Financial Data, Capitalization, Unaudited Pro Forma Consolidated Financial Statements, Management's Discussion and Analysis of Financial Condition and Results of Operations, Share Lending Agreement and the historical consolidated financial statements and related notes included elsewhere in this prospectus.

	Year Ended December 31,				Six Months Ended June 30,	
	2002 Actual	2003 Actual	2004 Actual	2004 Pro Forma(a)	2004 Pro Forma(a)	2005 Pro Forma(a)
(Dollars in millions, except per share, share and customer data)						
Statement of Operations Data:						
Revenues:						
Video	\$ 3,420	\$ 3,461	\$ 3,373	\$ 3,352	\$ 1,674	\$ 1,703
High-speed Internet	337	556	741	738	346	441
Advertising sales	302	263	289	288	131	140
Commercial	161	204	238	236	112	134
Other	346	335	336	334	161	176
Total revenues	4,566	4,819	4,977	4,948(b)	2,424	2,594
Costs and Expenses:						
Operating (excluding depreciation and amortization)	1,807	1,952	2,080	2,068	1,015	1,128
Selling, general and administrative	963	940	971	967	479	493
Depreciation and amortization	1,436	1,453	1,495	1,489	728	759
Impairment of franchises	4,638		2,433	2,433		
Asset impairment charges						39
(Gain) loss on sale of assets, net	3	5	(86)	20	2	4
Option compensation expense, net	5	4	31	31	26	8
Special charges, net	36	21	104	104	97	2
Unfavorable contracts and other settlements		(72)	(5)	(5)		
Total costs and expenses	8,888	4,303	7,023	7,107	2,347	2,433
Income (loss) from operations	(4,322)	516	(2,046)	(2,159)	77	161
Interest expense, net	(1,503)	(1,557)	(1,670)	(1,679)	(829)	(850)
Gain (loss) on derivative instruments and hedging activities, net	(115)	65	69	69	56	26
Loss on debt to equity conversions			(23)	(23)	(23)	
Gain (loss) on extinguishment of debt		267	(31)			13
Other, net	(4)	(16)	3	3		21
Loss before minority interest, income taxes and cumulative effect of accounting change	(5,944)	(725)	(3,698)	(3,789)	(719)	(629)
Minority interest(c)	3,176	377	19	19	(10)	(6)