

CHARTER COMMUNICATIONS INC /MO/

Form S-1

December 22, 2004

Table of Contents

As filed with the Securities and Exchange Commission on December 22, 2004

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)*

Curtis S. Shaw, Esq.
Executive Vice President, General Counsel and Secretary
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:
Alvin G. Segel, Esq.
Irell & Manella LLP
1800 Avenue of the Stars, Suite 900
Los Angeles, California 90067-4276
(310) 277-1010

Approximate date of commencement of proposed sale to the public: From time to time 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.

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.

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

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
5.875% Convertible Senior Notes due 2009	\$ 862,500,000	108.0%(1)	\$ 931,500,000(1)	\$ 109,638(1)
Class A common stock (par value \$.001 per share)	356,404,924(2)	N/A	N/A	N/A(3)

(1) Calculated pursuant to Rule 457(c) under the Securities Act of 1993, as amended.

(2) The number of shares of Class A common stock to be issued upon conversion of the convertible senior notes was calculated based on the initial conversion price of \$2.42 per share. In addition to the shares set forth in the table, the amount to be registered includes an indeterminate number of shares issuable upon conversion of the convertible senior notes, as such amount may be adjusted due to stock-splits, stock dividends and anti-dilution provisions.

(3) Pursuant to Rule 457(i) under the Securities Act, there is no filing fee with respect to the shares of Class A common stock issuable upon such conversion of the 5.875% Convertible Senior Notes due 2009 registered hereby.

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.

Table of Contents

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 DECEMBER 16, 2004

PROSPECTUS

\$862,500,000 5.875% Convertible Senior Notes due 2009

356,404,924 Shares of Class A Common Stock Issuable Upon Conversion of the 5.875% Convertible Senior Notes due 2009

This prospectus relates to \$862,500,000 aggregate principal amount of 5.875% Convertible Senior Notes due 2009 of Charter Communications, Inc., and 356,404,924 shares of Class A common stock of Charter Communications, Inc., which are initially issuable upon conversion of the notes, plus an indeterminate number of shares as may become issuable upon conversion as a result of adjustments to the conversion rate.

The convertible senior notes were originally issued and sold by Charter Communications, Inc. to certain initial purchasers in a private placement. The convertible senior notes and shares offered by this prospectus are to be sold for the account of the holders. Holders of the convertible senior notes may convert the convertible senior notes into shares of Charter Communications, Inc. Class A common stock at any time before their maturity or their prior redemption or repurchase by Charter Communications, Inc.

The convertible senior notes are issued only in denominations of \$1,000 and integral multiples of \$1,000. The convertible senior notes are currently designated for trading in the Private Offerings, Resale and Trading through Automated Linkages (PORTAL) Market of the National Association of Securities Dealers, Inc. Charter Communications, Inc.'s Class A common stock is quoted on the Nasdaq National Market under the symbol CHTR. On December 20, 2004, the last reported bid price for the Class A common stock on the Nasdaq National Market was \$2.10 per share.

The principal terms of the convertible senior notes include the following:

Interest	accrues from November 22, 2004 at the rate of 5.875% per year, payable semi-annually on each May 16 and November 16, commencing on May 16, 2005.
Maturity Date	November 16, 2009
Conversion Rate	413.2231 shares of Class A common stock per each \$1,000 principal amount of notes, subject to adjustment. This is equivalent to an initial conversion price of approximately \$2.42 per share. Upon conversion, we will have the right to deliver, in lieu of our Class A common stock, cash or a combination of cash and Class A common stock.
Ranking	rank equally with any of Charter Communications, Inc.'s existing and future senior unsecured indebtedness, but are effectively subordinated to our secured indebtedness and structurally subordinated to all existing and future indebtedness and other liabilities of our subsidiaries.
Redemption	Following the earlier of (1) the sale of the notes pursuant to an effective registration statement or (2) November 22, 2006, we may redeem the notes in whole or in part at any time at a redemption price equal to 100% of the accreted principal amount of the notes plus any accrued and unpaid interest and liquidated damages, if any, on the Notes to but not including the redemption date, if the closing price of our Class A common stock has exceeded a specified percentage of the conversion price for at least 20 trading days in any consecutive 30 trading day period.
Make Whole Provisions	If you convert your notes at any time prior to November 16, 2007, you will receive, in addition to shares of our Class A common stock, or cash in lieu thereof, the remaining portion of a portfolio of U.S. government securities

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pledged as security in respect of the notes you converted, subject to certain limitations. If you convert notes that have been called for redemption, you will receive an additional redemption make whole amount. In addition, if certain corporate transactions that constitute a change of control occur on or prior to November 16, 2009, we will increase the conversion rate in certain circumstances, unless such transaction constitutes a public acquirer change of control and we elect to modify the conversion into public acquirer common stock, as described in this prospectus.

The convertible senior notes and the shares of Class A common stock offered by this prospectus may be offered in negotiated transactions, ordinary brokerage transactions or otherwise, at negotiated prices or at the market prices prevailing at the time of sale.

See Risk Factors beginning on page 14 of this prospectus to read about important factors you should consider before buying the convertible senior notes or shares of our Class A common stock.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this prospectus and the offering and sale of the convertible senior notes or Class A common stock in certain jurisdictions may be restricted by law. Charter Communications, Inc. requires persons into whose possession this prospectus comes to inform themselves about and to observe any such restrictions. This prospectus does not constitute an offer of, or an invitation to purchase, any of the convertible senior notes or shares of Class A common stock in any jurisdiction in which such offer or invitation would be unlawful.

Neither Charter Communications, Inc. nor any of its representatives is making any representation to any offeree or purchaser of the convertible senior notes or shares of Class A common stock regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. Each purchaser should consult with his own advisors as to legal, tax, business, financial and related aspects of a purchase of the notes or shares of Class A common stock.

Prospectus dated December , 2004.

TABLE OF CONTENTS

<u>Disclosure Regarding Forward-Looking Statements</u>	i
<u>Additional Information</u>	ii
<u>Summary</u>	1
<u>Risk Factors</u>	14
<u>Use of Proceeds</u>	34
<u>Price Range of Common Stock and Dividend Policy</u>	35
<u>Capitalization</u>	36
<u>Unaudited Pro Forma Consolidated Financial Information</u>	39
<u>Selected Historical Consolidated Financial Data</u>	46
<u>Supplementary Quarterly Financial Data</u>	48
<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	49
<u>Business</u>	90
<u>Regulation and Legislation</u>	110
<u>Management</u>	115
<u>Security Ownership of Certain Beneficial Owners and Management</u>	129
<u>Certain Relationships and Related Transactions</u>	132
<u>Description of Notes</u>	152
<u>Registered Borrow Facility</u>	176
<u>Description of Certain Indebtedness</u>	178
<u>Description of Capital Stock and Membership Units</u>	202
<u>Shares Eligible for Future Sale</u>	210
<u>United States Federal Income Tax Considerations</u>	212
<u>Selling Security Holders</u>	219
<u>Plan of Distribution</u>	221
<u>Legal Matters</u>	223

<u>Independent Registered Public Accounting Firm</u>	223
<u>Index to Financial Statements</u>	F-1
<u>SUBSIDIARIES</u>	
<u>CONSENT OF KPMG LLP</u>	

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, estimate and potential, among others. Important factors that results to differ materially from the forward-looking statements we make in 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:

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

the availability 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;

Table of Contents

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 repay or refinance debt as it becomes due;

any adverse consequences arising out of our restatement of our 2000, 2001 and 2002 financial statements;

the results of the pending grand jury investigation by the United States Attorney's Office for the Eastern District of Missouri, and our ability to reach a final approved settlement with respect to the putative class action, the unconsolidated state action, and derivative shareholders litigation against us on the terms of the memoranda of understanding described herein;

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 taxing 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.

Table of Contents

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 the notes or our Class A common stock. For a more complete understanding of an investment in the notes or our Class A common stock, you should read this entire prospectus. Unless otherwise noted, all business data in this summary is as of September 30, 2004.

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 6.3 million customers at September 30, 2004. 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 (which we refer to as high-speed data service), 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 (which we refer to as telephony). See Business Products and Services for further description of these terms, including customers.

At September 30, 2004, we served approximately 6.1 million analog video customers, of which approximately 2.7 million were also digital video customers. We also served approximately 1.8 million high-speed data customers (including approximately 205,000 who received only high-speed data services). We also provided telephony service to approximately 40,000 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 the notes or 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:

refining our sales and marketing efforts to grow revenues through consistent branding initiatives, promoting our advanced services and emphasizing what we believe to be advantages over our competitors, including one-stop shopping for video, high-speed data, voice and interactive services;

enhancing our digital service with new content and continued deployment of advanced products such as digital video recorder (DVR) service, high definition television service, VOD and subscription video on demand (SVOD, VOD service for selected programming categories);

implementing what we believe is an attractive and competitive price point strategy for various levels and bundled packages;

improving customer service and satisfaction;

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

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

Table of Contents

We believe that our high-speed data 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 data service to the business community, which we believe has shown an increasing interest in high-speed data service and private network services.

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 data services. 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 data, high definition television (in selected markets) and VOD (in selected markets).

We have reduced the number of our customer contact centers from over 300 at December 31, 2000, to 36 at September 30, 2004. Our 14 largest customer contact centers now serve approximately 95% of our customers. We anticipate that this initiative will improve overall customer satisfaction while reducing costs. We believe that consolidation and standardization of call centers enable us to provide a more consistent experience for our customers and to improve sales through the use of better trained, more efficient and sales-oriented customer service representatives.

We continue to pursue opportunities to improve our balance sheet and liquidity. Our efforts in this regard have resulted in the completion of a number of transactions since September 2003, as follows:

the issuance and sale by CCO Holdings, LLC and CCO Holdings Capital Corp. of \$550 million of senior floating rate notes in December 2004;

the November 2004 sale of the \$862.5 million of 5.875% convertible senior notes due 2009 described in this prospectus;

the sale in the first half of 2004 of non-core cable systems for \$824 million, the proceeds of which we used to reduce our indebtedness;

the 2003 issuance by our subsidiaries, CCH II and Charter Holdings, of approximately \$1.6 billion of senior notes, which they exchanged in private transactions for approximately \$1.9 billion of outstanding indebtedness of Charter and Charter Holdings, resulting in a \$294 million reduction of our consolidated debt outstanding; and

the sale in April 2004 of \$1.5 billion of senior second lien notes by our subsidiary, Charter Communications Operating, LLC (Charter Operating), together with the concurrent refinancing of its credit facilities.

Going forward, we plan to continue to identify and pursue opportunities to improve our liquidity and reduce indebtedness in order to enhance the long-term strength of our balance sheet and our business.

Recent Events

Sale of CCO Holdings, LLC Senior Floating Rate Notes

On December 15, 2004, our subsidiaries, CCO Holdings, LLC and CCO Holdings Capital Corp., issued and sold \$550 million senior floating rate notes due 2010 in a private transaction to qualified institutional buyers in reliance on Rule 144A and outside the United States to non-U.S. persons in reliance on Regulation S. The notes have an annual interest rate of LIBOR plus 4.125%, reset and payable quarterly. The net proceeds from the sale of the notes will be used to pay down bank debt and for general corporate purposes.

Sale of 5.875% Convertible Senior Notes

On November 22, 2004, we issued \$862.5 million original principal amount of 5.875% Convertible Senior Notes due 2009, which are convertible into shares of our Class A common stock, par value \$.001

Table of Contents

per share, at a rate of 413.2231 shares per \$1,000 principal amount of notes (or approximately \$2.42 per share), subject to adjustment in certain circumstances. In connection with the issuance of the notes, we agreed to file the registration statement containing this prospectus for resale of the notes and shares of Class A common stock by the holders thereof. We agreed to use a portion of the proceeds from the original sale of the notes to redeem our outstanding 5.75% convertible senior notes due 2005. That redemption is scheduled to be completed on December 23, 2004. We also used a portion of the proceeds from the original issuance of the notes to purchase certain U.S. government securities which were pledged as security for the notes and which we expect to use to fund the first six interest payments on the notes.

In connection with the initial sale of the notes, we also agreed to file a registration statement with the Securities and Exchange Commission that can be used by Citigroup Global Markets Inc. to sell up to 150 million shares of our Class A common stock that we will loan to an affiliate of Citigroup Global Markets Inc. pursuant to a share lending agreement.

For additional terms of the notes and the arrangements governing the loan of shares of our Class A common stock, see [Registered Borrow Facility](#) and [Description of Notes](#).

Table of Contents

Organizational Structure

The chart below sets forth our organizational structure and that of our principal direct and indirect subsidiaries. The equity ownership, voting percentages and indebtedness amounts shown below are approximations as of September 30, 2004 on the pro forma basis described in Unaudited Pro Forma Financial Information 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. See Recent Events.

- (1) Charter acts as the sole manager of Charter Holdco and most of its limited liability company subsidiaries.
- (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) 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 Relations 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.
- (4) CC V Holdings, LLC, the issuer of \$113 million accreted value of senior discount notes, is a direct wholly owned subsidiary of CCO NR Holdings, LLC, and holds 100% of the common membership units of CC VIII, LLC. Mr. Allen through Charter Investment, Inc. holds 100% of the preferred membership units in CC VIII, LLC. CC VIII, LLC holds 100% of the equity of CC VIII Operating, LLC, which in turn holds 100% of the equity of a number of operating subsidiaries. One such operating subsidiary (CC Michigan, LLC) is a guarantor of the CC V Holdings senior discount notes.

Table of Contents

The Notes

Issuer	Charter Communications, Inc. (Charter)
Notes Offered	\$862,500,000 original principal amount of 5.875% Convertible Senior Notes due 2009.
Maturity Date	November 16, 2009.
Interest	5.875% per annum on the accreted principal amount, payable semi-annually in arrears on May 16 and November 16 of each year, commencing May 16, 2005. If we elect to accrete the principal amount of the notes to pay any liquidated damages we owe, we will be entitled to defer any interest, which we refer to as the deferred interest, that accrues with respect to the excess of the accreted principal amount over the original principal amount until May 16, 2008, or any earlier repurchase, redemption or acceleration of the notes. We will not pay any interest on such deferred interest.
Security	Our subsidiary, Charter Communications Holding Company, LLC (Charter Holdco), has purchased and pledged to us as security for an intercompany note, and we have repledged to the trustee under the indenture as security for the benefit of the holders of the notes, approximately \$144 million of U.S. government securities, which we refer to as the Pledged Securities. We believe that the total amount of the Pledged Securities will be sufficient, upon receipt of scheduled payments thereon, to provide for the payment in full of the first six scheduled interest payments due on the original principal amount of the notes, but not any liquidated damages we may owe or any deferred interest in respect of the accretion of the principal amount of the notes. The notes will not otherwise be secured. See Description of the Notes Security. Holders who convert their notes prior to November 16, 2007 will receive the cash proceeds from the liquidation of a portion of the Pledged Securities, as described below in Interest Make Whole Upon Conversion.
Ranking	The notes will be unsecured (except to the extent described above under Security) and unsubordinated obligations and will rank, in right of payment, the same as all of Charter s existing and future senior unsecured indebtedness. The notes will rank senior in right of payment to all of Charter s subordinated indebtedness and will be effectively subordinated to any of Charter s secured indebtedness and structurally subordinated to indebtedness and other liabilities of our subsidiaries. As of September 30, 2004, Charter had no secured indebtedness and our subsidiaries had total indebtedness and other liabilities of \$20.3 billion, excluding intercompany obligations.
Conversion Rights	<p>Holders may convert their notes at the conversion rate at any time prior to the close of business on the business day prior to the maturity date.</p> <p>The initial conversion rate will be 413.2231 shares of our Class A common stock, par value \$.001 per share, per \$1,000 original principal amount of notes. This represents an initial</p>

Table of Contents

conversion price of approximately \$2.42 per share of our Class A common stock. We will increase the conversion rate in the same proportion that the principal amount of the notes increases if we elect to accrete the principal amount of the notes to pay certain liquidated damages instead of paying them in cash. In addition, if certain corporate transactions that constitute a change of control occur on or prior to the maturity date, we will increase the conversion rate in certain circumstances, unless such transaction constitutes a public acquirer change of control and we elect to satisfy our conversion obligation with public acquirer common stock. See Description of Notes Conversion Rights Make Whole Amount and Public Acquirer Change of Control.

Notwithstanding the foregoing, no holder of notes will be entitled to receive shares of our Class A common stock upon conversion to the extent, but only to the extent, that such receipt would cause such holder to become, directly or indirectly, a beneficial owner of more than the specified percentage of the shares of Class A common stock outstanding at such time. With respect to any conversion prior to November 16, 2008, the specified percentage will be 4.9%, and with respect to any conversion thereafter, the specified percentage will be 9.9%. See Description of Notes Conversion Rights Limitation on Beneficial Ownership.

Upon conversion, we will have the right to deliver, in lieu of shares of our Class A common stock, cash or a combination of cash and our Class A common stock. If we elect to pay holders cash upon conversion, such payment will be based on the average of the sale prices of our Class A common stock over the 20 trading day period beginning on the third trading day immediately following the conversion date of the notes, which we refer to as the average price.

As described in this prospectus, the conversion rate may be adjusted upon the occurrence of certain events, including for any cash dividend on our Class A common stock, but will not be adjusted for accrued and unpaid interest. By delivering to the holder shares of our Class A common stock, and in certain circumstances cash, we will satisfy our obligations with respect to the notes subject to the conversion, subject to our obligations described under Description of Notes Conversion Rights Interest Make Whole Upon Conversion below. Except to the extent we are required to pay any Early Conversion Make Whole Amount or Redemption Make Whole Amount, upon conversion of a note, accrued and unpaid interest will be paid or deemed to be paid in full, rather than canceled, extinguished or forfeited.

The notes called for redemption may be surrendered for conversion prior to the close of business on the business day immediately preceding the redemption date.

Interest Make Whole Upon Conversion

Holders who convert their notes prior to November 16, 2007 will receive, in addition to a number of shares of our Class A

Table of Contents

common stock calculated at the conversion rate for the accreted principal amount of notes, or cash in lieu thereof, the cash proceeds of the sale by the trustee of the Pledged Securities remaining with respect to the notes being converted, which we refer to as the Early Conversion Make Whole Amount, subject to the limitation described under Description of Notes Conversion Rights Interest Make Whole Upon Conversion . The percentage of the remaining Pledged Securities to be sold will be determined based on the aggregate original principal amount of notes being converted as a percentage of the total original principal amount of notes then outstanding. The trustee will liquidate the Pledged Securities to be released, rounded down to the nearest whole multiple of the minimum denomination of such Pledged Securities, and deliver the cash value thereof to the converting holder. The Early Conversion Make Whole Amount will not compensate a converting holder for interest such holder would have earned in respect of any increase in the principal amount of the notes if we elect to accrete such principal amount to pay any liquidated damages we may owe.

Holders who convert notes that have been called for redemption will receive, in addition to the Early Conversion Make Whole Amount, the amount of any deferred interest and the present value of the interest on the notes converted that would have been payable for the period from and including November 16, 2007, or if later, the redemption date, to but excluding November 16, 2009, which we refer to as the Redemption Make Whole Amount. The Redemption Make Whole Amount will be calculated by discounting the amount of such interest on a semi-annual basis using a discount rate equal to 3.0% plus the published U.S. Treasury rate for the maturity most closely approximating the period from and including the redemption date to but excluding November 16, 2009. We may pay the Redemption Make Whole Amount in cash or in shares of our Class A common stock, with the number of such shares determined based on the average of the sale prices of our Class A common stock over the 10 trading days immediately preceding the applicable conversion date. If we elect to pay the Redemption Make Whole Amount in shares of our Class A common stock, the number of shares we deliver, together with the shares deliverable upon conversion, will not exceed 462 per \$1,000 original principal amount of notes, subject to the anti-dilution adjustments, and we must deliver cash with respect to the remainder of the Redemption Make Whole Amount, if any.

Exchange in Lieu of Conversion

Unless we have called the relevant notes for redemption, we may, in lieu of delivering shares of our Class A common stock, or cash in lieu thereof, upon conversion, direct the conversion agent to surrender notes a holder has tendered for conversion to a financial institution designated by us for exchange in lieu of conversion. In order to accept any such notes, the designated institution must agree to deliver, in exchange for such notes, a number of shares of our Class A common stock calculated using the applicable conversion rate for the accreted principal amount

Table of Contents

of the notes, plus cash for any fractional shares, or, at its option, cash or a combination of cash and shares of our Class A common stock in lieu thereof, calculated based on the average price. If the designated institution accepts any such notes, it will deliver the appropriate number of shares of our Class A common stock (and cash, if any), or cash in lieu thereof, to the conversion agent and the conversion agent will deliver those shares or cash to the holder. Such designated institution will also deliver cash equal to any Early Conversion Make Whole Amount we would owe such holder if we had paid it the conversion value of its notes. Any notes exchanged by the designated institution will remain outstanding. If the designated institution agrees to accept any notes for exchange but does not timely deliver the related consideration, we will, as promptly as practical thereafter, but not later than the third business day following (1) the conversion date or (2) if the designated institution elects to deliver cash or a combination of cash and shares of our Class A common stock, the determination of the average price, convert the notes and deliver shares of our Class A common stock, as described under Description of Notes Conversion Rights General, or, at our option cash in lieu thereof based on the average price, along with any applicable Early Conversion Make Whole Amount. See Description of Notes Exchange in Lieu of Conversion.

Fundamental Change

Upon a fundamental change, each holder of the notes may require us to repurchase some or all of its notes at a purchase price equal to 100% of the accreted principal amount of the notes, plus any accrued and unpaid interest, including any liquidated damages and deferred interest. See Description of Notes Fundamental Change Requires Us to Repurchase Notes at the Option of the Holder.

Make Whole Amount and Public Acquirer Change of Control

If certain transactions that constitute a change of control occur on or prior to the maturity date, under certain circumstances, we will increase the conversion rate by a number of additional shares for any conversion of notes in connection with such transactions, as described under Description of Notes Conversion Rights Make Whole Amount and Public Acquirer Change of Control. The number of additional shares will be determined based on the date such transaction becomes effective and the price paid per share of our Class A common stock in such transaction. However, if such transaction constitutes a public acquirer change of control, in lieu of increasing the conversion rate, we may elect to adjust our conversion obligation such that upon conversion of the notes, we will deliver acquirer common stock or cash in lieu thereof as described under Description of Notes Conversion Rights Make Whole Amount and Public Acquirer Change of Control.

Redemption

Following the earlier of (1) the sale of any notes pursuant to an effective registration statement or (2) November 22, 2006, we may redeem the notes (or, in the case of clause (1) above, any such notes that have been sold pursuant to an effective

Table of Contents

registration statement) in whole or in part for cash at any time at a redemption price equal to 100% of the accreted principal amount of the notes plus any accrued and unpaid interest, deferred interest and liquidated damages, if any, on the notes to but not including the redemption date, if the closing price of our Class A common stock has exceeded, for at least 20 trading days in any consecutive 30 trading day period, 180% of the conversion price if such 30 day trading period is prior to November 16, 2007 and 150% if such 30 trading day period begins thereafter. The conversion price as of any day will equal the accreted principal amount of \$1,000 original principal amount of notes divided by the conversion rate in effect on such day.

Sinking Fund

None.

Registered Borrow Facility

We have filed and have agreed to use our reasonable best efforts to cause to become effective within 130 calendar days after the issue date of the notes, a registration statement with the Securities and Exchange Commission covering our Class A common stock that can be used by Citigroup Global Markets Inc., one of the initial purchasers of the notes, which we refer to as Citigroup, to sell up to 150 million shares that we will loan to an affiliate of Citigroup.

If for any reason the registration statement relating to the registered borrow facility has not been declared effective by the required deadline, we will be required to pay liquidated damages in cash to all holders of the notes during the continuance of such failure until the date two years following the original issue date of the notes at a rate per month equal to .25% of the accreted principal amount of the notes for the first 60 days of such failure and .50% of the accreted principal amount of the notes thereafter, in each case with such damages accruing daily and paid monthly. In lieu of paying any such liquidated damages in cash, we may elect to add the liquidated damages to the accreted principal amount of the notes at the rate per month of .375% of the accreted principal amount of the notes for the first 60 days of such failure and .75% of the accreted principal amount of the notes thereafter, in each case accruing daily and compounding monthly.

We have been advised by Citigroup that it intends to use the short sales of our Class A common stock registered pursuant to such registration statement to facilitate transactions by which investors in the notes will hedge their investment in the notes. We will not receive any of the proceeds from such short sales of Class A common stock, but we will receive a loan fee of \$.001 for each share that we lend pursuant to the share lending agreement.

United States Federal Income Tax Considerations

Under the indenture governing the notes, we have agreed, and by acceptance of a beneficial interest in the notes each holder of a note is deemed to have agreed, to treat the notes for United States federal income tax purposes as debt instruments that are subject to the U.S. Treasury regulations governing contingent payment debt instruments. For United States federal income tax

Table of Contents

purposes, interest will accrue from the issue date of the notes at a constant rate of 15% per year (subject to certain adjustments), compounded semi-annually, which represents the yield on our comparable nonconvertible, fixed-rate debt instruments with terms and conditions otherwise similar to the notes. U.S. Holders (as defined herein) will be required to include interest in income as it accrues regardless of their method of tax accounting. The rate at which interest accrues for United States federal income tax purposes generally will exceed the cash payments of interest.

U.S. Holders will recognize gain or loss on the sale, exchange, conversion, redemption or repurchase of a note in an amount equal to the difference between the amount realized, including the fair market value of any common stock received upon conversion, and their adjusted tax basis in the note. Any gain recognized by a U.S. Holder on the sale, exchange, conversion, redemption or repurchase of a note generally will be ordinary interest income; any loss will be ordinary loss to the extent of the interest previously included in income, and, thereafter, capital loss. See United States Federal Income Tax Considerations.

Use of Proceeds

We will not receive any proceeds from the sales of notes or shares offered hereby by the selling security holders.

Events of Default

Customary events of default, including a default caused by the failure to pay interest or principal at maturity and the acceleration of indebtedness for borrowed money aggregating \$100 million or more.

Trading

The notes are designated as eligible for trading in the PORTAL Market. Our Class A common stock is quoted on the Nasdaq National Market under the symbol CHTR.

Table of Contents

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, 2003 and the unaudited consolidated financial statements of Charter and its subsidiaries for the nine months ended September 30, 2004. The consolidated financial statements of Charter and its subsidiaries for the years ended December 31, 2001 to 2003 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 October 2003 and in March and April 2004 and the use of proceeds in each case to pay down credit facilities;
- (2) the issuance and sale of the CCH II senior notes in September 2003, the CCO Holdings senior notes in November 2003, the CCO Holdings senior floating rate notes in December 2004 and the Charter Operating senior second lien notes in April 2004 with proceeds used to refinance or repay outstanding debt and for general corporate purposes;
- (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 of 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 establishment of a registered borrow facility for the issuance of up to 150 million shares of our Class A common stock pursuant to a share lending agreement; and
- (5) 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.

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

Table of Contents

	Year Ended December 31,				Nine Months Ended September 30,	
	2001 Actual	2002 Actual	2003 Actual	2003 Pro Forma(a)	2004 Actual	2004 Pro Forma(a)
(Dollars in millions, except per share, share and customer data)						
Statement of Operations Data:						
Revenues:						
Video	\$ 2,971	\$ 3,420	\$3,461	\$3,324	\$2,534	\$2,513
High-speed data	148	337	556	541	538	535
Advertising sales	197	302	263	255	205	204
Commercial	123	161	204	188	175	173
Other	368	346	335	322	249	247
Total revenues	3,807	4,566	4,819	4,630(b)	3,701	3,672(b)
Costs and Expenses:						
Operating (excluding depreciation and amortization)	1,486	1,807	1,952	1,881	1,552	1,540
Selling, general and administrative	826	963	940	914	735	731
Depreciation and amortization	2,683	1,436	1,453	1,413	1,105	1,099
(Gain) loss on sale of assets, net	10	3	5	26	(104)	1
Impairment of franchises		4,638			2,433	2,433
Option compensation expense (income), net	(5)	5	4	4	34	34
Special charges, net	18	36	21	21	100	100
Unfavorable contracts and other settlements			(72)	(72)		
Total costs and expenses	5,018	8,888	4,303	4,187	5,855	5,938
Income (loss) from operations	(1,211)	(4,322)	516			