

CHARTER COMMUNICATIONS, INC. /MO/
Form 424B5
August 09, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-170530

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state or jurisdiction where the offer or sale is not permitted.

Subject to Completion

Preliminary Prospectus Supplement dated August 8, 2012

PROSPECTUS SUPPLEMENT

(to Prospectus dated November 10, 2010)

5,000,000 Shares

Charter Communications, Inc.

Class A Common Stock

This prospectus supplement relates to the shares of Class A Common Stock of Charter Communications, Inc. being sold by the selling stockholders identified in this prospectus supplement. We will not receive any proceeds from the sale of shares to be offered by the selling stockholders.

Our Class A Common Stock is listed on The NASDAQ Global Select Market, which we refer to as NASDAQ, under the symbol CHTR. On August 7, 2012, the last reported sale price of our Class A Common Stock on NASDAQ was \$76.78 per share.

Investing in our Class A Common Stock involves risks. See Risk Factors, which begins on page S-7 of this prospectus supplement and any risk factors described in the documents we incorporate by reference.

The underwriter has agreed to purchase our Class A Common Stock at a price of \$ _____ per share which will result in approximately \$ _____ million of proceeds to the selling stockholders. The underwriter may offer our Shares in transactions on the NASDAQ, in the over-the-counter market or through negotiated transactions at market prices or at negotiated prices. See Underwriting.

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

The underwriter expects that delivery of the Class A Common Stock will be made in New York, New York on or about August 15, 2012.

Citigroup

The date of this prospectus supplement is August , 2012.

Table of Contents

You should rely only on the information contained in this prospectus supplement. Neither the Company nor the underwriter has authorized anyone to provide you with any information or represent anything about the Company, their financial results or this offering that is not contained in this prospectus supplement. If given or made, any such other information or representation should not be relied upon as having been authorized by the Company or the underwriter. We are not, and the underwriter is not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement is accurate as of any date other than the date on the front cover of this prospectus supplement.

TABLE OF CONTENTS

	Page
PROSPECTUS SUPPLEMENT	
<u>PROSPECTUS SUPPLEMENT SUMMARY</u>	S-1
<u>RISK FACTORS</u>	S-9
<u>USE OF PROCEEDS</u>	S-20
<u>MARKET PRICE OF COMMON STOCK</u>	S-21
<u>SELLING STOCKHOLDERS</u>	S-22
<u>CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS TO NON-U.S. HOLDERS</u>	S-25
<u>UNDERWRITING</u>	S-29
<u>LEGAL MATTERS</u>	S-33

PROSPECTUS

<u>PROSPECTUS SUMMARY</u>	1
<u>THE OFFERING</u>	3
<u>RISK FACTORS</u>	4
<u>USE OF PROCEEDS</u>	5
<u>SELLING STOCKHOLDERS</u>	6
<u>DESCRIPTION OF CAPITAL STOCK</u>	11
<u>SHARES ELIGIBLE FOR FUTURE SALE</u>	15
<u>PLAN OF DISTRIBUTION</u>	17
<u>EXPERTS</u>	19
<u>LEGAL MATTERS</u>	20

ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of the shares of Class A Common Stock the selling stockholders are offering and certain other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities the selling stockholders may offer from time to time, some of which may not apply to the Class A Common Stock they are offering. You should read this prospectus supplement along with the accompanying prospectus, as well as the documents incorporated by reference. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement includes forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), regarding, among other things, our plans, strategies and prospects, both business and financial. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions, including, without limitation, the factors described in the sections titled Risk Factors and Management's Discussion and Analysis of Financial Condition and Results of Operations in this prospectus supplement. Many of the forward-looking statements contained in this prospectus supplement may be identified by the use of forward-looking words such as believe, expect, anticipate, should, planned, will, may, intend, estimated, aim, on track, target, opportunity, tentative, create and potential, among others. Important factors that could cause actual results to differ materially from the forward-looking statements we make in this prospectus supplement are set forth in this prospectus supplement, in our annual report on Form 10-K and in other reports or documents that we file from time to time with the Securities and Exchange Commission, which we refer to as the SEC, and include, but are not limited to:

our ability to sustain and grow revenues and free cash flow by offering video, Internet, telephone, advertising and other services to residential and commercial customers, to adequately meet the customer experience demands in our markets and to maintain and grow our customer base, particularly in the face of increasingly aggressive competition, the need for innovation and the related capital expenditures and the difficult economic conditions in the United States;

the development and deployment of new products and technologies;

the impact of competition from other market participants, including but not limited to incumbent telephone companies, direct broadcast satellite operators, wireless broadband and telephone providers, digital subscriber line (DSL) providers, and video provided over the Internet;

general business conditions, economic uncertainty or downturn, high unemployment levels and the level of activity in the housing sector;

our ability to obtain programming at reasonable prices or to raise prices to offset, in whole or in part, the effects of higher programming costs (including retransmission consents);

the effects of governmental regulation on our business;

the availability and access, in general, of funds to meet our debt obligations prior to or when they become due and to fund our operations and necessary capital expenditures, either through (i) cash on hand, (ii) free cash flow, or (iii) access to the capital or credit markets; and

our ability to comply with all covenants in our indentures and credit facilities any violation of which, if not cured in a timely manner, could trigger a default of our other obligations under cross-default provisions.

All forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by this cautionary statement. We are under no duty or obligation to update any of the forward-looking statements after the date of this prospectus supplement.

INDUSTRY AND MARKET DATA

Edgar Filing: CHARTER COMMUNICATIONS, INC. /MO/ - Form 424B5

In this prospectus supplement, we rely on and refer to information and statistics regarding our industry. We obtained this market data from independent industry publications or other publicly available information. Although we believe that these sources are reliable, we and the underwriter have not independently verified and do not guarantee the accuracy and completeness of this information.

S-ii

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-3 under the Securities Act to register with the SEC our Class A Common Stock being offered in this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules filed with it. For further information about us and our Class A Common Stock, reference is made to the registration statement and the exhibits and schedules filed with it. Statements contained in this prospectus regarding the contents of any contract or any other document that is filed as an exhibit to the registration statement are not necessarily complete, and each such statement is qualified in all respects by reference to the full text of such contract or other document filed as an exhibit to the registration statement. We will file annual, quarterly and current reports, proxy and registration statements and other information with the SEC. You may read and copy any reports, statements, or other information that we file, including the registration statement, of which this prospectus forms a part, and the exhibits and schedules filed with it, without charge at the public reference room maintained by the SEC, located at 100 F Street, NE, Washington, D.C. 20549, and copies of all or any part of the registration statement may be obtained from the SEC on the payment of the fees prescribed by the SEC. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. The SEC also maintains an Internet website that contains reports, proxy and information statements and other information regarding registrants that file electronically with the SEC. The address of the site is www.sec.gov.

INCORPORATION BY REFERENCE OF CERTAIN DOCUMENTS

We file annual, quarterly, special reports and other information with the SEC. We are incorporating by reference certain information we file with the SEC, which means that we disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information. Specifically, we incorporate by reference the documents listed below and any future filings made with the SEC under Section 13 or 15(d) of the Exchange Act, as amended (the Exchange Act) (excluding any information furnished but not filed) prior to the termination of this offering (collectively, the SEC Reports):

Charter Communications, Inc. Annual Report on Form 10-K for the year ended December 31, 2011;

Charter Communications, Inc. Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012;

Portions of the Charter Communications, Inc. Definitive Proxy Statement filed with the SEC on March 20, 2012 that are incorporated by reference into the Annual Report; and

Charter Communications, Inc. Current Reports on Form 8-K filed with the SEC on January 4, 2012; January 17, 2012; January 20, 2012; February 1, 2012; February 3, 2012; February 13, 2012; February 21, 2012; April 17, 2012; April 30, 2012; May 1, 2012; May 2, 2012; June 4, 2012; June 11, 2012; and August 3, 2012 (in each case excluding any information furnished but not filed).

The information in the above filings speaks only as of the respective dates thereof, or, where applicable, the dates identified therein. You may read and copy any document we file with the SEC at the SEC's public reference room at 450 Fifth Street, N.W., in Washington, D.C., as well as the SEC's regional offices. Please call the SEC at 1-800-SEC-0330 for further information relating to the public reference room. These SEC filings are also available to the public at the SEC's website at www.sec.gov.

Our filings with the SEC, including our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to those reports, are also available free of charge on our website

Table of Contents

(www.charter.com) as soon as reasonably practicable after they are filed with, or furnished to, the SEC. Our website and the information contained on that site, or connected to that site, are not incorporated into and are not a part of this prospectus. You may also obtain a copy of these filings at no cost by writing or telephoning us at the following address:

Charter Communications, Inc.

12405 Powerscourt Drive

St. Louis, Missouri 63131

Attention: Investor Relations

Telephone: (314) 965-0555

Except for the documents incorporated by reference as noted above, we do not intend to incorporate into this prospectus any of the information included on our website.

CHARTER HAS NOT AUTHORIZED ANYONE TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ABOUT THE OFFERING THAT IS DIFFERENT FROM, OR IN ADDITION TO, THAT CONTAINED IN THIS PROSPECTUS OR IN ANY OF THE MATERIALS THAT ARE INCORPORATED INTO THIS PROSPECTUS. THEREFORE, IF ANYONE DOES GIVE YOU INFORMATION OF THIS SORT, YOU SHOULD NOT RELY ON IT. IF YOU ARE IN A JURISDICTION WHERE OFFERS TO EXCHANGE OR SELL, OR SOLICITATIONS OF OFFERS TO EXCHANGE OR PURCHASE, THE SECURITIES OFFERED BY THIS PROSPECTUS ARE UNLAWFUL, OR IF YOU ARE A PERSON TO WHOM IT IS UNLAWFUL TO DIRECT THESE TYPES OF ACTIVITIES, THEN THE OFFER PRESENTED IN THIS PROSPECTUS DOES NOT EXTEND TO YOU.

YOU SHOULD NOT ASSUME THAT THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF ANY DATE OTHER THAN THE DATE OF THIS PROSPECTUS AND NEITHER THE MAILING OF THIS PROSPECTUS NOR THE ISSUANCE OF OUR CLASS A COMMON STOCK PURSUANT TO THIS OFFERING SHALL CREATE AN IMPLICATION TO THE CONTRARY.

CERTAIN DEFINITIONS

When used in this prospectus supplement, the following capitalized terms have the meanings set forth below:

Adjusted EBITDA has the meaning set forth in note (b) under Selected Historical Consolidated Financial Data.

CCH II means collectively, CCH II, LLC, a Delaware limited liability company, and CCH II Capital Corp., a Delaware corporation.

CCO Holdings means CCO Holdings, LLC, a Delaware limited liability company.

CCO Holdings Capital means CCO Holdings Capital Corp., a Delaware corporation, a wholly-owned subsidiary of CCO Holdings.

Charter or the **Company** means Charter Communications, Inc., a Delaware corporation

Charter Holdco means Charter Communications Holding Company, LLC, a Delaware limited liability company.

Charter Operating means Charter Communications Operating, LLC, a Delaware limited liability company.

Free Cash Flow means net cash flows from operating activities, less capital expenditures and changes in accrued expenses related to capital expenditures.

GAAP means accounting principles generally accepted in the United States.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

This summary contains a general discussion of our business, the offering of the shares and summary financial information. It does not contain all the information that you should consider before investing in the shares. You should read this entire prospectus supplement and the related documents to which we refer. Unless noted, all business data included in this summary is as of June 30, 2012.

*For definitions of certain capitalized terms used in the prospectus supplement that are not defined elsewhere herein, see *Certain Definitions*.*

*Unless stated otherwise, the discussion in this prospectus supplement of our business includes our direct and indirect subsidiaries. Unless stated otherwise or the context otherwise requires, the terms *we*, *us* and *our* refer to us and our direct and indirect subsidiaries on a consolidated basis.*

Our Business

We are among the largest providers of cable services in the United States, offering a variety of entertainment, information and communications solutions to residential and commercial customers. Our infrastructure consists of a hybrid of fiber and coaxial cable plant passing approximately 12.0 million homes, with 98% of homes passed at 550 megahertz (MHz) or greater and 98% of plant miles two-way active. A national Internet Protocol (IP) infrastructure interconnects all Charter markets.

For the six months ended June 30, 2012, we generated approximately \$3.7 billion in revenue, of which approximately 49% was generated from our residential video service. For the year ended December 31, 2011, we generated approximately \$7.2 billion in revenue, of which approximately 50% was generated from our residential video service. We also generated revenue from Internet, telephone service and advertising. Internet and telephone service in both residential and commercial markets contributed the majority of the recent growth in our revenue.

As of June 30, 2012, we served approximately 5.3 million customers. We sell our video, Internet and telephone services primarily on a subscription basis, often in a bundle of two or more services, providing savings and convenience to our customers. Bundled services are available to approximately 97% of our homes passed, and approximately 63% of our customers subscribe to a bundle of services.

We served approximately 4.1 million residential video customers as of June 30, 2012, and approximately 85% of our video customers subscribed to digital video service. Digital video enables our customers to access advanced video services such as high definition (HD) television, Charter OnDemandTM (OnDemand) video programming, an interactive program guide and digital video recorder (DVR) service.

We also served approximately 3.7 million residential Internet customers as of June 30, 2012. Our Internet service is available in a variety of download speeds up to 100 megabits per second (Mbps) and upload speeds of up to 5 Mbps. We also offer home networking service, or in-home Wi-Fi, enabling our customers to connect up to five computers wirelessly in the home.

We provided telephone service to approximately 1.8 million residential customers as of June 30, 2012. Our telephone services typically include unlimited local and long distance calling to the U.S., Canada and Puerto Rico, plus other features, including voicemail, call waiting and caller ID.

Through Charter Business[®], we provide scalable, tailored broadband communications solutions to business and carrier organizations, such as Internet access, data networking, fiber connectivity to cellular towers and office buildings, video entertainment services and business telephone services. As of June 30, 2012, we

Table of Contents

served approximately 439,000 commercial primary service units, primarily small- and medium-sized commercial customers. Our advertising sales division, Charter Media[®], provides local, regional and national businesses with the opportunity to advertise in individual markets on cable television networks.

We have a history of net losses. Our net losses are principally attributable to insufficient revenue to cover the combination of operating expenses, interest expenses that we incur because of our debt, depreciation expenses resulting from the capital investments we have made, and continue to make, in our cable properties, amortization expenses resulting from the application of fresh start accounting and non-cash taxes resulting from increases in our deferred tax liabilities.

On March 27, 2009, we and certain affiliates filed voluntary petitions in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court), to reorganize under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code). The Chapter 11 cases were jointly administered under the caption In re Charter Communications, Inc., et al., Case No. 09-11435. On May 7, 2009, we filed a Joint Plan of Reorganization (the Plan) and a related disclosure statement with the Bankruptcy Court. The Plan was confirmed by the Bankruptcy Court on November 17, 2009 (the Confirmation Order), and became effective on November 30, 2009 (the Effective Date), the date on which we emerged from protection under Chapter 11 of the Bankruptcy Code.

The terms Charter, we, our and us, when used in this report with respect to the period prior to Charter's emergence from bankruptcy, are references to the Debtors (Predecessor) and, when used with respect to the period commencing after Charter's emergence, are references to Charter (Successor). These references include the subsidiaries of Predecessor or Successor, as the case may be, unless otherwise indicated or the context requires otherwise.

Recent Developments

On August 8, 2012, the Company announced that its subsidiaries, CCO Holdings, LLC and CCO Holdings Capital Corp., publicly offered \$1.25 billion in aggregate principal amount of 5.25% senior unsecured notes due 2022. The offering and sale of the notes has been made pursuant to an automatic shelf registration statement on Form S-3 previously filed with the Commission. Charter intends to use the net proceeds from the sale of the notes for general corporate purposes, including repaying amounts outstanding under the Charter Communications Operating, LLC revolving credit facility, to pay fees and expenses related to that offering and to fund the redemption of the CCH II, LLC 13.5% senior notes due 2016 on or before November 30, 2012.

Our Corporate Information

Our principal executive offices are located at 12405 Powerscourt Drive, St. Louis, Missouri 63131. Our telephone number is (314) 965-0555, and we have a website accessible at www.charter.com. Since January 1, 2002, our annual reports, quarterly reports and current reports on Form 8-K, and all amendments thereto, have been made available on our website free of charge as soon as reasonably practicable after they have been filed. The information posted on our website is not incorporated into this prospectus supplement and is not part of this prospectus supplement.

Table of Contents

The Offering

Class A Common Stock offered by the selling stockholders	5,000,000 shares
Class A Common Stock outstanding before and after this offering	100,784,199 shares
Use of Proceeds	The Company will not receive any proceeds from this offering
NASDAQ Symbol	CHTR

You should carefully consider all of the information in this prospectus supplement. In particular, you should evaluate the information under Risk Factors for a discussion of risks associated with an investment in our Class A Common Stock.

Table of Contents

Selected Historical Consolidated Financial Data

The following table presents summary financial and other data for Charter and its subsidiaries. The summary consolidated financial data has been derived from (i) the audited consolidated financial statements of Charter and its subsidiaries for the years ended December 31, 2011 and 2010 (Successor Company), the one month ended December 31, 2009 (Successor Company) and the eleven months ended November 30, 2009 (Predecessor Company), contained in our Annual Report on Form 10-K filed February 27, 2012, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, and (ii) the unaudited condensed consolidated financial statements of Charter and its subsidiaries for the six months ended June 30, 2012 and 2011 (Successor Company) contained in our Quarterly Report on Form 10-Q filed August 7, 2012, which is incorporated by reference in this prospectus supplement and the accompanying prospectus. The summary financial data should be read in conjunction with the consolidated financial statements (described above) and the related notes. The summary operating data is not derived from the audited consolidated financial statements.

Upon our emergence from bankruptcy, we adopted fresh start accounting. In accordance with GAAP, the audited consolidated financial statements present the results of operations and the sources and uses of cash for (i) the eleven months ended November 30, 2009 of the Predecessor and (ii) the one month ended December 31, 2009 of the Successor. However, for purposes of summary consolidated financial data in this prospectus supplement, we have combined the current year results of operations and sources and uses of cash for the Predecessor and the Successor. The results of operations and sources and uses of cash of the Predecessor and Successor are not comparable due to the change in basis resulting from the emergence from bankruptcy.

Table of Contents

We believe the combined consolidated financial data for the twelve months ended December 31, 2009 provide management and investors with a more meaningful perspective on our ongoing financial and operational performance and trends than if we did not combine the results of operations of the Predecessor and the Successor in this manner.

	For the Years			For the Six Months	
	Ended December 31,			Ended June 30,	
	Combined 2009	Successor 2010 (Audited)	Successor 2011 (In millions)	Successor 2011 (Unaudited)	Successor 2012 (Unaudited)
Statement of Operations Data:					
Revenues:					
Video (a)	\$ 3,728	\$ 3,729	\$ 3,639	\$ 1,829	\$ 1,806
High-speed Internet (a)	1,478	1,609	1,708	833	917
Telephone (a)	750	823	858	425	434
Commercial (a)	402	451	544	258	313
Advertising Sales	249	291	292	138	153
Other (a)	148	156	163	78	88
Total revenues	6,755	7,059	7,204	3,561	3,711
Costs and Expenses:					
Operating (excluding depreciation and amortization) (a)	2,909	3,064	3,138	1,552	1,645
Selling, general and administrative (a)	1,380	1,422	1,426	688	745
Depreciation and amortization	1,316	1,524	1,592	776	823
Impairment of franchises	2,163				
Other operating (income) expenses, net	(34)	25	7	6	(1)
Total costs and expenses	7,734	6,035	6,163	3,022	3,212
Income (loss) from operations	(979)	1,024	1,041	539	499
Interest expense, net	(1,088)	(877)	(963)	(474)	(462)
Gain due to Plan effects	6,818				
Gain due to fresh start accounting adjustments	5,659				
Reorganization items, net	(647)	(6)	(3)	(1)	
Loss on extinguishment of debt		(85)	(143)	(120)	(74)
Other income (expense), net	(5)	2	(2)	(1)	(1)
Income (loss) before income taxes	9,758	58	(70)	(57)	(38)
Income tax benefit (expense)	343	(295)	(299)	(160)	(139)
Consolidated net income (loss)	10,101	(237)	(369)	(217)	(177)
Less: Net loss noncontrolling interest	1,265				
Net Income (loss) Charter shareholders	\$ 11,366	\$ (237)	\$ (369)	\$ (217)	\$ (177)

Table of Contents

	For the Years		For the Six Months
	Combined 2009	Ended December 31, Successor 2010	Successor 2011
			Ended June 30,