

CHARTER COMMUNICATIONS INC /MO/  
Form PRER14C  
September 10, 2007

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**SCHEDULE 14C INFORMATION**

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934  
**(AMENDMENT NO. 1)**

Check the appropriate box:

- Preliminary Information Statement  
 Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))  
 Definitive Information Statement

**CHARTER COMMUNICATIONS, INC.**  
(Name of Registrant As Specified In Its Charter)

**Payment of Filing Fee (Check the Appropriate Box):**

- No fee required  
 Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.
- |     |   |
|-----|---|
| (1) | Title of each class of securities to which transaction applies:   |
| (2) | Aggregate number of securities to which the transaction applies:  |
| (3) | Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined): |
| (4) | Proposed maximum aggregate value of transaction:  |
| (5) | Total fee paid:   |
- Fee paid previously with preliminary materials  
 Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
- |     |   |
|-----|---|
| (1) | Amount previously paid:                       |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party:                                 |
| (4) | Date Filed:                                   |
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**CHARTER COMMUNICATIONS, INC.**

**12405 POWERSCOURT DRIVE  
ST. LOUIS, MISSOURI 63131**

Dear Stockholders:

On July 24, 2007, our board of directors adopted a resolution approving the increase of our authorized shares of Class A common stock (the "Class A Common Stock") from one billion seven hundred fifty million (1,750,000,000) shares, par value \$.001 per share, to ten billion, five hundred million (10,500,000,000) shares, par value \$.001 per share, and an increase in our authorized shares of Class B common stock (the "Class B Common Stock") from seven hundred fifty million (750,000,000) shares, par value \$.001 per share, to four billion, five hundred million (4,500,000,000) shares, par value \$.001 per share. Eight billion, seven hundred and fifty million (8,750,000,000) shares of Class A Common Stock and three billion, seven hundred and fifty million (3,750,000,000) shares of Class B Common Stock are authorized for issuance solely upon the exercise or exchange of rights pursuant to the rights agreement, dated August 14, 2007, by and between Charter Communications, Inc (the "Company") and Mellon Investor Services LLC, as rights agent and the letter agreement, dated August 14, 2007, by and between Charter Communications, Inc., as manager and member of Charter Communications Holding Company, LLC, Charter Investment, Inc. and Vulcan Cable III Inc. (collectively, the "Rights Agreement"), including, for the avoidance of doubt, any shares of (i) Class A Common Stock issued in respect of the exchange of Class B Common Stock or exchangeable common membership units ("Exchangeable Units") of Charter Communications Holding Company, LLC ("Holdco") issued to the Class B Stockholder (as defined below) or its affiliates pursuant to the Rights Agreement and (ii) Class B Common Stock issued to the Class B Stockholder or its affiliates pursuant to the Rights Agreement.

The resolution of the board of directors also recommended that the Company's stockholders approve the increase in the authorized shares of Class A Common Stock and Class B Common Stock. The affirmative vote of the majority of our outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single class, is required to approve such an increase in the authorized shares. Subsequently, the Company obtained the written consent of Mr. Paul G. Allen (the "Class B Stockholder"), a stockholder holding in the aggregate the requisite majority of the voting power, to the increase in the authorized shares of Class A Common Stock and Class B Common Stock. The Company expects the increase to be effective on or about \_\_\_\_\_, 2007.

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED  
NOT TO SEND US A PROXY.**

No action is required by you. The accompanying information statement is furnished only to inform our stockholders of the actions described above before they take place in accordance with the requirements of federal securities laws. This Information Statement is being mailed to all of the Company's stockholders of record as of the close of business on August 13, 2007.

Sincerely,

Neil Smit  
President and Chief Executive Officer

**CHARTER COMMUNICATIONS, INC.**

**INFORMATION STATEMENT REGARDING ACTION TAKEN BY WRITTEN  
CONSENT OF MAJORITY STOCKHOLDER IN LIEU OF MEETING**

**AND**

**NOTICE OF ACTION BY WRITTEN CONSENT PURSUANT TO SECTION  
228(E) OF THE DELAWARE GENERAL CORPORATION LAW**

**WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY**

**GENERAL**

This Information Statement and Notice of Action by Written Consent ("Information Statement") is being mailed on or about \_\_\_\_\_, 2007 to the Company's stockholders of record as of August 13 2007, and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and pursuant to Section 228(e) of the General Corporation Law of the State of Delaware.

The cost of furnishing this Information Statement will be borne by us. We will mail this Information Statement to registered stockholders and certain beneficial stockholders where requested by brokerage houses, nominees, custodians, fiduciaries and other like parties.

This Information Statement is being mailed or furnished to our stockholders in connection with the authorization of the corporate action described below as adopted by our board of directors by resolution dated July 24, 2007 and the subsequent approval of such corporate action by the written consent of a stockholder holding in the aggregate 90.92% of the voting power of our outstanding shares entitled to vote on such corporate action. Accordingly, all necessary corporate approvals in connection with the matters referred to herein have been obtained and this Information Statement is furnished solely for the purpose of informing the stockholders of the Company, in the manner required under the Exchange Act, of this corporate action before it takes effect.

This Information Statement is first being mailed or furnished to our stockholders on or about \_\_\_\_\_, 2007, and the transaction described herein shall not become effective earlier than 20 calendar days thereafter.

**ACTION BY BOARD OF DIRECTORS AND CONSENTING STOCKHOLDER**

On July 24, 2007, our board of directors adopted a resolution to amend our Restated Certificate of Incorporation, as amended (the "Certificate of Incorporation"), approving an increase in authorized shares of Class A Common Stock to ten billion, five hundred million (10,500,000,000) shares of Class A Common Stock, par value \$.001 per share, provided, that eight billion, seven hundred and fifty million (8,750,000,000) shares of Class A Common Stock are authorized for issuance solely upon the exercise or exchange of rights pursuant to the Rights Agreement, and provided, further, that for the avoidance of doubt, such eight billion, seven hundred and fifty million (8,750,000,000) shares shall include any shares of Class A Common Stock which may be issued upon the exchange of Class B Common Stock or Exchangeable Units issued to the Class B Stockholder or its affiliates pursuant to the Rights Agreement and an increase in the authorized shares of Class B Common Stock to four billion, five hundred million

(4,500,000,000) shares of Class B Common Stock, par value \$.001 per share, provided, that three billion, seven hundred and fifty million (3,750,000,000) shares of Class B Common Stock are authorized for issuance solely upon the exercise or exchange of rights pursuant to the Rights Agreement, and provided, further, that for the avoidance of doubt, such three billion, seven hundred and fifty million (3,750,000,000) shares shall include any shares of Class B Common Stock which may be issued upon the exchange of Exchangeable Units issued to the Class B Stockholder or its affiliates pursuant to the Rights Agreement. The form of the Certificate of Amendment to the Certificate of Incorporation is attached hereto as Exhibit A.

Our board of directors also proposed that this resolution be submitted for a vote to the stockholders of the Company. The affirmative vote of the majority of our outstanding shares of Class A Common Stock and Class B Common Stock, voting together as a single class, is required to approve such an increase in the authorized shares. On August 13, 2007, the amendment to the certificate of incorporation was adopted by the written consent of the Class B Stockholder, a stockholder holding the requisite majority of the voting power.

Any issuance of the additional securities authorized pursuant to the Certificate of Amendment to the Certificate of Incorporation will be upon the terms and subject to the conditions of the Rights Agreement. The holders of shares of Class A Common Stock and/or Class B Common Stock are not entitled to preemptive rights with respect to the issuance of additional shares of Class A Common Stock or Class B Common Stock or securities convertible into or exercisable for Class A Common Stock or Class B Common Stock.

## **THE RIGHTS AGREEMENT**

The Rights Agreement provides for a dividend distribution of one preferred share purchase right (a "Right") for each outstanding share of the Company's Class A Common Stock, and Class B Common Stock. The dividend is payable to the Company's stockholders of record as of the close of business on August 31, 2007 (the "Record Date"). In addition, one Right will be issued with respect to each share of Class A Common Stock and Class B Common Stock issued or delivered by the Company after the Record Date but prior to the earlier of the Distribution Date (as hereinafter defined) or upon expiration of the Rights as described below.

Our board of directors adopted the Rights Agreement in an effort to protect stockholder value by attempting to protect against a possible limitation on our ability to use our net operating loss carryforwards (the "NOLs") to reduce potential future federal income tax obligations. The Company has experienced and continues to experience substantial operating losses, and under the Internal Revenue Code of 1968, as amended (the "Code") and rules promulgated by the Internal Revenue Service, the Company may "carry forward" these losses in certain circumstances to offset any current and future earnings and thus reduce our federal income tax liability, subject to certain requirements and restrictions. To the extent that the NOLs do not otherwise become limited, the Company believes that it will be able to carry forward several billion dollars of NOLs, and therefore these NOLs could be a substantial asset to the Company. However, if the Company experiences an "Ownership Change," as defined in Section 382 of the Code, our ability to use the NOLs could be substantially limited, and the timing of the usage of the NOLs could be substantially delayed, which could therefore significantly impair the value of that asset.

The Rights Agreement is intended to act as a deterrent to any person or group acquiring 5.0% or more of our outstanding Class A Common Stock (an "Acquiring Person") without the approval of our board of directors. The holdings of independently managed mutual funds should not be combined for purposes of calculating ownership percentages under the Rights Agreement. Stockholders who own 5.0%

or more of our outstanding Class A Common Stock as of the close of business on August 31, 2007 will not trigger the Rights Agreement so long as they do not acquire any additional shares of Class A Common Stock. The Rights Agreement does not exempt any future acquisitions of Class A Common Stock by such persons. Any Rights held by an Acquiring Person are void and may not be exercised. Our Board of Directors may, in its sole discretion, exempt any person or group from being deemed an Acquiring Person for purposes of the Rights Agreement.

Subject to the terms, provisions and conditions of the Rights Agreement, if the Rights become exercisable, each Right would initially represent the right to purchase from the Company one one-thousandth of a share of the Company's Series B Junior Preferred Stock, par value \$0.001 (the "Preferred Stock"), for a purchase price of \$25.00. If issued, each fractional share of Preferred Stock would give the stockholder approximately the same dividend, voting and liquidation rights as one share of the Company's Class A Common Stock. However, prior to exercise, a Right will not give its holder any rights as a stockholder of the Company, including without limitation any dividend, voting or liquidation rights.

The Rights will not be exercisable until 10 days after a public announcement by the Company that a person or group has become an Acquiring Person.

Until the date that the Rights become exercisable (the "Distribution Date"), the Company's Class A Common Stock and Class B Common Stock certificates will evidence the Rights and will contain a notation to that effect. Any transfer of shares of Class A Common Stock or Class B Common Stock prior to the Distribution Date will constitute a transfer of the associated Rights. After the Distribution Date, no Right may be transferred other than in connection with the transfer of the underlying shares of Class A Common Stock or Class B common stock unless and until our board of directors has determined, with the consent of the holders of the Class B Common Stock, not to effect an exchange pursuant to the Rights Agreement. Except as may be determined by the board of directors, with the consent of the holders of the majority of the Class B Common Stock, after the Distribution Date, the Company's board of directors will exchange all of the then-outstanding, valid and exercisable Rights for 2.5 shares of Class A Common Stock and/or Class B Common Stock, as applicable, or an equivalent security.

**"Flip-In Event."** After the Distribution Date, all holders of Rights, except the Acquiring Person or any affiliate, associate or transferee of any Acquiring Person, may exercise their Rights upon payment of the purchase price to purchase five (5) shares of the Company's Class A Common Stock and/or Class B Common Stock, as applicable (or other securities or assets as determined by the Board) at a 50% discount to the then current market price.

Rights may be exercised to purchase shares of the Company's Preferred Stock *only* if a Distribution Date occurs prior to the occurrence of a Flip-In Event. However, because a Distribution Date would necessarily *follow* the occurrence of a Flip-In Event, the Rights could only be exercised for Class A Common Stock and/or Class B Common Stock, as applicable, or other securities as described above.

Further, upon an issuance of Class A Common Stock and/or Class B Common Stock under the Rights Agreement, additional membership units will be issued to the Company, as holder of the Class B common membership units issued by Holdco to mirror at Holdco the economic effect of such issuance of common stock. Holders of the Holdco Exchangeable Units will have equivalent rights which may be exercised, on generally the same terms and conditions as set forth in the Rights Agreement, for additional Holdco common membership units.

The Rights and the Rights Agreement will expire on the earlier of: (i) a determination by holders of a majority of the shares of Class B Common Stock to terminate the Rights Agreement, (ii) the Close of Business on December 31, 2008, (iii) the Close of Business on the date on which the Company make a



public announcement (by press release, filing made with the Securities and Exchange Commission or otherwise) that the Board has determined that the Company's Section 382 Ownership Level dropped below 25%, (iv) the time at which the Rights are redeemed as provided in the Rights Agreement, and (v) the time at which the Rights are exchanged as provided in Rights Agreement. The Company's Board of Directors may redeem all (but not less than all) of the Rights for a redemption price of \$0.001 per Right at any time prior to the Distribution Date. Once the Rights are redeemed, the right to exercise the Rights will terminate, and the only right of the holders of the Rights will be to receive the redemption price. The redemption price will be adjusted if the Company declares a stock split or issues a stock dividend on its Class A Common Stock or Class B Common Stock.

The Company's Board of Directors may adjust the purchase price of the Preferred Stock, the number of shares of the Preferred Stock issuable and the number of outstanding Rights to prevent dilution that may occur as a result of certain events, including a stock dividend, a stock split or a reclassification of the Preferred Stock, Class A Common Stock or Class B Common Stock. No adjustments to the purchase price of less than 1% will be made.

Before the Distribution Date, the Company's Board of Directors may amend or supplement the Rights Agreement without the consent of the holders of the Rights in respect of our Class A Common Stock. After the Distribution Date, the Board of Directors may amend or supplement the Rights Agreement only to cure an ambiguity, to alter time period provisions, to correct inconsistent provisions or to make any additional changes to the Rights Agreement, but only to the extent that those changes do not impair or adversely affect any Rights holder and do not result in the Rights again becoming redeemable. Notwithstanding the foregoing, the Company and the Rights Agent shall not supplement or amend the Rights Agreement without the prior approval of the holders of a majority of the Class B Common Stock.

As noted above, after the effective date of the amendment to our Certificate of Incorporation, a portion of our authorized shares of Class A Common Stock, *viz.* 8,750,000,000 shares, are authorized for issuance solely upon the exercise or exchange of Rights pursuant to the Rights Agreement. Likewise, a portion of the increase in our authorized shares of Class B Common Stock, *viz.* 3,750,000,000 shares, are authorized for issuance solely upon the exercise or exchange of Rights pursuant to the Rights Agreement.

#### **DILUTION EFFECT OF INCREASING THE NUMBER OF AUTHORIZED SHARES**

All holders of record as of August 31, 2007 will receive the Rights and therefore, there will be no immediate dilutive effect. However, if any holder of record on August 31, 2007 or other person becomes an Acquiring Person and is not exempted by the board of directors, such Acquiring Person's share ownership would become diluted as the other holders of the Class A Common Stock and Class B Common Stock (i.e., those holders other than the Acquiring Person) are given the opportunity to purchase additional shares or have them exchanged by the board of directors pursuant to the Rights Agreement. The amount of dilution to an Acquiring Person would depend on the number of shares exchanged or exercised under the Rights Agreement. Except as may be determined by the board of directors, with the consent of a majority of the shares of Class B Common Stock, after the Distribution Date, we will exchange all of the then-outstanding, valid and exercisable Rights, except Rights held by any Acquiring Person or any affiliate, associate or transferee of any Acquiring Person, for 2.5 shares of Class A Common Stock and/or Class B Common Stock, as applicable, or an equivalent security, however, if all Rights were exercised, such dilution could be as high as 5 to 1. The increase in the authorized shares provides the number of shares required to provide for the exchange or exercise of the Rights. Upon exercise or exchange of the Rights, there would be no dilutive effect to any person other than the Acquiring Person or any affiliate, associate or transferee of any Acquiring Person.

## **ANTI-TAKEOVER EFFECTS OF SHARE ISSUANCE**

The basis for the amendment of the Company's Certificate of Incorporation is the increase in the Company's authorized shares to allow for the distribution of shares pursuant to the Rights Agreement. Our board of directors adopted the Rights Agreement in an effort to protect stockholder value by attempting to protect against a possible limitation on our ability to use the NOLs, as discussed above, and is not intended to prevent a takeover of the Company. However, because an Acquiring Person may be diluted upon a trigger of the Rights Agreement, it does have a potential anti-takeover effect. However, because Mr. Allen owns 90.92% of the voting power of the outstanding stock, no person could acquire a controlling interest in the Company without his consent regardless of the existence of the Rights Agreement. Furthermore, because Mr. Allen indirectly owns all of our outstanding Class B Common Stock, he has the authority to rescind the Rights Agreement at any time.

The Company's Certificate of Incorporation and by-laws do not contain other anti-takeover provisions nor is the current increase in shares part of a plan to adopt other anti-takeover provisions. Cumulative voting is not provided under the Company's Certificate of Incorporation. Furthermore, the Rights Agreement expires no later than December 31, 2008.

The advantage of the increase in shares is to allow the Company to issue the shares under the Rights Agreement. It does not increase the shares available for other issuances by the Company because the amendment to the Company's Certificate of Incorporation specifically limits the issuance of the additionally authorized shares to an issuance under the Rights Agreement. The board of directors unanimously approved the increase of the authorized shares of Class A Common Stock and Class B Common Stock.

## **DISSENTER'S RIGHT OF APPRAISAL**

Under Delaware law, stockholders are not entitled to dissenter's rights of appraisal with respect to the increase of authorized share capital.

### **Security Ownership of Certain Beneficial Owners and Management**

The following table sets forth certain information regarding beneficial ownership of the Company's Class A common stock ("Class A common stock") as of June 30, 2007 by:

- each current director of the Company;
- the current chief executive officer and chief financial officer and individuals named in the Summary Compensation Table;
  - all persons currently serving as directors and executive officers of the Company, as a group; and
- each person known by us to own beneficially 5% or more of our outstanding Class A common stock as of June 30, 2007.

With respect to the percentage of voting power set forth in the following table:

- each holder of Class A common stock is entitled to one vote per share; and
- each holder of the Company's Class B common stock ("Class B common stock") is entitled to (i) ten votes per share of Class B common stock held by such holder and its affiliates and (ii) ten votes per share of Class B Common Stock for which membership units in Charter Holdco held by such holder and its affiliates are exchangeable.





The 50,000 shares of Class B common stock owned by Mr. Allen represents 100% of the outstanding Class B common stock.

| Name and Address of Beneficial Owner | Number of   | Unvested      | Class A     | Number of | Class B       | % of Class A | % of       |
|--------------------------------------|-------------|---------------|-------------|-----------|---------------|--------------|------------|
|                                      | Class A     | Restricted    | Shares      |           | Shares        |              |            |
|                                      | Shares      | Class A       | Receivable  | of        | Issuable      | Shares       | Voting     |
|                                      | (Voting and | (Voting       | on          | Class B   | upon          | (Voting      | and        |
|                                      | Investment  | Power         | Exercise of | Shares    | Exchange or   | and          | Investment |
|                                      | Power)(1)   | Only)(2)      | Vested      | Owned     | Conversion of | Power)       | Power)     |
|                                      |             | Securities(3) | Options     |           | Units(4)      | (4)(5)       | (5)(6)     |
| Paul G. Allen(7)                     | 28,453,167  | -             | 10,000      | 50,000    | 369,448,336   | 51.69 %      | 90.92%     |
| Charter Investment, Inc.(8)          |             |               |             |           | 253,135,163   | 38.73 %      | *          |
| Vulcan Cable III Inc.(9)             |             |               |             |           | 116,313,173   | 22.51 %      | *          |
| W. Lance Conn                        | 100,545     | -             |             |           |               | *            | *          |
| Nathaniel A. Davis                   | 49,242      | -             |             |           |               | *            | *          |
| Jonathan L. Dolgen                   | 109,577     | -             |             |           |               | *            | *          |
| Raji                                 |             |               |             |           |               |              |            |