



Technical Director  
File Reference No. 2017-200  
Financial Accounting Standards Board  
401 Merritt 7  
PO Box 5116  
Norwalk, CT 06856-5116

May 4, 2017

Re: **File Reference No. 2017-200**, Proposed Accounting Standards Update, *Debt (Topic 470): Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)*

Dear Sir/Madam:

Charter Communications Inc. ("Charter") is pleased to offer comments on the Financial Accounting Standards Board's ("the Board") draft standard on debt classification, which is presented in the Proposed Accounting Standards Update, *Debt (Topic 470), Simplifying the Classification of Debt in a Classified Balance Sheet (Current versus Noncurrent)* (the "Exposure Draft"). Charter is the second largest cable operator in the United States and a leading broadband communications services company providing video, Internet and voice services to approximately 26.2 million residential and business customers as of December 31, 2016. In addition, we sell video and online advertising inventory to local, regional and national advertising customers; and fiber-delivered communications and managed information technology ("IT") solutions to business customers. Charter had total pro forma revenues of approximately \$40 billion for the latest fiscal year ended December 31, 2016 and is a public registrant whose common stock is listed for trading on the NASDAQ Global Select Market under the symbol: CHTR.

We agree with the Board's proposal to exclude debt from current liabilities in circumstances where a waiver of a covenant violation is received after the balance sheet date but before the financial statements are issued, if the waiver covers a period of at least one year from the balance sheet date. As a practical matter, we believe that companies may not become aware of a violation until the annual accounting records are closed and covenant calculations are performed, and that a company that could obtain a waiver by the time the financial statements are issued would most likely also have been able to obtain the waiver before the balance sheet date. We also believe that in this circumstance, the users of a company's financial statements would consider such debt to be long-term in nature and would make adjustments to a company's working capital calculations and other ratios to adjust for this, absent noncurrent classification. As such, we believe that the exception improves the decision usefulness of financial statements and is consistent with the Board's objective to reduce cost and complexity while maintaining or improving the usefulness of the information provided to users of the financial statements.

As a party to numerous debt instruments with a carrying value of approximately \$62 billion as of December 31, 2016, we agree with the Board's objective to simplify the accounting for these arrangements. However, we believe that the Exposure Draft's required classification of debt as a current liability when it is subsequently refinanced on a long-term basis, before the issuance of financial statements, would not maintain or improve the usefulness of the information provided to the users of our financial statements. Specifically, we disagree with the Board's assertion that a subsequent refinancing does not provide evidence about conditions that existed at the balance sheet date. In our view, a company's intent and ability to refinance its debt are both significant conditions that exist at the balance

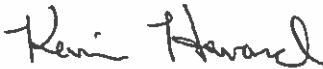
sheet date that are important to the users of our financial statements. As such, we believe that the intent and ability to refinance debt should continue to be considered when classifying the current or non-current nature of debt.

We agree with the Board's original view, as documented in its basis for conclusions in the existing accounting standard<sup>1</sup>, which states that "the scheduled maturity date of an obligation is not necessarily indicative of the point in time at which that obligation will require the use of the enterprise's funds. Inclusion of all short-term obligations within the current liability classification ignores the fact that enterprises, for sound economic reasons, often use commercial paper and other short-term debt instruments as means of long-term financing or that they often replace the currently maturing portion of long-term debt with other long-term debt." Our experience supports the Board's original view because when we possess the intent and ability to refinance our debt, our decision to refinance the debt is driven by our assessment of various economic and other factors and our judgment regarding the most beneficial timing to refinance. We believe that the timing of a company's application of these factors should not definitively drive the classification of debt when clear, objective evidence points to the existence of such factors at the balance sheet date. Additionally, we believe that the elimination of the intent and ability to refinance debt when determining its short or long-term classification will reduce comparability among financial statements by distorting working capital calculations that are based on reported balance sheets and will add complexity to what is a simple calculation under current guidance. For example, we believe that rating agencies and other sophisticated users of our financial statements will make adjustments for subsequently refinanced debt, which increases complexity and decreases the relevance of our reported balance sheet. Conversely, less sophisticated users may not make such adjustments and would be led to a different conclusion of our working capital and other ratios. As such, we believe that this aspect of the Exposure Draft does not meet the Board's goal to reduce cost and complexity while maintaining or improving the usefulness of the information provided to users of the financial statements. We therefore recommend that the Board amend the Exposure Draft to continue to allow for the inclusion of intent and ability to refinance debt in a company's determination of its short or long-term classification.

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We appreciate the opportunity to provide comments on the Exposure Draft.

Sincerely,



Kevin Howard  
Senior Vice President, Chief Accounting Officer and Controller  
Charter Communications, Inc.

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<sup>1</sup> Statement of Financial Accounting Standards No. 6 *Classification of Short-Term Obligations Expected to be Refinanced – an amendment of ARB No 43, Chapter 3A* (codified to Accounting Standards Codification Topic No. 470, *Debt*).