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CLIENT UPDATE
February 8, 2006

We summarize below key developments of interest to our clients in the cable television industry.

SMALL SYSTEM EAS UPDATE

Many clients have EAS waiver extensions that expire on March 1, 2006. Make sure that your company has either installed EAS equipment or filed for an extension of the waiver before March 1. For those who still cannot install the required equipment due to financial hardship, we encourage you to apply for an extension of your company's waiver. FCC officials continually reiterate that they must enforce the EAS regulations. Operators that have not installed equipment or obtained an extension face enforcement actions. Fines could result in up to \$9,000 per headend.

Please note the following – if your company has acquired a cable system for which the former owner was granted a temporary EAS waiver, be aware that the waiver did not transfer to your company. EAS waivers are based on an applicant's financial hardship. The FCC has declined to extend EAS waivers to subsequent buyers of small systems on the grounds that the Commission has no basis for determining if compliance with the EAS requirements would impose a similar financial hardship on the buyer. You will need to file for a waiver if your company cannot install EAS equipment due to financial hardship.

For more information about how your company may be able to attain continued relief based on a showing of financial hardship, please call Nicole Paolini-Subramanya or Emily Denney at 312-372-3930.

FCC AND COPYRIGHT FILING DEADLINES

Cable copyright filings are due March 1, 2006. Copyright filings for the July-December 2005 filing period are due March 1, 2006. The following forms apply:

SA1-2 Short Form - For use by cable television systems whose semiannual gross receipts are less than \$527,600.00.

SA3 Long Form - For use by cable television systems whose semiannual gross receipts are \$527,600.00 or more.

If you have not received a preprinted form from the U.S. Copyright Office, download the forms at the following websites:

Short Form: <http://www.copyright.gov/forms/SA1-2-2005.pdf>

Long Form: <http://www.copyright.gov/forms/SA3-2005.pdf>

You must file two copies of the Statement of Account, an original and a copy.

The Copyright Office encourages you to make payments via Electronic Funds Transfer. Please see the circular at <http://www.copyright.gov/circs/circ74.pdf> for more information about electronic funds transfers. You may also pay by money order or cashier's check.

If you have recently acquired new systems, you may need to consider how the system's location may impact your future copyright royalty payments. Your copyright royalty payments may also be impacted by how

you launch DTV signals. If you have questions concerning copyright compliance, please contact Chris Cinnamon or Ly Chhay at 312-372-3930.

FCC Form 477 is due March 1, 2006. If your company provides local exchange services or facilities-based broadband connections (more than 200 kbps in either direction), you will need to file FCC Form 477 on or before March 1, 2006.

The FCC uses Form 477 to collect information about broadband deployment and local telephone competition. The March 1 form covers information about broadband and local telephone services as of December 31, 2005.

The Form 477 is now available electronically on the FCC's website. You can obtain the form and detailed instructions at <http://www.fcc.gov/formpage.html#477>. If you have questions about the Form 477 or need assistance filing the Form 477, please contact Ly Chhay at 312-372-3930.

OTHER FCC REMINDERS

The following forms are subject to mandatory electronic filing through the FCC's cable operations and licensing system (COALS):

- Form 320 – Basic Signal Leakage Report
- Form 322 – Cable Community Registration
- Form 324 – Operator, Mail Address, and Operational Information Changes
- Form 325 – Annual Report of Cable Television Systems

Access the COALS system on the FCC's website at gulfoss2.fcc.gov/csb/coals. If you have questions about any of the above forms or the COALS system, please contact Emily Denney at 312-372-3930.

Cinnamon Mueller News

Emily A. Denney named partner of the firm. We congratulate Emily Denney on becoming a partner of the firm. A 2001 graduate of Loyola University Chicago School of Law, Emily has been with Cinnamon Mueller since her second year of law school. She will continue to advise clients on telecommunications and cable regulatory and transactional matters. Congratulations to Emily!

Scott Friedman joins the firm. We would like to extend a warm welcome to Scott Freidman, who recently accepted a position with Cinnamon Mueller. Scott will graduate from the University of Wisconsin Law School and will join the firm full time in May. He will assist with the firm's cable and telecommunications clients in regulatory and transactional matters, as well as the firm's litigation practice group. Welcome, Scott!

Recent Speeches

- Partner Chris Cinnamon recently spoke at NTCA's Annual Member Meeting in San Diego, California, on retransmission consent issues faced by smaller cable operators.
- Partner Nicole Paolini-Subramanya recently spoke at the NCTC Winter Educational Conference in Albuquerque, New Mexico, on EAS, and CALEA requirements for broadband internet access and VoIP providers.

Please visit our website at www.cinnamonmueller.com to learn more about our lawyers and practice. You can reach Cinnamon Mueller at 312-372-3930. *This update is provided by the law firm of Cinnamon Mueller. The document is intended for informational purposes only as a service to clients of Cinnamon Mueller and to the members of the American Cable Association. It is not intended to provide specific legal advice or to substitute obtaining appropriate legal counsel. We encourage you to consult with counsel to address special compliance issues and for assistance in negotiating or handling any such matter referred to in Client Update.*