



WOMBLE
CARLYLE
SANDRIDGE
& RICE
PROFESSIONAL LIMITED
LIABILITY COMPANY

**FCC Form 1240
Fourth Quarter 2005 Inflation
Adjustment Factor is 3.31%**

April 3, 2006

Cable operators that use FCC Form 1240 may adjust the non-external cost portion of their rates to account for inflation based on quarterly figures released by the Federal Communications Commission. The Commission has now announced that, for the fourth quarter 2005, the inflation factor is 3.47%. The fourth quarter 2005 began October 1, 2005 and ended December 31, 2005. The inflation factor is a measure of the annualized change in prices occurring over that period.

When calculating the Inflation Factor for a True-Up Period (which includes some portion of third quarter 2005) enter the inflation factor as .0347n the appropriate line of Worksheet 1 to FCC Form 1240.

When calculating the Projected Period Inflation Segment on FCC Form 1240 enter this number as 1.0347 in Line C3 (in the January 1996 version) or on Line C5 (in the July 1996 version).

If you have any questions regarding this alert, please contact Mark Palchick at (202) 857-4411 or mpalchick@wcsr.com or Howard Barr at (202) 857-4506 or hbarr@wcsr.com (202) 857-4411.

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