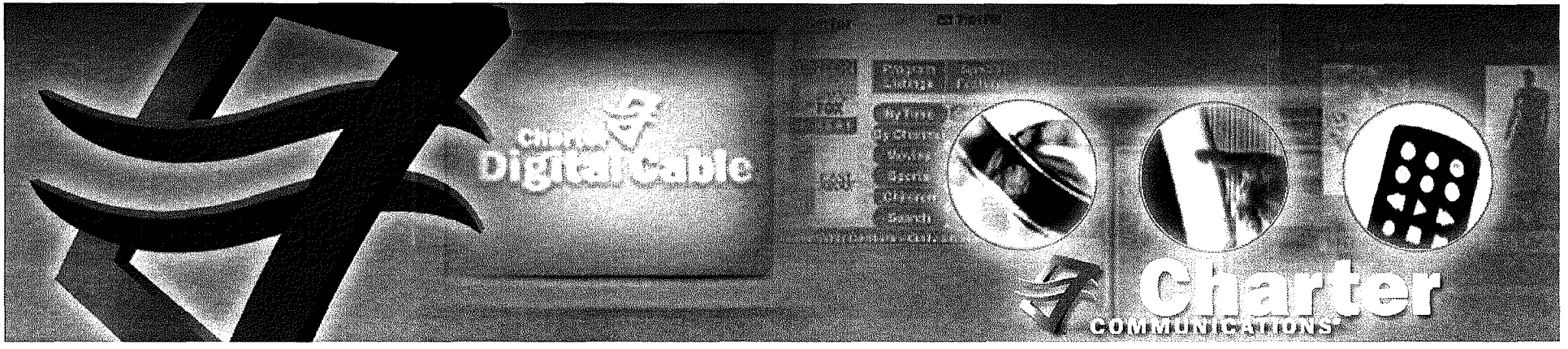
Impact of Compulsory Carriage of Must-Carry Digital Multicasts



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Impact of Multicasts: Reduced Diversity in Programming

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If required to devote additional system capacity to carriage of must-carry multicasts, a majority of the systems surveyed would have to drop existing analog and/or digital programming. The programming that is most likely to be dropped is niche programming such as foreign-language/ethnic programming, public interest programming, and new programming that does not have a substantial subscriber base.

Example: Some urban markets already carry up to 25 broadcast stations. The addition of multicasts for each station (up to at least 3 per station) could triple the number of channels allocated to local broadcast stations. To make room systems would have to remove programming or services desired by consumers.

Impact of Multicasts: Reduced Diversity in Programming (Continued)

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Impact:

- Existing analog and/or digital channels would have to removed.
- It would be more difficult to carry new programming or programming that is desired by a particular community.
- More programming would be controlled by fewer sources with no assurances that the additional programming would serve the public interest or would be of general interest to the local subscribers.
- Choice of programming would not be determined by market forces, rather programming would be dictated by local broadcast stations.
- Based on the digital multicast programming currently available, generally there is a lack of programming differential between the programming on a station's primary signal and on its multicasts.

Impact of Multicasts: Prevent or Hamper Launch of Advanced Services

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The use of bandwidth capacity by must-carry multicast could prevent or hinder the deployment of advanced services (such as high-definition programming, video-on-demand, high-speed internet, and telephone service). The bandwidth capacity that could have been used for advanced or other services in high demand by consumers would have to be devoted to create additional channels for local broadcast stations.

Impact of Multicasts: Prevent or Hamper Launch of Advanced Services (Continued)

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Impact:

- Additional High-Definition channels could not be able to be added because bandwidth capacity would be needed to carry digital multicasts.
- Deployment of internet, telephone and other advanced services could be significantly delayed or prevented in those smaller systems serving rural communities.
- Deployment of resources to support existing internet and telephone service could be significantly delayed or reduced, and the ability to add High-Definition channels, video-on-demand and other advanced services could be delayed or prevented in those over-crowed systems serving urban communities.

Impact of Multicasts: Increased Cost to Subscriber

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Forced carriage of must-carry digital multicast would require additional capital expenditures that would result in increased costs to the subscribers.

There are significant costs in (1) upgrading a system's plant and equipment to provide the additional bandwidth capacity to carry additional channels, (2) in equipping each cable headend with the necessary multiplexing equipment to receive, reformat and distribute digital multicasts, and (3) deploying set-top boxes capable of receiving digital signals to subscribers who enjoy low cost analog service or who have analog-only television sets.

Impact: The costs of providing multiple channels to each broadcast station will ultimately be borne by the subscribers.

Impact of Multicasts: Carriage of Duplicative Programming & Carriage of Direct Competitors

Compulsory carriage of must-carry digital multicasts could require the carriage of programming that is substantially duplicative of what is broadcast on the station's primary signal, often at the cost of other compelling programming demanded by subscribers.

Some local broadcasters have entered into agreements to use their multicast signals to broadcast competing video providers (such as MovieBeam and USDTV) or programming from other third-parties. Forced carriage of must-carry digital multicasts could require Charter to displace current services to carry the signals of our competitors.

Impact of Multicasts: Example Large Urban Market

Large Urban Market	System A	System B	System C	System D	System E
System Mhz	860	750	750	750	750
Available Mhz	0	0	6	0	0
# of Broadcast Stations Carried	24	24	20	23	25
# of City, PEG & Leased Access Channels	8	4	7	3	3
Internet / Telephone Service	y/y	y/y	y/y	y/y	y/y
Potential # of New Multicasts †	72	72	60	69	75
# of Analog Channels that would be dropped ‡	8	8	5	7	8

Because of the large number of local broadcast stations in large urban markets the systems would (1) have to remove a substantial number of analog/digital channels and (2) would not have any additional bandwidth capacity to expand internet, telephone or other advanced services.

† Assumes at least 3 multicast per station. ‡ Assumes 10 480i multicast per 6 Mhz QAM

Impact of Multicasts: Example Medium Suburban Market

Medium Suburban Market	System A	System B	System C	System D
System Mhz	860	550	450	350
Available Mhz	0	0	0	0
# of Broadcast Stations Carried	17	17	14	14
# of City, PEG & Leased Access Channels	6	4	1	0
Internet / Telephone Service	y/y	y/y	n/n	n/n
Potential # of New Multicasts †	51	51	42	42
# of Analog Channels that would be dropped ‡	6	6	5	6

In medium suburban markets, systems would have to remove existing analog/digital channels and would not have bandwidth capacity to launch or expand internet, telephone or other advanced services.

† Assumes at least 3 multicast per station.
‡ Assumes 10 480i multicast per 6 Mhz QAM

Impact of Multicasts: Example Small Rural Market

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Small Rural Market	System A	System B	System C	System D
System Mhz	550	450	300	300
Available Mhz	48	66	0	0
# of Broadcast Stations Carried	11	6	7	6
# of City, PEG & Leased Access Channels	1	0	0	2
Internet / Telephone Service	y/n	n/n	n/n	n/n
Potential # of New Multicasts †	33	18	21	18
# of Analog Channels that would be dropped ‡	0	0	3	2

In the small rural markets, the systems would not have to remove as many analog/digital channels but would not have the bandwidth capacity to launch internet, telephone or other advanced services.

† Assumes at least 3 multicast per station.

‡ Assumes 10 480i multicast per 6 Mhz QAM