

From: Joshua Sapan. Sent: 4/1/2005 5:21 PM.  
To: [ ] Dolan, Charles  
Cc: [ ] Deitch, David; Greenberg, Andrea; Pistacchio, Dave; Dolan, Tom.  
Bcc: [ ]  
Subject: Echostar Meeting.

Attached please find a memo describing yesterday's meeting.

Please let me know any comments, questions, etc.

Thanks.

Josh

VOOM HD v. EchoStar Satellite  
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**Ex. 193**



# MEMO

**TO:** C. Dolan  
**FROM:** J. Sapan  
**RE:** Meeting with Echostar re: Carriage of VOOM 21 HD Services  
**DATE:** April 1, 2005

cc: D. Deitch  
T. Dolan  
A. Greenberg  
D. Pistacchio

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Following is a summary of yesterday's meeting with Echostar.

Yesterday in Denver we had an encouraging meeting with Charlie Ergen concerning Echostar's carriage of the VOOM 21 HD services. In addition to you and I, our group at the meeting included Tom Dolan, Dave Pistacchio, Andrea Greenberg and David Deitch. Michael Schwimmer participated with Charlie for Echostar.

Charlie continued to express a keen interest in the VOOM 21 services and his belief that they could become a primary destination in the HDTV programming space. He opened the meeting by confirming his continued interest in carrying the services but noted that given the passage of time since our last discussions on these matters, a number of changes had occurred that would make it difficult or expensive for them to do a deal on the terms previously agreed to. Specifically, he noted that he would look to us to pay Echostar for the satellite capacity they used to deliver the VOOM 21 services and would look to offer the package on a premium basis. After explaining the difficulties we had with that approach, we separated to caucus. When we reconvened, we presented the following proposal:

1. Echostar would carry the VOOM 21 services on the terms we had previously negotiated. In summary these are:
  - Echostar agrees to carry the VOOM 21 suite of HD services (up to 21 channels) as part of its most widely distributed tier that includes any basic HD service (i.e. HD service other than broadcast TV, traditional premium (HBO, Showtime), PPV or Regional Sports). Service must be received by a specified percentage of all HD Subs (95% in 2004 reducing to 80% in 2019).
  - Monthly Subscriber Fee of \$3.25 in 2004, increasing by 5% per year through 15-year term.

- Agreement contains a requirement that Echostar receive all programming that is part of the VOOM 21 service received by other distributors (including Rainbow DBS), and contains an MFN entitling Echostar to receive the best deal in the market.

2. Echostar would allow us to use their capacity as transport to other distributors without charge on the terms we had previously negotiated. In summary these are:

- Echostar provides VOOM 21 with transport for the term of the Affiliation Agreement (15 years), to cable headends and other wholesale distributors (not direct-to-home).
- Service begins at 61.5° and migrates after one year to 105°, with 61.5° as live back up.
- Echostar can move VOOM 21 to other satellites but must pay for, and provide adequate time to effectuate, ground equipment adjustments.

3. In further consideration of the above, we would grant Echostar a 20% common equity interest in the VOOM 21 channels.

Charlie reacted enthusiastically to this proposal. We discussed a number of specifics on the equity proposal including (i) Rainbow would continue to manage VOOM 21 without interference from Echostar, (ii) Echostar's 20% interest would not be diluted until after **\$500 million of additional cash common equity** had been contributed to VOOM 21, (iii) Echostar would have the right to participate pro-rata in any funding we made in the form of partners loans or preferred equity, (iv) there would be tag-along and drag-along rights if we sold our interest to a third party, and (v) as an exist mechanism, there would be a put and call for Echostar's interest at an appraised value at some point after five years and we would have the right to pay the put/call price in cash, stock or notes.

Michael Schwimmer noted that he would need to look back over the old affiliation and transport agreement drafts to confirm whether there were any provisions that needed to be revisited, recognizing that our offer was based on continuing with the terms previously agreed to. There was also discussion of what Echostar satellites VOOM 21 would be available from, and how we could ensure that the VOOM 21 services would be available to all of Echostar's HD subscribers. We recognized that more work was required to iron out this issue.

We agreed that we would move expeditiously to try to finalize these arrangements, subject to the approval of Cablevision's Board. Next steps included the preparation of a term sheet on the equity component of the deal, a follow up meeting with Michael Schwimmer at NCTA on Monday, and an attempt at an expeditious negotiation and agreement.

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