

Rainbow DBS

Opportunities to enhance DBS MVPD
competition in connection with the
EchoStar/DirecTV merger

HDSAT

Overview

- EchoStar/DirecTV merger
 - Benefits: Creates a national competitor to next-generation cable
 - “Local Channels, All Americans”
 - Broadband Internet access
 - HDTV
 - Concerns: consolidation of major DBS competitors will eliminate DBS competition and leave rural consumers without MVPD choice
 - 3:2 consolidation in areas served by cable
 - 2:1 consolidation in rural areas unserved by cable
 - Solution: Divest EchoStar of 17 Eastern orbital frequencies to a new DBS entrant with a national product that will serve rural areas with local, SDTV and HDTV services with proven technology and a longstanding MVPD track record
 - 2 robust DBS competitors with local broadcast to All Americans
 - Rainbow DBS to launch Rainbow 1 to 61.5 W.L. in March 2003
 - With additional capacity at 61.5 RDBS will offer real alternative to merged EchoStar/DirecTV everywhere, offering:
 - Regional original and HD programming
 - National HD programming
 - Broad array of Standard Definition programming
 - Local into Local broadcasts

Solution: Preserve merger's benefits and eliminate concerns

- Rainbow DBS is the last licensed entrant in the high-power DBS business
- Rainbow DBS's state-of-the-art, spot-beam satellite is almost completed and will be launched March 2003
 - Dense use of spot beams and frequency reuse makes better use of scarce spectrum
 - Deployment of high-compression MPEG-4 technology allows programming content in limited spectrum
- Rainbow DBS programming will rival or exceed that offered by combined EchoStar
- Rainbow DBS will provide local services into all 210 national DMAs

Rainbow DBS

Rainbow DBS, a venture of Cablevision Systems Corporation, is the licensee of 11 channels at 61.5, the easternmost of US DBS orbital slots.

The FCC has said “R[ainbow] DBS’s planned service *is perhaps the last opportunity* in the near-term for entry by a competitive provider within the DBS service itself.”

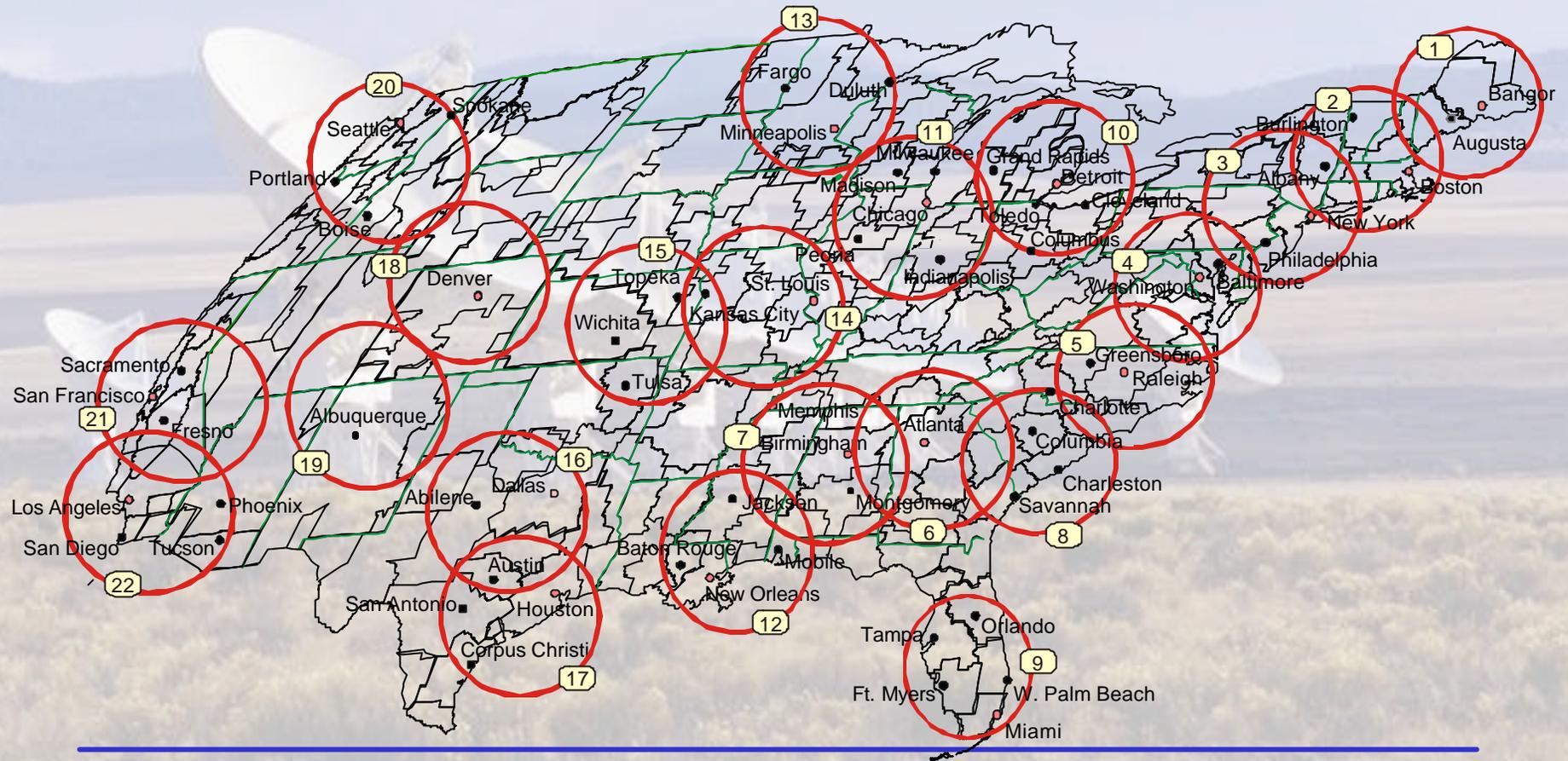
(In re RL DBS Company, DBS87-01, December 29, 2000 at p. 19 [FCC DA 00-2852])

Rainbow One is a state of the art, high-power spot beam satellite

- The Lockheed constructed satellite is already equipped to utilize 13 frequencies at 61.5 (11 allocated to Rainbow DBS, 2 unallocated)
- The satellite can reach effectively 22 spots and 143 DMAs, including 76 of the top 100 and 67 of the remaining 110
- Satellite is dynamically configurable to allocate channels to spot beams (regional programming) or CONUS beams (national programming)
- Pursuant to FCC order, satellite launch is March 2003, service launch before December 2003



Rainbow One Footprint (22 spot beams for frequency reuse)



HDSAT Capacity with 30 Frequencies at 61.5W

using MPEG-4 for standard definition and MPEG-2 for high definition

HDSAT competitive service

- ✍ 40 National 1080i HD Channels
- ✍ 320 channels of standard definition programming, including a wide selection of NVD services, sports, news, documentary, family and premium movie packages
- ✍ 4 Regional 1080i HD channels in each of 22 spot beam territories
- ✍ Local-into-local services provided to all 210 DMAs in standard definition using a second high-power hybrid national/spot beam satellite

All Programming received with a 13" dish

Rainbow DBS National Program Menu

(prototype)

High Definition Standard Definition

AMC Monsters HD
 AMC HD
 Bravo Performance HD
 Comedy Theater HD
 Discovery HD Theater
 Full Frontal Fashion HD
 HBO HD
 HDNet Entertainment
 HDNet Movies
 HDNet Sports
 MGM Classics HD
 IFC Widescreen
 Showtime HD
 Sports Theater HD
 We Widescreen
 Western Theater
 Regional News (2)*
 Regional Sports (2)*

* Per spot beam

News

All News Channel
 Bloomberg
 CNBC
 CNN
 CNN HN
 CNN International
 CNN FN
 Fox News
 MSNBC
 Deutsche Welle
 Aljazeera (English)

Children's

Boomerang
 Cartoon Network
 Discovery Kids
 Disney (2)
 Nickelodeon (2)
 Nick Gas
 Noggin
 PBS Kids Channel
 Toon Disney

Religious

Church Channel
 EWTN
 Trinity Broadcasting
 Wisdom TV
 World Network

PPV

multiple channels

Movies

AMC
 Bravo
 Cinemax (3)
 Encore
 Flix
 Fox Movies
 HBO (9)
 Hallmark
 IFC
 Lifetime Movies
 Showtime (10)
 Starz! (10)
 Sundance
 Trio
 TMC
 TCM

Music

BET Jazz
 CMT
 MTV
 MTV2
 MTVx
 MuchMusic USA
 VH1
 VH1 classic
 VH1 soul
 Music Choice

Women's

Lifetime
 Oxygen
 Soap Net
 We

Variety

ABC Family
 A & E
 BBC America
 BET
 Comedy Central
 E! Entertainment
 FX
 Game Show Net
 Nick at Night
 PAX
 PBS You
 TNT
 TBS
 TNN
 TV Land
 USA Network
 WGN

Documentary

Animal Planet
 Biography
 Discovery
 Discovery Civilization
 Discovery Science
 History Channel
 History International
 National Geographic
 Science
 TLC Learning

Shopping

HSN
 Shop @ Home
 Shop NBC
 QVC

Sports

ESPN
 ESPN 2
 ESPN Classic
 ESPN News
 Fox Sports World
 Golf Channel
 NBA TV
 Speed Channel
 Outdoor Life Network
 Outdoor Channel

Regional Sports

Fox Sports Net
 Madison Sq. Garden
 NESN
 Sunshine Network
 NFL - NBA
 MLB - NHL -MLS

Special Interest

CSPAN
 CSPAN 2
 CourTV
 DIY
 Discovery Health
 Disc. Home & Leisure
 Discovery Wings
 eStyle
 Food Network
 Good Samaritan
 HGTV
 Health Network
 Research Channel
 RFD TV
 Safety Net
 SciFi

Spanish

Canal Sur
 Cine Latino
 ClaraVision
 CNN en Espanol
 Discovery Espanol
 El Canal del Tiempo
 EWTN Red Global
 FSW Espanol
 Galavisión
 Gran Canal Latino
 HBO Latino
 Hispanic TV
 MTV Espanol
 Mun2
 Puma TV
 SuperCanal
 Telefe Internacional
 Telefuturo
 Telemundo (2)
 Telemundo Inter.
 Toon en Espanol
 TV Azteca
 TV Chile Int.
 TVE
 Univision (2)
 Utilisima
 VH1 Espanol

Special Interest

TechTV
 Travel
 TV Games

Foreign Language

Al Zikr
 Aljazeera
 ART
 ART Movies
 ART Music
 Dubai Satellite
 ESC-1
 Future TV
 LBC
 Nile Drama
 B4U
 iTV Gold
 Sony Ent.
 TV Asia
 Zee Gold
 Zee TV
 Phoenix
 BVN TV
 RF1
 TV5
 Antenna TV
 ERT
 MEGA Cosmos
 RAI
 TV Polonia
 TV Japan
 PTV Pakistan
 RTP-1
 TV Globo
 NTV
 NTV Plus

HDSAT service with 13 vs. 30 frequencies

using MPEG-4 for standard definition and MPEG-2 for high definition

	<u>13 Frequencies</u>	<u>30 Frequencies</u>
<i>High definition channels</i>	16 national 2 regional (in 12 spot beams)	40 national 2 regional (in 22 spot beams)
<i>Standard definition channels</i>	256 national 16 regional (in 12 spot beams) No local-into-local	320 national 16 regional (in 22 spot beams) Local-into-local to all 210 DMAs *

* Local-into-local services provided to all continental US DMAs with HDSAT's second high power hybrid national/spot-beam satellite

EchoStar/DTV merger *with* Conditions Improves Competition in DBS space

	Today (as of 9/3/02)		No Merger		Merger (w/ freq. divest)	
	Local Markets	Nat'l Channels	Local Markets	Nat'l Channels	Local Markets	Nat'l Channels
DirectTV	47	~200	70	~200	210	~300+
EchoStar	43	~200	50	~200		
Rainbow DBS	0	0	0	~250	210	~300+ (World News, Family Pack, International, Foreign Language, 40 HD channels)
Neglected DMAs	~159		~140		0	

No Merger, No Divestiture, No Local:

(Nielsen DMAs 2002)

Abilene-Sweetwater	Cheyenne, WY-Scottsbluff,	Ft. Smith-Fay -Sprngdl-Rgrs	La Crosse-Eau Claire	Ottumwa-Kirksville	Springfield-Holyoke
Albany, GA	Chico-Redding	Ft. Wayne	Lafayette, IN	Paducah-C.Gird-Harbg-Mt VN	St. Joseph
Albany -Schenectady -Troy	Clarksburg-Weston	Gainesville	Lafayette, LA	Palm Springs	Syracuse
Alexandria, LA	Colorado Springs -Pueblo	Glendive	Lake Charles	Panama City	Tallahassee-Thomasville
Alpena	Columbia, SC	Grand Junction-Montrose	Lansing	Parkersburg	Terre Haute
Amarillo	Columbia-Jefferson City	Great Falls	Laredo	Peoria-Bloomington	Toledo
Anchorage	Columbus, GA	Green Bay -Appleton	Lexington	Portland-Auburn	Topeka
Augusta	Columbus -Tupelo-West Point	Greenville-N.Bern-Washngtn	Lima	Presque Isle	Traverse City -CadillacTri-Cities, TN-VA
Bakersfield	Corpus Christi	Greenwood-Greenville	Lincoln & Hstngs-Kmy Plus	Quincy-Hannibal-Keokuk	Twin Falls
Bangor	DavenportR.Island-Moline	Harlingen-Wslco-Brnsvl-McA	Little Rock -Pine Bluff	Rapid City	Tyler-Longview(Lfkn&Ncgd)
Baton Rouge	Dayton	Harrisburg -Lncstr -Leb-York	Louisville	Reno	Utica
Beaumont-Port Arthur	Des Moines -Ames	Harrisonburg	Lubbock	Richmond-Petersburg	Victoria
Bend, OR	Dothan	Hattiesburg-Laurel	Macon	Roanoke-Lynchburg	Waco-Temple-Bryan
Billings	Duluth-Superior	Helena	Madison	Rochester, NY	Watertown
Biloxi-Gulfport	El Paso	Huntsville-Decatur (Flor)	Mankato	Rochestr-Mason City -Austin	Wausau-Rhineland
Binghamton	Elmira	Idaho Falls-Pocatello	Marquette	Rockford	Wheeling-Steubenville
Bluefield-Beckley -Oak Hill	Erie	Jackson, MS	Medford-Klamath Falls	Salisbury	Wichita Falls & Lawton
BoiseBowling Green	Eugene	Jackson, TN	Meridian	San Angelo	Wichita-Hutchinson Plus
Butte-Bozeman, MT	Eureka	Jacksonville, Brunswick	Minot-Bismarck-Dickinson	SantaBarbra-SanMar-SanLuOb	Wilkes Barre-Scranton
Casper-Riverton	Evansville	JohnstownAltoona	Missoula	Savannah	Wilmington
Cedar Rapids -Wtrlo-IWC&Dub	Fairbanks	Jonesboro	Mobile-Pensacola (Ft Walt)	Sherman, TX-Ada, OK	Yakima-Pasco-RchInd-Knnwck
Champaign&Sprngfld-Decatur	Fargo-Valley City	Joplin-Pittsburg	Monroe-El Dorado	Shreveport	Youngstown
Charleston, SC	Flint-Saginaw -Bay City	Juneau, AK	Monterey -Salinas	Sioux City	Yuma-El Centro
Charleston-Huntington	Florence-Myrtle Beach	Knoxville	Montgomery (Selma)	Sioux Falls(Mitchell)	Zanesville
Charlottesville	Fresno-Visalia		New Orleans	South Bend-Elkhart	
Chattanooga	Ft. Myers-Naples		North Platte	Spokane	
			Odessa-Midland	Springfield, MO	
			Omaha		

Divestiture plan to Rainbow DBS ensures timely, robust competition to combined EchoStar/DirecTV

- Transfer of 11 EchoStar frequencies
 - EchoStar to transfer to Rainbow DBS its license to 11 frequencies at US 61.5, consummated pre-merger, by **1H-03**
- Assignment of rights to 6 Dominion frequencies
 - EchoStar to assign to Rainbow DBS all of its rights to 6 Dominion channels, consummated pre-merger, by **1H-03**
 - Arrangement with EchoStar and Dominion to accommodate transition of Dominion transponder lease and transmission requirements to Rainbow DBS
- Grant of capacity on EchoStar 3 (at 61.5) to Rainbow DBS
 - Arrangement consummated pre-merger, effective **1H-03** for term of not less than **3 years** to permit immediate implementation of broad, national competitive plan

Modest Divestiture Proposal solves concerns about rural and DBS platform competition and retains merger efficiencies

- Rainbow DBS best positioned to provide meaningful competition to merged EchoStar/DirecTV:
 - Facilities based entrant with satellite under construction
 - Experienced MVPD provider
 - Prepared to launch full 210 DMA service (Rainbow 2 satellite in 24-30 months with additional spot beam capabilities)
- No other aspirant can match Rainbow DBS potential
- Divestiture maintains asserted goals of EchoStar/DirecTV merger:
 - No impact on core CONUS slots
 - Maintains integrity of “Local Stations, All Americans” Plan
 - Permits efficient use of three contiguous full CONUS orbital positions

Merger **with** divestiture condition **IMPROVES** choice for all Americans

- Without merger more than 140 communities get **NO** local-into-local
- Merger without condition serves more communities, but eliminates DBS choice
- Merger **WITH** condition gives **local into local for ALL Americans AND DBS choice**