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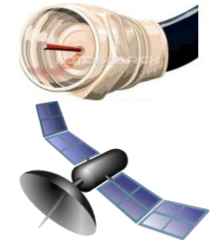

Media InSIghts: *VOOM-DISH Lawsuit: Looking at outcomes through an NPV Lens*

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With the VOOM HD Holdings LLC vs. Echostar Satellite contract dispute in trial since September 28th 2012, we review the dispute and discuss the impact to Dish Network (DISH: $32.27; Buy; $37 PT) and AMC Networks (AMCX: $43.50; NR) equities for a range of outcomes and, based on that, the motivation, if any, to settle the suit. We only analyze scenarios where DISH loses, which appears to be the conventional view in the investment community. We assume that all decisions are economically motivated – that is, to maximize the net present value (NPV) impact to cash flows reflected in the stock price. As such, the dollar amount of judgment against DISH, the prospect and length of an appeal by DISH, and the prospect and impact of DISH carrying the AMC channels, all come into play, bringing some interesting game theory into the decision making.

The Dispute: VOOM, the now-defunct 15 high-definition (HD) channel service, owned by AMC Networks Inc., which was separated from Cablevision Systems (CVC: $16.88; Hold; $16 PT), filed a breach of contract suit arising out of the alleged wrongful termination of a carriage agreement by EchoStar (now renamed DISH). AMCX & CVC are seeking ~$2.4B in damages which is based on a monthly affiliation fee that had DISH paying VOOM $3.25/month in 2005 for each subscriber receiving the VOOM channels, increasing to $6.43/month per subscriber in the 15th final year (2020), a 5% CAGR. AMCX and CVC are expected to share any financial settlement equally.

Separately, DISH dropped AMCX's basic cable network channels in 2012 (Sundance at the end of May; AMC, WE tv, and IFC at the end of June), stating the high cost of the channels and the limited consumer interest in WE tv, IFC, and Sundance; and as the channels were bundled, all four were dropped. AMCX management has stated that DISH not carrying the AMCX channels is tied to the VOOM lawsuit and is not a commercial decision.

Understanding the factors that matter in maximizing the NPV of cash flow. The detailed analysis comes later in the report, but the key parameters that will impact the NPV of the cash flows for DISH and AMCX from this lawsuit and the carriage of the AMCX channels are the following:

- size of the judgment against DISH, the interest accretion on that amount and the length of any appeals process;
- loss of AMCX FCF due to the lack of carriage on the DISH Network;
- cost savings on programming at DISH for not carrying the AMC Networks;
- value of lost DISH subscribers due to the lack of AMC programming;
- the capitalization (application of a terminal multiple) of any impact if it is deemed to be permanent, rather than temporary.

Our summary findings based on the NPV impact of cash flows are as follows:

- AMCX benefits from any final cash judgment (or settlement) >$130M (plus interest) of which AMCX receives half along with reinstated carriage of its networks immediately, or a $1B or higher judgment and carriage re-instated at any point in the next 3 years. While these are break-even scenario, it does not necessarily mean it will be acceptable to AMCX. As ~25% of AMCX subscribers are expected to be up for renewal with other distributors in the next 2 years, it behooves AMCX to settle this litigation sooner rather than later to keep negotiating leverage.

* See the last page for an important disclosure regarding these stocks and this report.

- DISH benefits (in terms of <1% equity valuation dilution) from any delay of a settlement that is <$500M (plus interest) and no carriage of AMCX channels, or a $130M cash judgment (plus interest) or settlement against it but with the carriage of the AMCX channels. Again, these are break-even scenarios.

- A best-case scenario for AMCX would be a rather immediate receipt of the $2.4B cash judgment (plus interest) and carriage of the AMCX channels (an unlikely scenario as the judgment would likely be appealed). It is possible that the judgment is less than the claim and there is a likely 1-2 year appeal process. For DISH, this would be the worst-case scenario with ~ $2B impact on NPV of cash flows or a 13% impact on equity valuation. If the carriage of AMCX networks is part of a final settlement, AMCX & CVC have to agree on a way to compensate CVC.

- A best-case scenario for DISH (assuming the case is not dismissed) while still compensating AMCX & CVC somewhat, could be a three-year-delayed $130M cash settlement or judgment (plus interest) with no carriage of AMCX channels. For DISH, the NPV impact of programming cost savings from not carrying AMCX networks and the value of lost subscribers nets ~$260M, a +2% accretion, if determined only at the end of 2015.

So, where is a reasonable meeting ground? We believe the minimally acceptable settlement in AMCX's eyes could be $130M plus interest with channel carriage immediately as the NPV impact is at break-even; OR, $500M with interest and carriage next year. In the aforementioned first case, it would result in a possible DISH negative NPV of about $115M or 1% impact to equity valuation; in the second likely case mentioned, it would be a DISH negative NPV of $425M or a 3% impact to equity valuation – which would still be one of the better scenarios for DISH.

Exhibit 1: Sensitivity to DISH and AMCX Valuation for a Range of Judgments/Settlements ($s in Ms) and Time WITHOUT AMCX Channel Carriage

DISH Valuation Impact (%)
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	-11.3%	-10.6%	-10.7%	-10.8%
$2,000	-9.2%	-8.6%	-8.6%	-8.8%
$1,500	-6.5%	-6.0%	-6.1%	-6.2%
$1,000	-3.8%	-3.5%	-3.6%	-3.7%
$500	-1.1%	-1.0%	-1.0%	-1.1%
$130	1.0%	0.9%	0.8%	0.8%

AMCX Valuation Impact
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	$(688)	$(786)	$(894)	$(1,013)
$2,000	$(860)	$(958)	$(1,068)	$(1,187)
$1,500	$(1,074)	$(1,174)	$(1,284)	$(1,404)
$1,000	$(1,289)	$(1,389)	$(1,501)	$(1,622)
$500	$(1,503)	$(1,604)	$(1,717)	$(1,839)
$130	$(1,661)	$(1,764)	$(1,877)	$(2,000)

Source: ISI Group estimates

Exhibit 2: Sensitivity to DISH and AMCX Valuation for a Range of Judgments/Settlements ($s in Ms) and Time WITH AMCX Channel Carriage

DISH Valuation Impact (%)
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	-13.0%	-12.2%	-12.2%	-12.4%
$2,000	-10.9%	-10.1%	-10.2%	-10.3%
$1,500	-8.2%	-7.6%	-7.7%	-7.8%
$1,000	-5.4%	-5.1%	-5.1%	-5.2%
$500	-2.7%	-2.5%	-2.6%	-2.7%
$130	-0.7%	-0.7%	-0.7%	-0.8%

AMCX Valuation Impact
Years Until Case Concluded

	0.25	1	2	3
$2,400	$973	$876	$767	$649
$2,000	$802	$703	$594	$475
$1,500	$587	$488	$377	$257
$1,000	$373	$272	$161	$40
$500	$159	$57	$(55)	$(178)
$130	$0	$(102)	$(216)	$(339)

Source: ISI Group estimates

History of the Dispute: In early 2007, DISH claimed that VOOM failed to spend the required $100M on programming for the service in 2006 and inappropriately allocated general overhead costs to the service, entitling it to terminate the affiliation agreement and drop the VOOM channels. As an alternative to dropping the channels, DISH was willing to carry the VOOM channels on a tiered basis, but only at its discretion. VOOM responded that the spending requirement was $82M (based on a formula) as the VOOM channels had been reduced to 15 from 21 and also stated that DISH never gave a clear and consistent explanation of the nature and amount of the allegedly impermissible expenses. DISH terminated the affiliation agreement in early 2008 and dropped the channels, resulting in a breach of contract lawsuit thereafter by VOOM against DISH.

Leading up to this trial, the judge ruled that DISH failed to preserve documents upon reasonable anticipation of litigation and an "adverse inference" instruction will be issued to the jury at the time of deliberation. DISH claims the permanent auto delete feature on its email system is to blame. Also, the judge ruled that DISH's expert witness will not be allowed to testify on its behalf, due to DISH's last-minute finagling with expert reports in an attempt to enhance its litigation posture.

The Details - Looking at the potential cost/benefit analysis for AMC Networks: In our base case, we assume that DISH loses the court case even after an appeals process and the damages are $2.4B. This amount is grossed up by another $1B due to a 9% statutory annual interest on the judgment since the process began 4 years ago but we assume AMCX splits the proceeds 50/50 with CVC. We understand that there are no attorneys' contingency fees, just some final expenses (as legal fees have been paid throughout the process which is estimated to be in the tens of millions). We assume a 38% expected corporate tax rate at AMCX.

In this example, the net proceeds to AMCX, including some estimate for discretionary reimbursement of legal expenses, is $1.1B after tax. This is before DISH carriage of the AMC Networks even enters the equation. The Judge also has discretion as to whether DISH would have to place any or all of the initial judgment into escrow.

Exhibit 3: Potential VOOM Court Judgment Proceeds to AMCX , $s in Millions

AMCX/CVC are suing DISH for damages of		$2,400	
and interest on damages since 2008 at 9%		$988	
If successful, assume the judgment is…		$3,388	
AMCX's 50% split means it would receive…		$1,694	before fees, expenses, and taxes
	plus:	5%	of judgment for remaining attorney fees & expenses (no contingency)
		$85	reimbursable at Court's discretion
		$1,779	estimated pre-tax proceeds & reimbursements
	less:	38%	corporate tax rate on cash portion of proceeds
		$1,102	**estimated after-tax proceeds**

Source: ISI Group estimates

Judgment Offset 1 for AMCX: The loss of advertising revenue from the loss of DISH carriage: AMC Networks' original series are spread throughout the year with a heavier weighting in 4Q as is typical for a media company, so 2012E advertising results (which benefitted from the *Mad Men*, *The Killing*, and *The Walking Dead* original series in 1H12, and has *The Walking Dead* and *Hell on Wheels* in 4Q12) with normalized 10% growth could be a proxy for a base-case advertising revenue for the year. However, with DISH representing 13% of the carriage of AMC's 4 networks (on the core basic package), we estimate that, due to its greater exposure to smaller advertising markets (outside of the major coastal DMAs with higher MDU concentration), the DISH subscribers may only represent 10% of advertising revenue for AMC, which could translate into a $51M annualized loss of revenue:

Exhibit 4: Potential AMCX Advertising Revenue Loss, $s in Millions

AMC Networks' 1H12 ad revenue		$249
2012E AMCX ad revenue, excl. DISH drop		$513
DISH carriage was	13% of the total subscribers but over-indexes smaller advertising markets.	
Assume DISH related Ads =	10% of the total =	**$51 advertising revenue lost**

Source: ISI Group estimates, company reports

Judgment Offset 2: The loss of affiliate revenue from the loss of DISH subscribers: Using SNL Kagan estimated monthly carriage fees and 2Q12A subscriber totals for the networks, the loss of DISH's 13% of total subscriber carriage translates into an estimated $88M of foregone affiliate fee revenue, bringing the total potential revenue loss to $139M:

Exhibit 5: Potential AMCX Affiliate Revenue Loss, $s in Millions

AMC Networks were carried on the DISH basic tier:

	'12E affiliate' fee/mth	Total Subs	DISH Subs	DISH Revenue
AMC	$0.28	96.9	12.6	$42
WE	$0.12	78.5	10.2	15
IFC	$0.20	66.9	8.7	21
Sundance	$0.15	40.4	5.3	10
	Affiliate fee revenue lost			**$88**

Source: SNL Kagan, ISI Group estimates, company reports

AMC's potential annualized OCF loss: With a potential loss of $139M of advertising and affiliate revenue, AMCX could face an annualized first-year OCF loss of $134M as operating costs would essentially be unchanged, and SG&A might only be slightly reduced ~$5M from lower agency-related ad sales. This would mean a 27% annualized OCF drop vs. a "Blue Sky" scenario in which AMCX would have had DISH carriage for all of 2012. We also point out the impact of this OCF loss, after tax-effecting it at 15% (AMC's 38% nominal tax rate on Pre-Tax Income applied to its OCF), would be ~$114M or only 1/10th the estimated judgment. However, if there is a permanent loss of carriage, a terminal multiple on the loss would need to be applied. Putting a terminal multiple on AMCX estimated losses has an impact that is larger in size than our base case judgment, if settled immediately:

Exhibit 6: Potential AMCX OCF Loss, $s in Millions

$139 Revenue lost due to no DISH carriage

	AMCX '11A	Blue-Sky AMCX '12E	*'12/'11 growth*	AMCX '12E Ex-DISH	*'12/'11 growth*	*Chg vs. Blue-Sky*	
Revenue	$1,188	$1,343	*13.1%*	$1,204	*1.4%*	***-10%***	
Operating expenses	(426)	(471)	*10.5%*	(471)	*10.5%*	*0%*	
SG&A expenses	(336)	(368)	*9.7%*	(363)	*8.2%*	*-1%*	*modest ad agency fee savings*
OCF (incl stk comp)	**$426**	**$505**	***18.4%***	**$370**	***-13.1%***	***-27%***	***below Blue-Sky scenario***
margin	35.9%	37.6%		30.8%			

Potential OCF loss	**$(134)**
'12E tax/OCF rate	15.3%
Potential after-tax levered FCF loss	**$(114)**

However, if AMCX channels are never carried again, a terminal value on the FCF impact should be applied:

AMCX FCF Multiple:	13.0 x
Value lost from permanent loss of DISH carriage	**$(1,476)**
Est. after-tax value of judgment:	$1,102
Value Lost Vs Judgment	1.3 x

Source: ISI Group estimates, company reports

Understanding potential all-in NPV impact to AMCX, including time value, if a final judgment or settlement is delayed: While we believe the court hearing may only take 4-6 weeks, in the event there is an appeals process, the litigation could drag on for another 1-2 year. There would be obvious implications to both sides; AMCX would continue to lose FCF if DISH does not carry the AMCX channels, but the final judgment will continue accruing interest. The following scenario (Exhibit 7) assumes the full $2.4B judgment (of which AMCX receives half), but we also look at the impact if DISH returns to carrying the AMCX networks (a much better case for AMCX, essentially a requirement) or not (which would be a significant destroyer of value for AMCX). **The scenarios present the NPV of cash flows at any given year of conclusion – this could indicate that AMCX would prefer almost any resolution that includes reinstatement of channel carriage.**

Exhibit 7: AMCX: Net Impact of Settlement With and Without Network Carriage, $s in Millions

		Year in which final settlement/judgment is received				
		2012	**2013**	**2014**	**2015**	**2016**
AMCX Potential OCF Loss in year		**$(67)**	**$(134)**	**$(161)**	**$(190)**	**$(220)**
After-Tax Loss = FCF Loss		**(57)**	**(114)**	**(136)**	**(161)**	**(186)**
Discounted Value		(56)	(103)	(114)	(123)	(132)
Cumulative NPV		**$(56)**	**$(158)**	**$(272)**	**$(395)**	**$(527)**
Share of Potential DISH Judgment		**$1,200**				
Accrued interest since filed		494				
Accreting interest @	9.0%	1,694	1,846	2,013	2,194	2,391
After-tax value		1,050	1,144	1,247	1,360	1,482
Discounted Value @	**8.5%**	**$1,029**	**$1,034**	**$1,039**	**$1,044**	**$1,049**
Value Impact if DISH carriage resumes after year…		**$973**	**$876**	**$767**	**$649**	**$522**
Terminal Value of permanent loss of DISH carriage at year…		$(1,696)	$(1,839)	$(1,995)	$(2,164)	$(2,347)
Present value of Terminal Value		**$(1,662)**	**$(1,662)**	**$(1,662)**	**$(1,662)**	**$(1,662)**
Value Impact if DISH carriage loss is permanent		**$(688)**	**$(786)**	**$(894)**	**$(1,013)**	**$(1,139)**

Valuation Assumptions - AMCX

Risk Free Rate	1.7%	Marginal Cost of Debt	5.1%
Equity Risk Premium	7.8%	Nominal Tax Rate	38.0%
		Tax Rate on OCF	15.3%
Stock Beta	1.1	Post-Tax Cost of Debt	3.2%
Cost of Equity	10.2%	Debt/Total Capitalization	25.0%
Weighted Average Cost of Capital (WACC)			**8.5%**
Perpetual Growth Rate (g)			0.5%
Terminal Multiple = (1+g)/(WACC-g)			**12.6x**

Source: ISI Group estimates

The following scenario (Exhibit 8) displays our estimate that a minimal $130M cash judgment (of which AMCX receives half) would be required for AMCX to breakeven, as there is a hit to FCF already underway due to the lack of carriage – this could indicate that AMCX would be satisfied with any resolution above that level but that also includes carriage of its networks:

Exhibit 8: AMCX: Lost Value of FCF with a Minimal Break-Even Level of Cash Settlement, With and Without Network Carriage, $s in Millions

		Year in which final settlement/judgment is received				
		2012	**2013**	**2014**	**2015**	**2016**
AMCX Potential OCF Loss in year		**$(67)**	**$(134)**	**$(161)**	**$(190)**	**$(220)**
After-Tax Loss = FCF Loss		**(57)**	**(114)**	**(136)**	**(161)**	**(186)**
Discounted Value		(56)	(103)	(114)	(123)	(132)
Cumulative NPV		**$(56)**	**$(158)**	**$(272)**	**$(395)**	**$(527)**
Share of Potential DISH Judgment		**$65**				
Accrued interest since filed		27				
Accreting interest @	9.0%	92	100	109	119	130
After-tax value		57	62	68	74	80
Discounted Value @	**8.5%**	**$56**	**$56**	**$56**	**$57**	**$57**
Value Impact if DISH carriage resumes after year…		**$0**	**$(102)**	**$(216)**	**$(339)**	**$(470)**
Terminal Value of permanent loss of DISH carriage at year…		$(1,696)	$(1,839)	$(1,995)	$(2,164)	$(2,347)
Present value of Terminal Value		**$(1,662)**	**$(1,662)**	**$(1,662)**	**$(1,662)**	**$(1,662)**
Value Impact if DISH carriage loss is permanent		**$(1,661)**	**$(1,764)**	**$(1,877)**	**$(2,000)**	**$(2,132)**

Valuation Assumptions - AMCX

Risk Free Rate	1.7%	Marginal Cost of Debt	5.1%
Equity Risk Premium	7.8%	Nominal Tax Rate	38.0%
		Tax Rate on OCF	15.3%
Stock Beta	1.1	Post-Tax Cost of Debt	3.2%
Cost of Equity	10.2%	Debt/Total Capitalization	25.0%
Weighted Average Cost of Capital (WACC)			**8.5%**
Perpetual Growth Rate (g)			0.5%
Terminal Multiple = (1+g)/(WACC-g)			**12.6x**

Source: ISI Group estimates

From DISH's perspective, while there could be some programming savings (which we tax-effect, for comparison), we assume there could also be loss of subscribers (from churn) and a reduction in gross subscriber additions (~5% lower) due to a lack of AMCX channels. We assume the judgment continues to accrete at 9% but we discount it, to any given year, by the estimated DISH WACC (see Exhibit 9). We value the impact of subscriber churn and the loss of gross additions at an Enterprise value (EV)/subscriber of ~$1,000 (DISH's current per subscriber value). Interestingly, AMC is making its programming available via streaming to affected DISH subscribers. We credit back to DISH the programming cost savings and SAC savings (due to lower gross additions) on an after-tax basis (as OCF would rise somewhat), and we net the NPV of these parameters from our current-state Net Asset Valuation for DISH. This analysis provides us with the potential valuation dilution on DISH while also elucidating how long it could hold out on a settlement and for how much – **aside from the potential 'sunk cost' of losing subs early in the process, the longer this case takes to conclude, it is relatively better for DISH (which is the opposite of the case for AMCX).**

We also look at the NPV from the perspective of whether carriage of the networks resumes with the judgment or not; in the case that it does not, we incrementally add to our NPV the discounted cash flows from the cost savings and subscriber losses in perpetuity:

Exhibit 9: DISH: Net Impact of Settlement With and Without Network Carriage, $s in Millions

		Year in which final settlement/judgment is received				
		0.25	1.25	2.25	3.25	4.25
		2012	**2013**	**2014**	**2015**	**2016**
Judgment/Settlement Amount						
Potential DISH Judgment		$(2,400)				
Accrued interest since lawsuit filed		(988)				
Accreting interest at	9.0%	(3,388)	(3,693)	(4,025)	(4,387)	(4,782)
After-tax value		(2,067)	(2,253)	(2,455)	(2,676)	(2,917)
Discounted value	**8.5%**	**$(2,025)**	**$(2,035)**	**$(2,045)**	**$(2,055)**	**$(2,065)**
Value of DISH Subscriber Churn and Gross Add Losses						
Enterprise value (EV)/Subscriber		$1,021	$1,021	$1,021	$1,021	$1,021
Estimated AMCX related Subscriber Churn		(40,000)	---	---	---	---
Est. Lost Subscriber Gross Adds (a)		(70,243)	(137,675)	(137,675)	(137,675)	(137,675)
= Value Impact of potential Sub losses		**$(113)**	**$(141)**	**$(141)**	**$(141)**	**$(141)**
Discounted value		(110)	(127)	(117)	(108)	(100)
Cumulative NPV		**$(110)**	**$(237)**	**$(355)**	**$(462)**	**$(562)**
DISH Programming Cost Savings (by not carrying AMCX nets)						
Programming costs saved	7.5%	$88	$95	$102	$109	$118
Subscriber Acquisition Costs (SAC)		$780	$778	$778	$777	$776
SAC Savings from lower Gross Adds		55	107	107	107	107
After-tax FCF benefit		111	156	162	168	174
Discounted value	8.5%	109	141	135	129	123
Cumulative NPV		**$109**	**$250**	**$385**	**$514**	**$637**
Value Impact if DISH carriage resumes after year…		**$(2,029)**	**$(2,038)**	**$(2,054)**	**$(2,076)**	**$(2,103)**
Terminal Value of permanent loss of DISH carriage at year…		$267	$290	$314	$341	$370
Present value of Terminal Value		**$262**	**$262**	**$262**	**$262**	**$262**
Value Impact if DISH carriage loss is permanent		**$(1,767)**	**$(1,776)**	**$(1,792)**	**$(1,814)**	**$(1,841)**

Valuation Assumptions - DISH

Risk Free Rate	1.7%	Marginal Cost of Debt	5.9%
Equity Risk Premium	7.8%	Nominal Tax Rate	39.0%
		Tax Rate on OCF	22.4%
Stock Beta	1.1	Post-Tax Cost of Debt	3.6%
Cost of Equity	9.9%	Debt/Total Capitalization	22.5%
Weighted Average Cost of Capital (WACC)			**8.5%**
Perpetual Growth Rate (g)			(0.5)%
Terminal Multiple = (1+g)/(WACC-g)			**11.1x**

(a) Assumes 5% of DISH gross additions.
Source: ISI Group estimates

In Exhibit 10, we summarize the estimated valuation dilution impact to DISH and the estimated NPV impact to AMCX at various cash settlement levels, in the event there is no long-term carriage agreement. A final decision by the end of 2012 is the best NPV outcome for AMCX, while DISH would apparently attempt to drag out the process in order to move away from valuation dilution and toward accretion:

Exhibit 10: Sensitivity to DISH and AMCX Valuation for a Range of Judgments/Settlements ($s in Ms) and Time WITHOUT AMCX Channel Carriage

DISH Valuation Impact (%)
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	-11.3%	-10.6%	-10.7%	-10.8%
$2,000	-9.2%	-8.6%	-8.6%	-8.8%
$1,500	-6.5%	-6.0%	-6.1%	-6.2%
$1,000	-3.8%	-3.5%	-3.6%	-3.7%
$500	-1.1%	-1.0%	-1.0%	-1.1%
$130	1.0%	0.9%	0.8%	0.8%

AMCX Valuation Impact
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	$(688)	$(786)	$(894)	$(1,013)
$2,000	$(860)	$(958)	$(1,068)	$(1,187)
$1,500	$(1,074)	$(1,174)	$(1,284)	$(1,404)
$1,000	$(1,289)	$(1,389)	$(1,501)	$(1,622)
$500	$(1,503)	$(1,604)	$(1,717)	$(1,839)
$130	$(1,661)	$(1,764)	$(1,877)	$(2,000)

Source: ISI Group estimates

In Exhibit 11, we summarize as above but include carriage as part of the judgment/settlement. We think that AMCX will push hard to make sure that carriage is part of any final decision, as the capitalizing of those cash flow streams (~$1.6B) will significantly improve its array of potential NPVs:

Exhibit 11: Sensitivity to DISH and AMCX Valuation for a Range of Judgments/Settlements ($s in Ms) and Time WITH AMCX Channel Carriage

DISH Valuation Impact (%)
Years Until Case Concluded

Potential Judgment/Settlement (Before Interest)	0.25	1	2	3
$2,400	-13.0%	-12.2%	-12.2%	-12.4%
$2,000	-10.9%	-10.1%	-10.2%	-10.3%
$1,500	-8.2%	-7.6%	-7.7%	-7.8%
$1,000	-5.4%	-5.1%	-5.1%	-5.2%
$500	-2.7%	-2.5%	-2.6%	-2.7%
$130	-0.7%	-0.7%	-0.7%	-0.8%

AMCX Valuation Impact
Years Until Case Concluded

	0.25	1	2	3
$2,400	$973	$876	$767	$649
$2,000	$802	$703	$594	$475
$1,500	$587	$488	$377	$257
$1,000	$373	$272	$161	$40
$500	$159	$57	$(55)	$(178)
$130	$0	$(102)	$(216)	$(339)

Source: ISI Group estimates

Exhibit 12: Comparative Valuations

			10/5/2012	Target	Upside	Dividend Yield (2012E)	Shares	Capitalization	Net Debt	Value (EV)
Comcast	CMCSA/CMCSK	Buy	$36.68	$36	(1.9)%	1.7%	2,840	$104,159	$37,689	$141,848
Time Warner Cable	TWC	Buy	$99.27	$115	15.9%	2.3%	304	$30,165	$21,565	$51,730
Cablevision Systems	CVC	Hold	$16.89	$16	(5.3)%	3.8%	284	$4,790	$10,357	$15,147
Charter Communications	CHTR	Buy	$77.00	$77	---	---	106	$8,124	$12,854	$20,978
DIRECTV	DTV	Buy	$53.21	$61	14.6%	---	702	$37,353	$12,591	$49,944
DISH Network	DISH	Buy	$32.12	$37	15.2%	---	455	$14,600	$5,341	$19,941
Liberty Global	LBTYA/LBTYK	Hold	$61.78	$65	5.2%	---	276	$17,050	$23,107	$40,157
Sirius XM	SIRI	Buy	$2.69	$3.00	11.5%	---	6,576	$17,691	$2,240	$19,931
Liberty Media	LMCA	Buy	$108.06	$115	6.4%	---	124	$13,360	$(3,500)	$9,860
S&P Index	SPX	---	1,464	1,600	9.3%	2.1%	---	---	---	---

	Price/Adj. Earnings		Diluted EPS	Levered FCF Yield		FCF	Unlevered FCF Yield		Unlevered FCF	EV/EBITDA		EBITDA
	2012E	2013E	'11A-'14E CAGR	2012E	2013E	'11A-'14E CAGR	2012E	2013E	'11A-'14E CAGR	2012E	2013E	'11A-'14E CAGR
Comcast	17.8x	16.7x	20.0%	7.1%	7.4%	12.2%	6.9%	7.1%	8.8%	6.4x	5.9x	6.0%
Time Warner Cable	17.0x	13.5x	21.1%	7.0%	8.7%	4.7%	5.7%	6.5%	1.3%	6.7x	6.1x	4.8%
Cablevision Systems	20.0x	12.5x	26.9%	NM	19.0%	10.5%	3.0%	7.6%	6.1%	6.8x	6.4x	-0.4%
Charter Communications	NM	46.5x	NM	1.7%	5.1%	31.6%	3.5%	4.5%	-43.9%	7.1x	6.8x	3.2%
DIRECTV	12.5x	10.4x	22.5%	7.7%	8.9%	21.3%	6.1%	6.6%	18.4%	5.9x	5.2x	8.6%
DISH Network	10.3x	8.8x	-2.5%	12.5%	9.8%	-7.8%	11.4%	9.9%	-8.3%	4.7x	4.0x	-1.7%
Liberty Global	21.6x	43.0x	NM	4.0%	7.8%	36.7%	5.9%	8.2%	23.2%	7.3x	6.5x	4.4%
Cable & Satellite Median	**17.0x**	**13.5x**	**21.1%**	**7.0%**	**8.7%**	**12.2%**	**5.9%**	**7.1%**	**6.1%**	**6.7x**	**6.1x**	**4.4%**
Cable & Satellite Average	**19.8x**	**25.2x**	**22.6%**	**8.0%**	**11.1%**	**23.4%**	**7.1%**	**8.4%**	**14.5%**	**7.5x**	**6.8x**	**6.8%**
Sirius XM	4.9x	27.0x	30.9%	3.1%	5.0%	38.1%	5.8%	9.0%	23.2%	17.9x	13.6x	25.5%
Liberty Media	22.4x	18.3x	NA	2.8%	2.3%	NA	4.0%	3.3%	NA	20.7x	19.4x	NA
S&P Index	12.4x	13.6x	6.0%	---	---	---	---	---	0.0%	9.3x	8.6x	6.0%

	EV/Sub		EV/Primary Service Unit		Capex/Revenue		Net Debt/EBITDA			Returns of Capital to Shareholders as % of FCF		
	2012E	2013E	2012E	2013E	2012E	2013E	2011A	2012E	2013E	2011A	2012E	2013E
Comcast	$4,607	$4,390	$1,978	$1,818	8.7%	8.7%	2.0x	1.4x	1.2x	50.1%	58.6%	62.9%
Time Warner Cable	$4,330	$4,336	$1,823	$1,743	14.4%	13.7%	3.2x	3.1x	3.1x	154.9%	139.0%	149.5%
Cablevision Systems	$4,374	$4,233	$1,617	$1,533	15.9%	12.2%	4.1x	4.8x	4.6x	164.1%	NM	101.4%
Charter Communications	$4,592	$4,594	$1,885	$1,793	21.4%	20.3%	4.8x	4.7x	4.5x	370.4%	---	---
DIRECTV	$1,660	$1,513	$1,660	$1,513	11.2%	10.3%	1.8x	2.1x	2.1x	323.4%	231.1%	178.4%
DISH Network	$1,021	$944	$1,021	$944	6.5%	7.8%	1.4x	1.2x	0.8x	NM	---	---
Liberty Global	$1,715	$1,671	$920	$847	18.7%	17.0%	4.9x	4.3x	4.0x	115.4%	128.6%	105.2%
Cable & Satellite Median	**$4,330**	**$4,233**	**$1,660**	**$1,533**	**14.4%**	**12.2%**	**3.2x**	**3.1x**	**3.1x**	**154.9%**	**58.6%**	**101.4%**
Cable & Satellite Average	**$3,717**	**$3,613**	**$1,817**	**$1,698**	**16.1%**	**15.0%**	**3.7x**	**3.6x**	**3.4x**	**235.6%**	**185.8%**	**149.4%**
Sirius XM	$694	$630	$694	$630	1.9%	2.6%	2.3x	1.7x	2.9x	---	---	309.3%
Liberty Media	NA	NA	NA	NA	NA	NA	NM	NM	NM	NA	103.9%	103.8%

	Return on Invested Capital (ROIC)			Return on Equity (ROE)			Return on Net Tangible Assets (RONTA)			Return on Assets (ROA)		
	2011A	2012E	2013E	2011A	2012E	2013E	2011A	2012E	2013E	2011A	2012E	2013E
Comcast	7.2%	7.1%	7.1%	9.1%	10.8%	10.8%	6.0%	6.3%	6.5%	4.7%	4.6%	4.9%
Time Warner Cable	7.5%	8.2%	9.5%	19.9%	25.2%	34.1%	5.6%	6.1%	7.1%	5.4%	5.8%	6.6%
Cablevision Systems	13.5%	13.2%	15.6%	NM	NM	NM	10.1%	9.8%	11.1%	9.5%	9.2%	10.4%
Charter Communications	4.6%	4.7%	5.4%	NM	NM	35.7%	4.9%	4.7%	5.3%	4.0%	4.0%	4.5%
DIRECTV	27.8%	29.7%	33.0%	NM	NM	NM	20.4%	21.3%	23.1%	15.8%	16.8%	18.3%
DISH Network	28.7%	13.9%	12.2%	NM	159.6%	77.4%	16.9%	9.2%	8.6%	16.9%	9.2%	8.6%
Liberty Global	5.1%	5.6%	7.1%	NM	NM	17.0%	6.1%	6.9%	8.9%	3.9%	4.3%	5.5%
Cable & Satellite Median	**7.5%**	**8.2%**	**9.5%**	**NM**	**NM**	**17.0%**	**6.1%**	**6.9%**	**8.6%**	**5.4%**	**5.8%**	**6.6%**
Cable & Satellite Average	**15.7%**	**13.7%**	**15.0%**	**14.5%**	**65.2%**	**43.7%**	**11.7%**	**10.7%**	**11.8%**	**10.0%**	**9.0%**	**9.8%**
Sirius XM	11.4%	10.4%	10.5%	93.7%	140.8%	18.1%	7.2%	8.2%	9.2%	5.5%	6.4%	7.4%
Liberty Media	NA	9.9%	11.2%	NA	10.9%	12.2%	NA	8.4%	10.0%	NA	7.9%	9.6%

Source: ISI Group estimates, company documents, Bloomberg

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