

REBUTTAL TESTIMONY

EXHIBIT DDM 02



 **CABLEVISION**

2005

LETTER TO SHAREHOLDERS

DDM REBUTTAL 000014



DDM REBUTTAL 000015

DEAR SHAREHOLDERS

2005 was a remarkable year for Cablevision. We celebrated the company's best operational year yet, generating more than \$5 billion in net revenue for the first time in our history and recording double-digit adjusted operating cash flow growth.

The only U.S. cable operator to add basic subscribers in every quarter of 2005, as of this writing, we have delivered seven consecutive quarters of basic subscriber growth, and we posted record revenue-generating unit (RGU) growth this past year. Customers embraced our Optimum Voice service in 2005, more than doubling the number of voice customers, while the penetration rates of our Optimum Online high-speed Internet service continued to lead the cable industry.

As Cablevision excelled on the telecommunications front, Madison Square Garden's properties welcomed more than 6 million people to more than 1,200 events, and Rainbow Media continued to increase advertising revenue, while securing long-term carriage agreements.

Simply put, 2005 was a year of outstanding execution and very strong results. And 2006 is poised to follow in its footsteps.

Cablevision declared a special cash dividend of \$10 per share in April 2006, payable to all of the company's shareholders. Going forward, we will continue to pursue operational excellence and business opportunities that unlock value for our shareholders.

Passing 4.5 million homes in the New York metropolitan area, Cablevision continued to exceed the entertainment, information and communications demands of the nation's largest and most demographically desirable market in 2005.

Our Telecommunications Services division, which includes the company's "Optimum" branded video, high-speed data and voice services as well as its Optimum Lightpath commercial telecommunications business, experienced double-digit growth in net revenue this past year, up 15.5 percent to \$3.6 billion, while adjusted operating cash flow increased 15.1 percent. Meanwhile, RGUs climbed 22 percent to 7.4 million total combined video, data and voice customers, and the ongoing advancement of our digital services led to average monthly revenue per basic video customer of more than \$100 by year-end, the highest in the cable industry.

Our Optimum Voice service experienced phenomenal growth in 2005, adding more than 450,000 new customers to top 730,000.



▲ Cablevision maintained its industry-leading penetration rates across all of its consumer video, voice and data services in 2005.



▲ Both the company's Optimum Online and Optimum Voice services were 2005 recipients of PC Magazine's prestigious Readers' Choice Award.

Named the nation's top Voice over Internet Protocol (VoIP) service by readers of *PC Magazine*, Optimum Voice offers 13 consumer-friendly voice features, in addition to an innovative Web portal, whole-house wiring to connect with home security systems and enhanced 911 access for every customer.

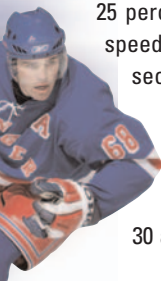
The company's iO: Interactive Optimum digital video service also continued to win market share in 2005, ending the year with nearly 2 million customers, up almost 480,000 subscribers from 2004. The Emmy Award-winning service launched the interactive real estate channel Optimum Homes to join classified ad network Optimum Autos in 2005 as it continued to dominate the industry with 65 percent digital penetration. Also advancing, our 18 high-definition (HD) services – the most in the cable industry and offered at no additional cost to our digital cable customers – finished the year with more than 325,000 customers.



▶ U2 and Destiny's Child rocked sold-out crowds at "The World's Most Famous Arena." ▶



Retiring Rangers star ▶ Mark Messier is honored at the Garden.



◀ Jaromir Jagr

Today, more than half of our video customers also take our **Optimum Online (OOL)** service. In 2005, OOL remained far superior to anything else on the market, ending the year with a 38 percent penetration rate and 1.7 million customers, up 25 percent from year-end 2004. Named the nation's top high-speed Internet service by readers of *PC Magazine* for the second consecutive year, OOL offered significant speed upgrades to all of its customers at no additional cost in 2005. The company also introduced two new premium tiers of OOL service for residential and business customers, with downstream speeds of 30 and 50 megabits per second, respectively.

Comprised of Cablevision's complete suite of video, voice and data services, our Optimum Triple Play offering captivated customers, creating a new paradigm that our competitors – and the cable industry – now follow.

Optimum Lightpath also had a strong year, fully shifting from its traditional communications services to its IP-based, Ethernet data services, which it markets to medium and larger-size businesses.

Going forward, we have a significant opportunity to serve a business market that is larger in annual revenue than our current consumer telecommunications business. By leveraging the strength of our fully deployed fiber-backed network and our success in offering highly reliable voice and high-speed Internet services to residential customers, Cablevision can establish itself as the provider of choice in this lucrative business market.

Cablevision's entertainment venues, sports teams, and local and regional operations also remain valuable assets with a unique connection to consumers.

Billboard's "Venue of the Year" for the sixth consecutive year, **Madison Square Garden** welcomed 4 million people to 437 events in 2005, including the only U.S. appearance of Cream; eight sold-out performances by U2; and



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▶ *The Radio City Christmas Spectacular*, featuring the world-famous Rockettes, attracted 2 million people nationwide.

top concerts by The Rolling Stones, Gwen Stefani, Eminem and the Eagles. Also lighting up the Garden marquee this past year were the New York Rangers, Knicks and Liberty. Coming off the 2004-2005 lockout, the **Rangers** secured a spot in the 2006 Stanley Cup playoffs. Jaromir Jagr set new team records for goals and points in a single season, and is the National Hockey League's MVP frontrunner, while teammate, Olympic gold medal goalie Henrik Lundqvist is a Rookie of the Year contender.

As part of a rebuilding effort by management, in 2005, the **Knicks** welcomed coaching legend Larry Brown to pilot the team's youngest squad in more than 26 years. A work in progress, the popular franchise continued to draw crowds, remaining number one in NBA ticket revenue for the 14th consecutive year. Meanwhile, leading its league in sponsor revenue and net ticket sales in 2005, the **Liberty** posted a winning record for the eighth time in its nine-year history.

Across town, **Radio City Music Hall** hosted a variety of concerts, events and attractions this past year, including Carole King, Maroon 5 and Dora The Explorer Live! The Great Stage was also the backdrop for the Tony Awards and the Daytime Emmy Awards. Meanwhile, *The Radio City Christmas Spectacular*, featuring the world-famous Rockettes, welcomed 2 million people, with more than 1 million attending the show in New York and another million seeing it in a record nine markets nationwide.

In September 2005, MSG and the music hall teamed up to host "From The Big Apple to The Big Easy," New York City's Concerts for the Gulf Coast. This unprecedented two-venue benefit featured a host of music greats, including Elton John, Simon & Garfunkel, Jimmy Buffett, Elvis Costello, Allen Toussaint and Buckwheat Zydeco, and raised nearly \$9 million for Hurricane Katrina relief.

Cablevision's local and regional sports and news programming also touched millions of people this past year. **MSG Networks** completed a number of key long-term affiliate agreements in 2005 and began airing HD telecasts of several away games for the New York Knicks, Rangers and Islanders, and the New Jersey Devils. **Rainbow Sports Networks** expanded its HD telecasts as well,



IFC Films co-distributed
the Oscar®-nominated film
TransAmerica.



▲ Academy Award® winner George Clooney gets up close and personal on AMC's *Movies 101* with Professor Richard Brown.

▲ fuse's street-front studio played host to hot artists such as Grammy® winner Green Day.

American Princess on WE ▲

The new IFC Center ▲

offering HD programming to all of its affiliates in 2005 and televising 200 of its more than 840 live events this past year in HD.

Viewers' first choice for local news according to Nielsen surveys, the company's **News 12 Networks** welcomed two new systems in 2005. Launched in June, News 12 Brooklyn and News 12 Hudson Valley together added nearly 400,000 subscribers to the now seven-channel network, which received 11 New York Emmys this past year.

Rainbow Media Holdings LLC also generated headlines this past year, with affiliate and subscriber growth, and increases in advertising revenue, household ratings and original program production. Its national services – AMC, IFC and WE: Women's Entertainment (WE) – saw net revenue rise 7 percent to \$557 million in 2005, while advertising revenue grew 22 percent.

AMC's investment in movies and original programming yielded its highest-rated year ever, with an 11 percent rise in total-day household ratings in 2005. Bringing its mix of popular movies and original series like *Sunday Morning Shootout* and *Movies 101* to more than 77 million viewing subscribers, this past year, AMC also produced its first original movie, *Broken Trail*, starring Academy Award® winner Robert Duvall.

With more than 37 million viewing subscribers, in 2005, **IFC TV** unveiled its unique movie "rant" series, *The Henry Rollins Show*, hosted by the former punk rocker. The official home of the IFC brand, the IFC Center opened in New York City in June 2005 as a leading exhibition and production facility for independent film. Meanwhile, IFC Films, IFC Entertainment's distribution company, released 11 films in 2005, including *Me and You and Everyone We Know*, which was produced by IFC Productions, opened at the IFC Center and grossed \$4 million at the box office to become one of the most successful indie releases of the year.

With more than 50 million viewing subscribers, **WE** posted a 10 percent rise in primetime household ratings in 2005 as it continued to ramp up original production with hit series such as *Bridezillas* and *American Princess*, which yielded the highest rating ever for a WE original telecast. At the same time, music network **fuse**, the top network for people ages 12 to 34 for the fourth consecutive year, achieved record ad sales growth as it shared live performances by artists such as 50 Cent, Coldplay and Kanye West with its 35 million viewing subscribers.

Mag Rack, Rainbow's suite of original on-demand television programs, is now available to nearly 10 million video-on-demand-enabled subscribers. Meanwhile, **sportskool**, the nation's first VOD network dedicated to expert sports and fitness instruction, saw rapid distribution growth in 2005, adding nearly 12 million viewing subscribers by year-end.

This past year, Rainbow also began marketing its **VOOM HD Networks**, the largest, most diverse suite of HD channels available. In April 2005, VOOM concluded its first major affiliate deal with Echostar, whose DISH Network now carries all 15 of VOOM's nonstop, commercial-free channels.

Cablevision is pleased with its prospects for growth. In 2005, we capitalized on our unique operating efficiencies and resources to expand and advance our industry-leading products, programs and entertainment offerings.

Never a company to rest on our laurels, we continue to look for ways to strengthen Cablevision's competitive position.

Helping us accomplish our mission are our dedicated co-workers, customers, financial partners and shareholders. Thank you, as always, for your continued support. You, more than anything, are the reason Cablevision remains an industry leader, a formidable competitor and a company focused on delivering the best value to our customers.

Sincerely,
April 2006

Charles F. Dolan
Chairman

James L. Dolan
President and
Chief Executive Officer



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SHAREHOLDER INFORMATION

Corporate Headquarters
Cablevision Systems Corporation
1111 Stewart Avenue
Bethpage, NY 11714-3581

Web Address
Cablevision can be found on the
Internet at www.cablevision.com

Financial Reports
Financial reports, including Form 10-K,
Form 10-Q and annual reports, can be
accessed and ordered online at
www.cablevision.com

You may also obtain financial
documents by contacting:
Cablevision Systems Corporation
Investor Relations
1111 Stewart Avenue
Bethpage, NY 11714-3581
516-803-2270
investor@cablevision.com

Earnings Information
Press releases can be accessed online
at www.cablevision.com

Stock Information
Cablevision Systems Corporation is
listed on the New York Stock Exchange
under the symbol CVC.

Annual Meeting
The annual meeting of stockholders will
be held on May 18, 2006, at 10:00 a.m.
at Cablevision's corporate headquarters.

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Cablevision has included as exhibits to its annual report on Form 10-K for fiscal year 2005 filed with the Securities and Exchange Commission certifications of Cablevision's chief executive officer and chief financial officer certifying the quality of the company's public disclosure. Cablevision's chief executive officer has also submitted to the New York Stock Exchange (NYSE) a certification certifying that he is not aware of any violations by Cablevision of the NYSE corporate governance listing standards.

Adjusted operating cash flow ("AOCF"), a non-GAAP financial measure, is defined as operating income (loss) before depreciation and amortization (including impairments), excluding employee stock plan charges or credits and restructuring charges or credits. Please refer to the company's fourth quarter and full year 2005 earnings press release for a reconciliation to the comparable GAAP measures.

This letter to shareholders contains statements that constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that any such forward-looking statements are not guarantees of future performance or results and involve risks and uncertainties, and that actual results or developments may differ materially from those in the forward-looking statements as a result of various factors, including financial community and rating agency perceptions of the company and its business, operations, financial condition and the industry in which it operates and the factors described in the company's filings with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein. The company disclaims any obligation to update the forward-looking statements contained herein.

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Woman using laptop and phone
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Radio City Music Hall marquee from "The Big Apple
to the Big Easy" concerts and the New York Rangers
- MSG Photos

Three girls watching TV
- Andreas Pollok / Getty Images

Father and son using computer
- Jim Arbogast / Getty Images

Woman talking on phone
- Stockbyte / Getty Images

Jaromir Jagr, Madison Square Garden, Mark Messier and
Radio City Music Hall marquee from *The Radio City
Music Spectacular*
- MSG Photos

U2 and Destiny's Child
- George Kalinsky for Madison Square Garden
Charles and James Dolan
- Brian Stanton