January 25th, 2002

As an Echostar Retailer, I believe I am in the unique position to clearly state my OPPOSITION to the Echostar-Hughes merger for the following reasons:

It should be a critical measure to closely examine the accounting practices of any company seeking a merger, especially in the wake of the Enron debacle. Any honest inquiry into Echostar's balance sheets and accounting practices should start with Echostar's arbitrarily priced receivers. These receivers costs less than $20 to manufacture, but Echostar's basic model 301 can cost a retailer $199, $249, or $299, depending on a "Customer Retention Program" color code Echostar employs. It is important to understand that Echostar reimburses the Retailer only $199 for these receivers, regardless of what the Retailer actually paid. When a customer disconnects before their contract terms are satisfied, the customer is then charged the inflated price, along with a host of other penalties and assorted charges, sometimes totaling over $400 for that receiver. The Retailer is ALSO charged back for the cost of that same receiver and for the funds that Retailer paid for the installation labor of that receiver. Additionally, this equipment is often repossessed and redeployed, sometimes as "new" equipment to unsuspecting customers and retailers. What these actions specifically mean is that Echostar arbitrarily prices their equipment, forces their Retailers to pay the inflated price while Echostar earns interest on the float of the monies ALL the Retailers have paid for equipment, but are still awaiting reimbursement (20,000 retailers times an average 3 week's worth of installations, $10,000 = $200,000,000.00--a conservative estimate) and employs these numbers that their Retailers pay for the equipment to justify the charges to the customer on electronic equipment that virtually never depreciates. This procedure causes Echostar's balance sheets to appear in a far better condition to stockholders and to members of Congress than they actually are. A simple review of the major credit card companies' records will reveal that Echostar excessively charges back the customer for these receivers. Also, customer feedback from online sources like PlanetFeedback.com will substantiate these observations as well.

Echostar also violates FTC rules to clearly state in ALL advertisements that the primary promotion for the company (Digital Home Plan) is in fact a lease. The posted FTC penalty for each violation is $11,000 per day, per advertisement. Echostar continues to market this leasing plan without the proper FTC warning on all of their advertisements, including their current website: Dishnetwork.com. Several FTC complaints have been filed against Echostar concerning this issue, as well as Echostar making credit inquiries on potential customers without proper consumer authorization.

Furthermore, an inspection of Echostar CEO Charles Ergen's testimony in previously filed lawsuits and depositions will reveal direct contradictions to his current sworn testimony to Congress (12/11/2001). Examples would include his assertions that Pegasus and C-Band will remain viable competitors in a post-merger market, that the number one expense to Echostar AFTER a merger will be programming (if this is true, then who is going to pay back the investors and stockholders financing the merger?) and the glossed over "unrealized savings" from the creative accounting practices Echostar employs to entice Congress to approve a merger.

In conclusion, a merger with Echostar at the helm is unthinkable for the consumer, their competition, and their own Retailers. The experts' arguments for increased bandwidth for just 3% of the total market are insufficient to justify a merger at this time. The FCC and the deployment of advance microwave technology can solve the bandwidth demands caused by "must-carry" rules for networks without resorting to a merger, and they should. The considerable negative consumer and business track record of Echostar would offset any real benefit of the merger and clearly indicates that Echostar is not suited to operate a monopoly of any kind.