Press release

For immediate release:

Satellite television dealer / technician organization comments on pending merger between DirecTV and EchoStar.

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Washington State, July 24, 2002 - On April 16th, 2002, DBSinstall.com was established. The members of DBSinstall.com are independent Direct Broadcast Satellite (DBS) dealers, installation contractors and employees of DBS related companies.

The new organization has set forth one of its goals- to provide a source through which the concerns of DBS installation technicians and dealers can be heard. To date, existing organizations are primarily composed of DBS platform providers, manufacturers, distributors and retailers. The recent move by EchoStar to purchase DirecTV has created much debate within the DBS industry. The DBSinstall.com membership also is not united on this issue. About ninety percent of the membership is against the merger. Of the remaining ten percent, five percent is unsure and five percent is for the merger. Even some of those who are for the merger are very cautious and have concerns.

Those in favor of the merger state that their reasons are being primarily to allow the combined entity to maximize the use of satellite resources and therefore increase channel carrying capacity. This newly gained channel capacity would lead to the retransmission of many local television stations that currently are not available to some home satellite dish subscribers. Another added benefit would be the ability of the new company to broadcast more High Definition Television (HDTV) to subscribers. This overall gain would allow satellite TV to become a better competitor to modern CATV systems.

It is also believed that a bigger, stronger satellite dish company would be able to provide high-speed Internet access that is less expensive than today's satellite Internet systems.

Another advantages of a merger would be the inability of consumers to switch from one platform to another, thereby reducing customer acquisition cost and increasing customer retention. A merger would also create an uniform DBS video platform.

The members who are opposed to a merger stated many reasons for their concerns. Their primary concern is the elimination of competition within the DBS industry. The merger of the only two DBS providers would stifle product development and eliminate choice or options for consumers. Most affected would be rural consumers who do not have access to modern cable TV systems or even cable TV at all. These rural consumers would be subject to the DBS service provided by one company.

For the last several years EchoStar has been increasing its own network of field installers. It is the feeling of many independent DBS installers that Dish Network Service Centers (DNSC) is what EchoStar has envisioned for the future of America. Consumers who call DISH Network for sales are not referred to local dealers; they are sold the system directly and DNSC performs the installation.

DNSC installers do not provide custom work. They only offer basic installations, leaving the consumer to seek other satellite technicians to complete the job in the manner the customer needs or wants. Every satellite dealer can offer endless accounts of where DNSC has been unable to provide even the most basic customer service support and often make things worse for the customer calling it for help. We acknowledge that many of the issues with DBSC can be corrected; however we are unwilling to trust that EchoStar will address these issues.

DirecTV also has created an in-house service department by contracting directly with install providers. In our opinion some Home Service Providers (HSP) are the worst offenders in providing a quality basic installation. When combined; we believe DNSC and HSP are collectively the least qualified organizations to provide quality customer service at a national level. EchoStar's DNSC and DirecTV's HSP have not demonstrated that they are able to or should be allowed to be the only installation or product service provider of DBS Satellite TV in America.

If a merger is approved, it is strongly thought that EchoStar will slowly eliminate the independent retailer and installer, leaving consumers no choice of what to get or whom to get it.

When was the last time any cable TV customer had a choice of digital set top boxes?

It is strong opinion among many satellite TV dealers that the DirecTV DBS platform provides a superior picture to that of EchoStar's DISH platform. We are concerned that the DirecTV platform will be replaced with the EchoStar platform. Only a competitive marketplace should be allowed to decide what system is best or if both should be available.

Currently, there are more then five major manufacturers of DirecTV equipment. Each manufacture offers a variety of features with their models. Between RCA, Sony, Hughes and Philips there are twelve different satellite receiver models. This offers consumers a choice of features and price ranges. Currently only EchoStar manufactures equipment for its own DISH Network systems. Four models are available. JVC offers one DISH receiver. However, EchoStar manufactures it, the virtually the same as other EchoStar models.

If a merger takes place, will other manufacturers be able to design their own receivers to work on the DISH system? Or, will the other manufacturers be required to manufacture equipment designed by EchoStar, thus reducing innovation and product diversity?

The members against a merger will concede that a combined entity would be able to serve more markets with local networks; however, since a swap out of 15 million receivers is estimated to take as long as five years, we wonder what advancements could happen in that time which would allow both DirecTV and EchoStar to provide all markets with locals without a merger? What plans do DirecTV and EchoStar have to increase their channel carrying capacity if the merger fails? What is possible? We have not been told this and we wonder why. Is it be possible that both services have plans that would enable them to meet this goal independently within five years?

EchoStar has made broadband Internet via satellite a talking point regarding this merger. We do not think that broadband Internet access via satellite should even be a topic of discussion regarding this merger. The satellites used for Internet access are completely different then those used for TV access. Currently, satellite Internet is available anywhere in the country. A merger would not increase Internet availability for anyone.

A merger of DirecTV and EchoStar will leave many homes without access to any DBS TV, even though they can currently receive DirecTV. In order for a merged company to increase channel capacity, a consolidation of satellite channels would have to take place. Currently, the core programming (ESPN, CNN, HBO, ...) of DirecTV and DISH is located at two orbital slots. DirecTV is located at 101° and Dish Network is located at 119°. Dish Network does have expanded core programming at 110 °, but the main programming is at 119°. These 18 degrees of separation may seem unimportant but many Americans cannot receive DISH Network programming due to no line of sight. Trees, buildings and mountains can block the reception of a satellite signal. Currently, American consumers can choose between two providers. Often, they do not have a choice because their site does not allow for the reception of one of the platforms. An install technician may discover that while a customer cannot receive DISH programming due to trees or other obstruction, they can obtain a clear line site with the DirecTV main satellite. It works both ways.

If EchoStar attempts to swap out a consumer and discovers that they cannot, due to no line-of-sight, what will EchoStar do for that consumer? Will they say sorry and simply walk away, leaving that consumer with no access to television? If the dish needs to be relocated, will EchoStar cover the cost? If so how far will they go to assure that the consumer will be able to receive DBS TV? Will they install a ground post and bury 100' of cable to keep that customer satisfied? What will EchoStar pay to assure that a current DirecTV customer remains a DirecTV customer after the swap out begins?

EchoStar's product development has been much different then that of the DirecTV equipment manufacturers. EchoStar's receivers are very sensitive to the coax cable quality and length of coax between the dish and the set top receiver. We think that many consumers will be faced with the need to upgrade their installations just to be able to use DISH equipment. Even though it will say DirecTV on the front it will not be the DirecTV system they currently have. Many consumers will not be able to upgrade due to these single issues alone. Will EchoStar upgrade the consumers wiring at no cost?

Through no fault of their own, consumers may be forced to abandon their investment and return to cable or a roof top antenna. In cases where a roof top antenna may not be possible, some consumers may end up with no television.

We wonder why the local Network's for Burlington, Vermont, were added to DISH networks local station line up. Burlington Vermont is the 90th largest market in the country. When currently serving only 40 US markets, why skip to the 90th? Could it be that EchoStar is trying to influence Senator Patrick Leahey of Vermont? Is this an attempt to influence the chairperson of the judiciary committee to secure his support? We do not know, but it raises questions and concerns for us.

The final reason why so many are opposed to a merger is simply that they do not trust EchoStar or Charlie Ergen. EchoStar has not been a good corporate citizen. EchoStar has developed a somewhat hostile relationship with many of its dealers over constantly changing business rules, charge backs, product shortages, commission manipulation and when questioned, vague or non existent explanations about these issues. EchoStar and Mr. Ergen have not conducted themselves in a manner that warrants handing them the entire DBS industry.

Recently, it has been reported that Mr. Ergen is looking to acquire 4DTV from Motorola. 4DTV is the digital platform used for C and Ku band systems (big dishes). If Mr. Ergen is successful in his acquisition of 4DTV and completes this merger there will be no digital satellite television delivery system, to homeowners, not under his influence.

The benefits of this merger are easy to explain and understand the consequences are more complex. We worry that those who do not take the time to study the potential negative impacts this merger would have, will be left asking themselves; WHY? After the merger and after it is too late.

The American pubic needs to told the entire issue and not just the marketing hype of EchoStar's campaign to push this merger through congressional hearings and final approval of the FCC. This merger affects everyone in the country by reducing choice.