June 10, 2002

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW – Room TW-A325
Washington, D.C. 20554

REDACTED – FOR PUBLIC INSPECTION

Re: Ex Parte Notice – Consolidated Application of EchoStar Communications Corporation, General Motors Corporation and Hughes Electronics Corporation for Authority to Transfer Control, CS Docket No. 01-348

Dear Ms. Dortch:

In accordance with Section 1.1206 of the Commission's Rules, 47 C.F.R. §1.1206, EchoStar Communications Corporation ("EchoStar"), Hughes Electronics Corporation ("Hughes") and General Motors Corporation ("GM"), Applicants in the above-referenced merger proceeding, submit this letter to report that representatives of the Applicants met with members of the Commission staff on June 7, 2002. Representatives of the Applicants present at the meeting included Mike Dugan, David Kummer, Rex Povenmire, David Moskowitz and David Goodfriend of EchoStar; David Baylor, Larry Chapman and Merrill Spiegel, of DIRECTV, Inc. ("DIRECTV"); Keith Landenberger of Hughes; William Slowey of GM; and outside counsel for the Applicants. FCC staff members who attended the meeting included Barbara Esbin, Marcia Glauberman, William Cox and Rosalee Chiara of the Media Bureau; Jim Bird, Neil Dellar, Harry Wingo and C. Anthony Bush of the Office of the General Counsel; David Sappington and Donald Stockdale of the Office of Plans and Policy; Rodney Small of the Office of Engineering and Technology; and JoAnn Lucanik and Marilyn Simon of the International Bureau.

The representatives of the Applicants made a presentation to the Commission staff addressing issues set forth in the attached written materials.[1] The meeting was focused on transition issues that must be addressed by the Applicants after consummation of the proposed merger transaction in order to realize the spectrum and other efficiencies promised by the merger. As reflected in the attached presentation slides, EchoStar and DIRECTV have adopted different technical standards for the implementation of their respective direct broadcast satellite ("DBS") systems and provide DBS services from distinct sets of orbital locations. These and

[1] A copy of the presentation made by the Applicants is attached.

other factors give rise to a number of potential transition scenarios that currently are being reviewed by the Applicants, but all of which produce the synergies that will be presented in greater detail in an upcoming presentation. The presentation addressed one possible transition scenario -- transition to EchoStar's "DVB" platform -- to illustrate the issues that must be addressed in the context of the merger.

The primary considerations relating to transition strategy include: (i) customer acceptance and convenience; (ii) customer access to merger-created content and services; (iii) near-term and long-term transition costs; (iv) timing of spectrum recovery; and (v) competition issues. Other key factors include legacy receiver issues, new receiver configuration, necessary ground infrastructure upgrades, new equipment manufacturing and sales/distribution channels. Importantly, the Applicants' initial analysis indicates that selection of either platform will not result in a significant cost differential. In any transition scenario, however, the Applicants expect to eliminate local channel duplication, provide local service to new Designated Market Areas ("DMAs"), and reclaim a portion of the spectrum now devoted to certain discrete national programming within 12 months of the merger. The Applicants also expect to expand the number of DMAs receiving local service within 24 months of the merger through the use of the EchoStar VII, EchoStar VIII and DIRECTV 7S satellites; and to reclaim substantially all of the CONUS spectrum, introduce competitive new services using the freed-up spectrum, and provide local service to all 210 DMAs within 36 months of the merger.

An original and one copy of this *ex parte* notice (and two copies of the attachment) are being filed with the Commission. If you have questions concerning this meeting or this notice, please do not hesitate to contact the undersigned.

Respectfully submitted,

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Counsel for EchoStar Communications Corporation

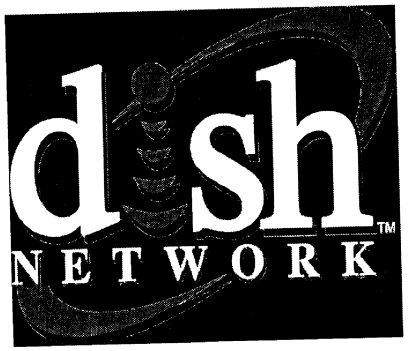
Attachment

cc (w/ att.): Barbara Esbin
Marcia Glauberman
William Cox
Rosalee Chiara
Jim Bird
Neil Dellar
Harry Wingo
C. Anthony Bush
David Sappington
Donald Stockdale
Rodney Small
JoAnn Lucanik
Marilyn Simon
Qualex International

Presentation to the
Federal Communications Commission

Post-Merger
Transition Scenario

June 2002



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Presenters

- DIRECTV
  - Dave Baylor
  - Larry Chapman
- EchoStar
  - Mike Dugan
  - David Kummer
  - Rex Povenmire

Agenda

- Technology Basics
- Transition Considerations
- Platform Decision-Making
- Transition Scenario With Timeline
- Questions and Answers

Simplified Definitions

- Designated Market Area (DMA) - An arbitrary designation created by Nielsen Media which defines the geographic area of a local television market
- DVB - "Digital Video Broadcast" format used by EchoStar for signal transmission
- Set-Top Box (STB) - Set-Top Box used to receive, decode and process the satellite signal for customer display

- Multi-Sat Outdoor Unit (ODU) - A single dish and low-noise block down converter (LNB) capable of receiving signals from more than one orbital location. Limited to a 19° span in the DBS frequency range

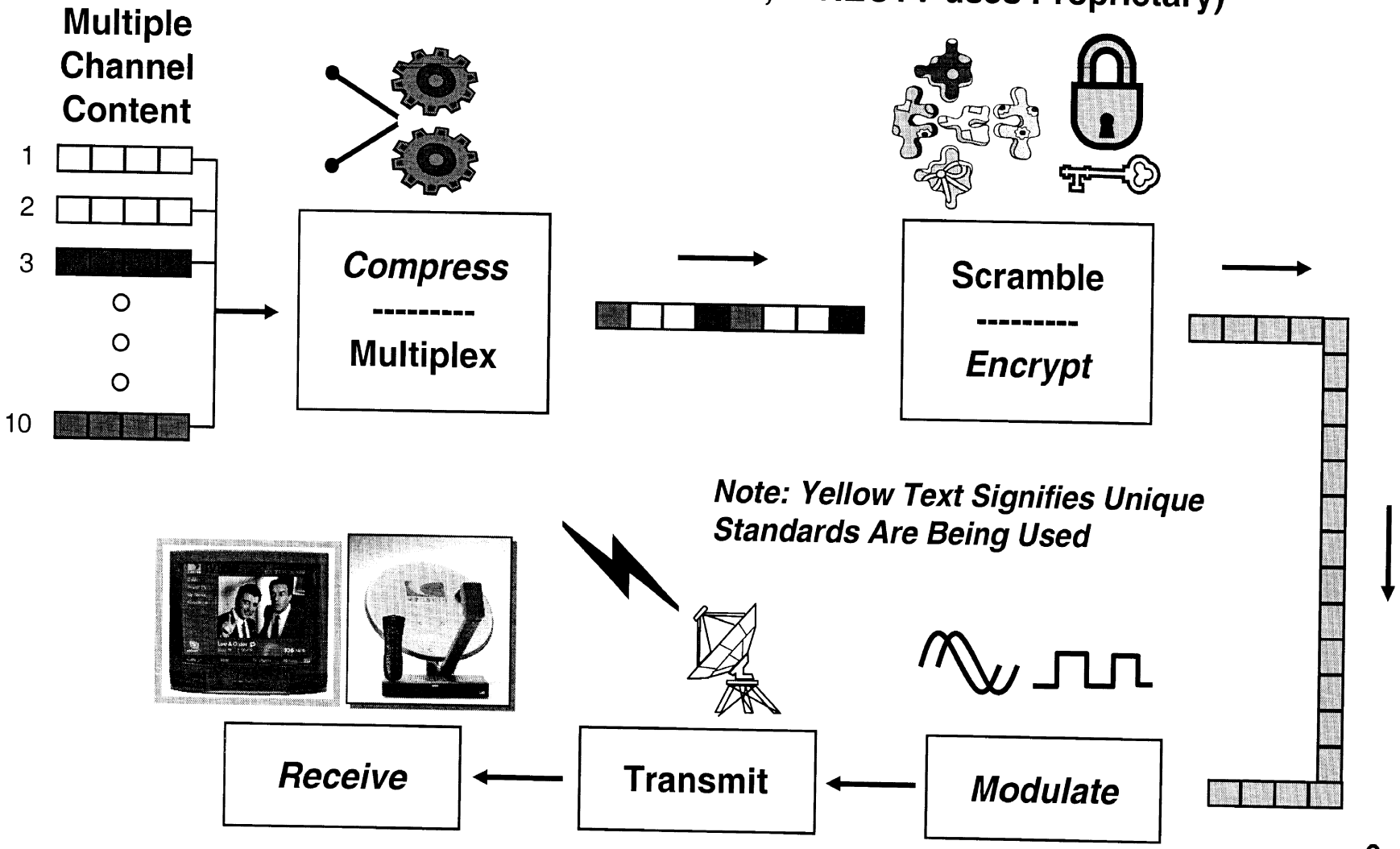
Simplified Definitions

- Conditional Access (CA) - The method to deliver keys used to descramble content using a "Smart Card" in the customer STB. Determines user's viewing rights.

- Modulation - The process of combining the audio and video information with a radio wave for transmission to and from the satellite
- Transport - The digital format for the data stream carrying audio / video / data over the satellite

Programming Delivery: Single Transponder Stream

- Each Company Has Different Standards For Each Process In The Chain (EchoStar uses DVB standards; DIRECTV uses Proprietary)



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Transition Challenge

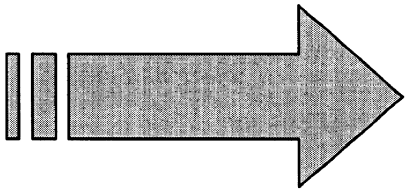
TODAY

EchoStar

- STB's
- DVB Standard
- Nagra Based Security
- 7 Satellites
- Orbital Slots: 61.5°, 110°, 119°, 148°
- 500+ Channels Duplicated w/ DIRECTV

DIRECTV

- STB's
- DIRECTV Proprietary Standard
- NDS Based Security
- 7 Satellites
- Orbital Slots: 101°, 110°, 119°
- 500+ Channels Duplicated w/ EchoStar



Process to get to merged operations, without negative customer impact, at reasonable cost

MERGED OPERATIONS

- STB's
- One Standard
- 14 Satellites
- Orbital Slots: 61.5°, 101°, 110°, 119°, 148°
- New offerings from reclaimed bandwidth

Transition Strategy

- There are alternative transition scenarios, each with unique considerations, costs, benefits, and drawbacks
- The primary drivers of the transition decision are:
  - Customer issues
    - Acceptance / Convenience
    - Access to merger-created content and services
  - Cost (near and long-term)
  - Timing of spectrum recovery
  - Competitive position

Transition Strategy - Key Factors

- Legacy receiver universe
- New Receiver Configuration
- Manufacturing Issues
  - Manufacturing volume rqmts
  - Component availability
- Transition Infrastructure
  - Installation network capabilities
  - Call center impact
- Sales/Distribution Issues
  - Legacy receiver pipeline
  - Training
  - Merchandising

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Surviving Platform

- Initial analysis indicates selection of either platform does not result in significant cost differential
- While an obvious consideration, cost will not be the only deciding factor
  - Customer Inconvenience
  - Competitive Marketplace
  - Churn
  - Advanced Technologies
  - Status of Installed Base
  - VOD / PVR
  - Product Lifecycle
  - Customer Acceptance
  - Existing Contract Restrictions

Equipment Incompatibility

Technology	EchoStar	DIRECTV	Impact
Encoding Layer and Error Correction	DVB	DIRECTV	Customers' set-top boxes cannot translate incompatible signal to display programming
Conditional Access	Nagra	NDS	Smart card cannot decrypt incompatible CA
ODU Control	DVB & DiSECq	DIRECTV	Receivers unable to switch between satellite locations
ODU Configuration	110º and 119º core	101º core	Installed satellite dishes cannot receive signal from alternate orbital location(s)

Installation & Upgrade Capability

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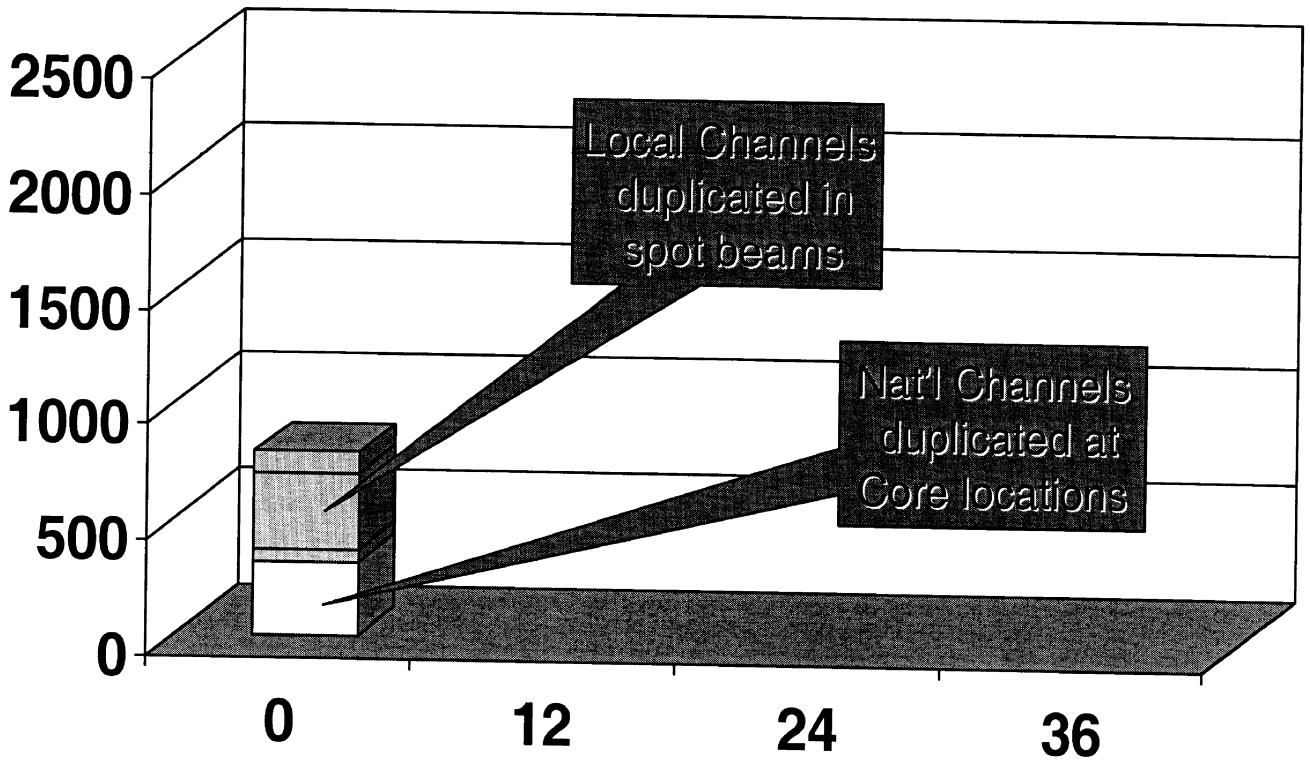
Transition Overview

Transition Overview

Viable Transition Scenario

- We will present one viable transition scenario to demonstrate the complexities and considerations of the transition process

Spectrum Usage - Day 1



Phase 1

First 12 Months After Merger

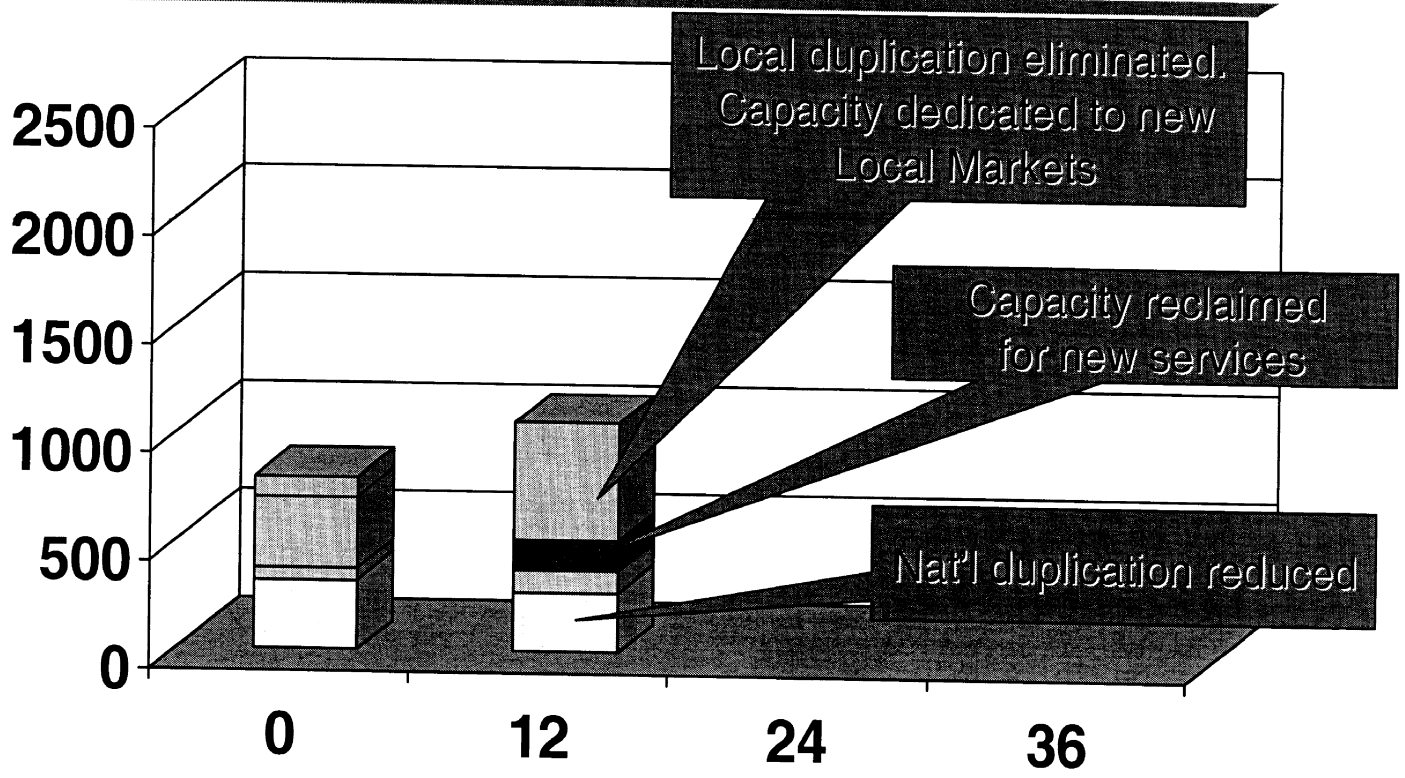
Example:

Example:

Rationalizing Spot-Beam Service Allows Expanded Coverage

Example:

Phase 1 Complete



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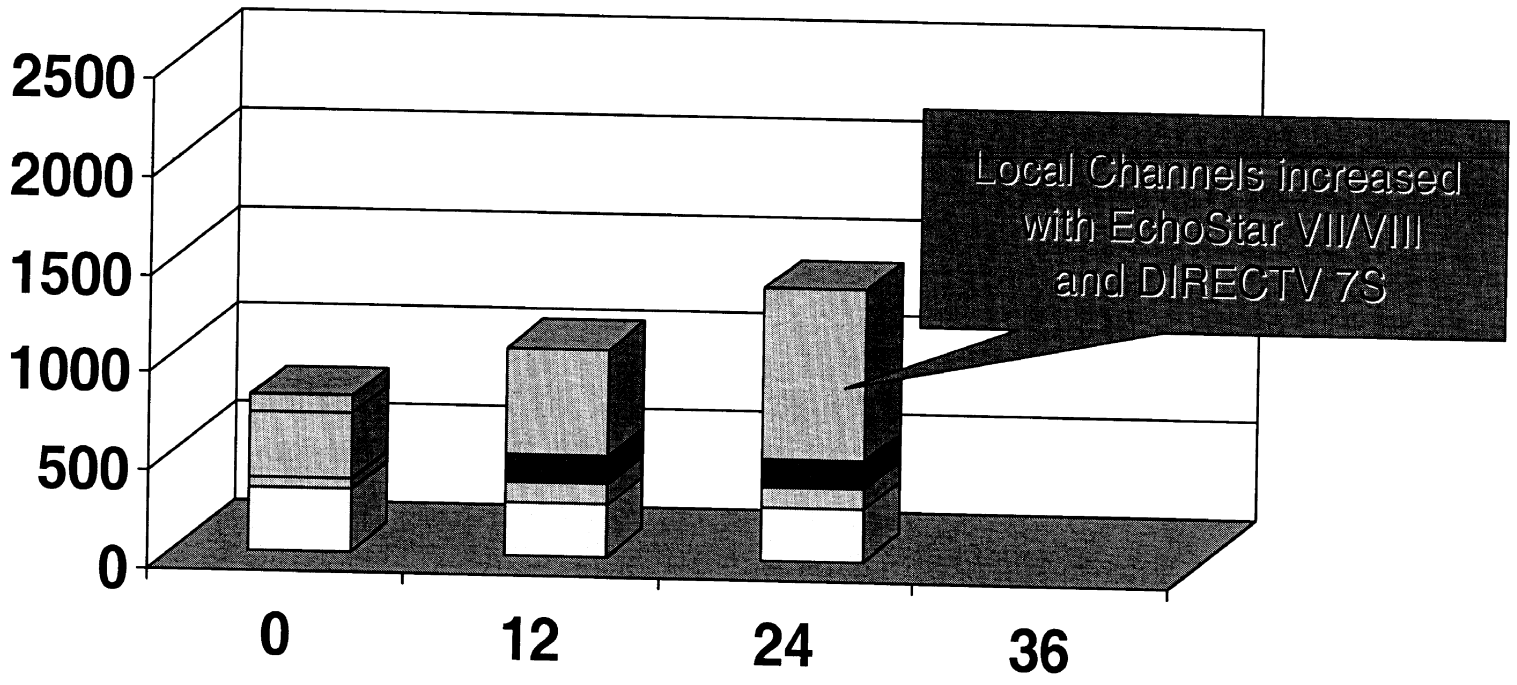
DMA Coverage Enabled by Ending Duplicate Spot-Beam Coverage

Phase 2

8-24 Months After Merger

Phase 2


2500
2000
1500
1000
500
0
0
12
24
36
Local Channels increased with EchoStar VII/VIII and DIRECTV 7S
Months After Merger Approval
Duplicated Nat'l Channels
Duplicated Local Channels
Nonduplicated Local Channels
Nonduplicated Nat'l Channels
Recovered CONUS Channels

DMA Coverage Enabled by Ending Duplicate Spot-Beam Coverage

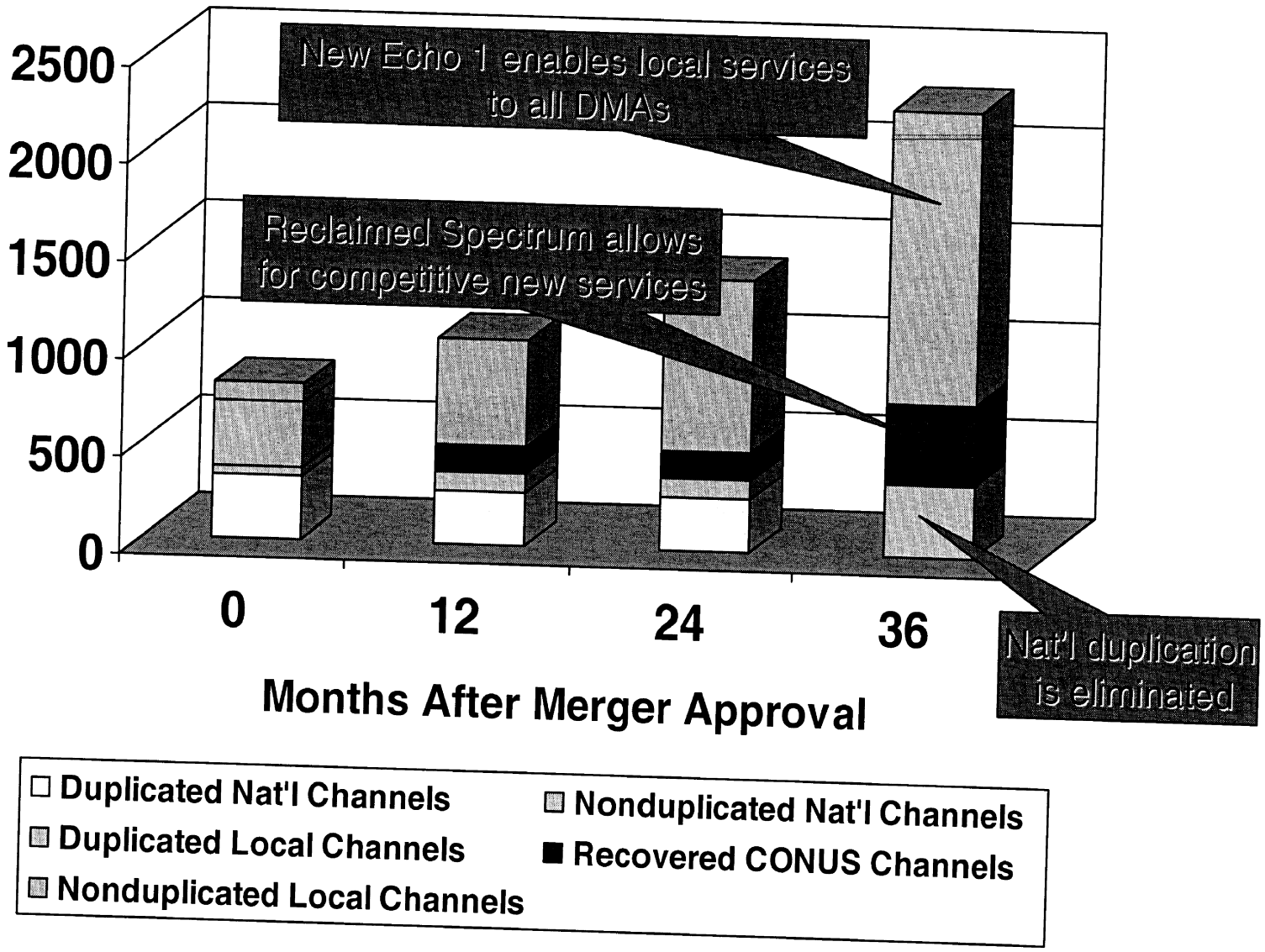
Phase 3

24-36 months after merger

Completion

Approximately 36 months after merger

Transition Completion



Summary

- Process complete, and spectrum fully rationalized, approximately 36 months after merger

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