



OFFICE OF  
THE CHAIRMAN

FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON

June 3, 2002

The Honorable Bob Schaffer  
U.S. House of Representatives  
212 Cannon House Office Building  
Washington, D.C. 20515

Dear Congressman Schaffer:

Thank you for your May 16, 2002 letter concerning the proposed transaction involving EchoStar Communications Corporation and General Motors Corporation's subsidiary, Hughes Electronics Corporation, which includes its satellite television unit, DIRECTV. I appreciate hearing from you again, and would like to take this opportunity to update you on some of the Commission's work on the proposed EchoStar/Hughes merger since we last corresponded.

After an initial review of the consolidated *Transfer of Control Application* submitted by EchoStar and Hughes Electronics, the Commission issued a request to the Applicants for additional information and clarification of certain matters. Among other things, the Commission asked the Applicants to provide additional information concerning the post-merger corporate structure, the effect of the Vivendi and PanAmSat transactions, the nature of current services offered by the Applicants and their competitors in the video programming, broadband, equipment, and fixed satellite service markets, and the technical efficiencies that may result from the proposed merger. The Applicants are in the process of supplying the Commission with documents and information in response to this request.

More recently, EchoStar and Hughes filed an application with the Commission to launch and operate NEW ECHOSTAR 1, a direct broadcast satellite designed to deploy spot-beam technology. The EchoStar/Hughes satellite proposal, conditioned upon the Commission's approval of the *Transfer of Control Application*, is intended to provide additional local broadcast channel programming capacity. Moreover, the Applicants indicate that when NEW ECHOSTAR 1 is combined and integrated with the other satellite assets of a merged EchoStar-Hughes entity, the merged entity will be in a position to serve all 210 Designated Market Areas ("DMAs") in the United States, including Alaska and Hawaii, with local broadcast service.

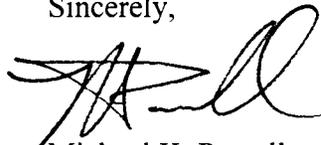
The issues raised and the claims made by the Applicants in the NEW ECHOSTAR 1 *Application* are directly related to a number of matters under consideration in the Commission's review of the Applicants' *Transfer of Control Application*. Thus, the Commission's Media Bureau determined that the NEW ECHOSTAR 1 *Application*, together with the changes in the Applicants' position with respect to their ability and intention to provide local-into-local broadcast service in all 210 DMAs, constitutes a substantial amendment to the Applicants' proposed transaction. Accordingly, on April 19, 2002, the Bureau issued a *Public Notice* seeking

comment from interested parties on the NEW ECHOSTAR 1 *Application*. The comment period on the NEW ECHOSTAR 1 *Application* is scheduled to close on June 4, 2002.

In order to accommodate the pleading cycle established for the NEW ECHOSTAR 1 *Application*, the Commission will continue to stop the clock on the 180-day review period that governs the EchoStar/Hughes proceeding. The timeclock will remain stopped until the latter of the closing of the pleading cycle on the NEW ECHOSTAR 1 *Application*, or upon receipt of sufficient information from the Applicants in response to the Commission's outstanding data requests discussed above.

I hope that this information proves to be helpful. Please be assured that the Commission will consider your views carefully, along with the complete record as it develops during its review of the proposed EchoStar/Hughes transaction. If you have any additional concerns, or if I can be of further assistance, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Powell', with a stylized flourish at the end.

Michael K. Powell  
Chairman