ECHOSTAR COMMUNICATIONS CORP
Form PRE 14C
March 18, 2002

SCHEDULE 14C

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities

Exchange Act of 1934

Check the appropriate box:

x Preliminary Information Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
o Definitive Information Statement

ECHOSTAR COMMUNICATIONS CORPORATION

(Name of Registrant as Specified In Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required
o Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such State.

PRELIMINARY DRAFT DATED MARCH 18, 2002, SUBJECT TO COMPLETION

Solicitation of Written Consent of
General Motors Corporation
Common Stockholders

Information Statement for
EchoStar Communications Corporation
Common Stockholders

The Separation of Hughes from GM
and the Merger of Hughes and EchoStar

GM is asking GM $1 2/3 par value common stockholders and GM Class H common stockholders to approve certain matters relating to the following transactions:

- **the separation of Hughes Electronics from GM; and**
- **the combination of Hughes with EchoStar Communications by a merger immediately after the separation.**

As a result of these transactions, GM Class H common stockholders will receive one share of Class C common stock of the new company in exchange for each share of GM Class H common stock they own and EchoStar Class A common stockholders will receive 1/0.73, or about 1.3699, shares of Class A common stock of the new company in exchange for each share of EchoStar Class A common stock they own.

The combination of Hughes and EchoStar will create one of the nation s largest subscription television platforms.

The Class A common stock and Class C common stock of the new company, which is currently named HEC Holdings, Inc. but which will be renamed EchoStar Communications Corporation as part of the transactions, will be listed on either the New York Stock Exchange or the Nasdaq Stock Market under the symbols and , respectively.

WE URGE YOU TO READ THIS DOCUMENT CAREFULLY, INCLUDING

THE SECTION ENTITLED RISK FACTORS THAT BEGINS ON PAGE 47.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these transactions or the securities to be issued in connection with these transactions. In addition, neither the Securities and Exchange Commission nor any state securities commission has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This document, which is dated , 2002, is a combined Consent Solicitation Statement of GM and Information Statement of EchoStar, as well as a Prospectus of the new company, and is first being mailed to the stockholders of General Motors and EchoStar on or about , 2002.

To the GM $1 2/3 par value common stockholders and the GM Class H common stockholders:

General Motors is proposing to split off its Hughes Electronics subsidiary to its GM Class H common stockholders. Immediately after the separation of Hughes from GM, the businesses of Hughes and EchoStar will be combined pursuant to a merger and the surviving corporation of that merger will be named EchoStar Communications Corporation. The new EchoStar formed by the merger will continue to provide multi-channel subscription television service under the DIRECTV brand name. The Hughes/EchoStar merger will create one of the nation s largest subscription television platforms, with about 17 million subscribers based upon the number of subscribers of each of Hughes and EchoStar as of December 31, 2001.

GM Class H common stockholders will receive as part of the transactions one share of the new EchoStar Class C common stock in exchange for each share of GM Class H common stock they own. Upon the completion of the transactions, based on assumptions described in this document, the former GM Class H common stockholders would hold about % of the outstanding common stock of the new EchoStar, representing about % of the new EchoStar s total voting power. As a result of the transactions, the GM Class H common stock will be eliminated and GM will no longer have tracking stock. The GM $1 2/3 par value common stock will remain outstanding and will be GM s only class of common stock after the transactions.

As part of these transactions, GM will receive significant liquidity and value from its current retained economic interest of about % in the financial performance of Hughes. Immediately before the split-off of Hughes, GM will receive a dividend of up to $4.2 billion and GM s retained economic interest will be reduced by a commensurate amount. If GM continues to hold any retained economic interest in Hughes after the dividend, it may seek to benefit from debt reduction by distributing shares of Class C common stock of the new EchoStar in exchange for outstanding GM debt after the Hughes/ EchoStar merger. If permitted by the IRS, GM will retain any remaining ownership interest in the new EchoStar after the transactions. Based on assumptions described in this document, subject to IRS approval, after the transactions General Motors would retain shares of the new EchoStar Class C common stock equal to about % of the outstanding common stock of the new EchoStar, representing about % of the new EchoStar s total voting power.

THE BOARD OF DIRECTORS OF GENERAL MOTORS HAS UNANIMOUSLY APPROVED THE TRANSACTIONS AND RECOMMENDS THAT YOU VOTE TO APPROVE EACH OF THE PROPOSALS RELATING TO THE TRANSACTIONS BY EXECUTING AND RETURNING THE ENCLOSED CONSENT.

GM has already approved this merger as the sole stockholder of Hughes and a newly formed company that will hold all of the outstanding stock of Hughes immediately prior to the Hughes/EchoStar merger. However, other aspects of the transactions require GM common stockholder approval and, accordingly, none of the transactions will be completed unless such approval is obtained. If the GM $1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, do not approve the transactions, Hughes will remain a wholly owned subsidiary of GM and neither the Hughes/EchoStar merger nor the GM/Hughes separation transactions will occur. Therefore, your vote on these matters is very important.

This document contains important information about the GM/Hughes separation transactions and the Hughes/EchoStar merger. **We urge you to read this document carefully, including the section entitled Risk Factors that begins on page 47.**

We strongly support the separation of Hughes from GM and the combination of Hughes and EchoStar, and we join with the board of directors of General Motors in enthusiastically recommending that you vote in favor of the transactions.

G. Richard Wagoner, Jr.	Jack A. Shaw
President and Chief Executive Officer	*President and Chief Executive Officer*
General Motors Corporation	*Hughes Electronics Corporation*

To the common stockholders of EchoStar Communications Corporation:

We intend to combine our business with the business of Hughes Electronics pursuant to a merger that will be completed immediately following the separation of Hughes from its current parent company, General Motors. The surviving corporation in the Hughes/EchoStar merger will be named EchoStar Communications Corporation and will continue to provide multi-channel subscription television service under the DIRECTV brand name. The Hughes/EchoStar merger will create one of the nation s largest subscription television platforms, with about 17 million subscribers based upon the number of subscribers of each of Hughes and EchoStar as of December 31, 2001.

In connection with the Hughes/EchoStar merger, each of you who holds EchoStar Class A common stock will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock you own and EchoStar Class B common stockholders will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. You should understand that a trust which I control currently owns all of the outstanding shares of EchoStar Class B common stock. You should also understand that you will not receive any fractional share of common stock in the new EchoStar. Instead, you will receive a cash payment for your fractional share. Upon the completion of the Hughes/EchoStar merger, based on assumptions described in this document, you, together with the other former EchoStar common stockholders, would hold about % of the outstanding common stock of the new EchoStar, representing about % of the new EchoStar s total voting power.

The boards of directors of EchoStar, Hughes and a newly formed company that will hold all of the outstanding stock of Hughes immediately prior to the Hughes/EchoStar merger have already approved the Hughes/EchoStar merger. In addition, General Motors, as the sole stockholder of Hughes and the Hughes holding company, and a trust controlled by me, as the holder of EchoStar Class B common stock representing about 90% of the voting power of EchoStar, have already approved the Hughes/EchoStar merger. As a result, no further action on your part is required to approve the Hughes/EchoStar merger. However, we believe that it is important for you to be informed about the Hughes/ EchoStar merger. Thus, this document is being sent to you for your information only.

THE HUGHES/ECHOSTAR MERGER HAS ALREADY BEEN APPROVED BY THE STOCKHOLDERS OF ECHOSTAR. AS A RESULT, WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This document contains important information about the Hughes/EchoStar merger. **We urge you to read this document carefully, including the section entitled Risk Factors that begins on page 47.**

I am excited about the opportunities that the Hughes/ EchoStar merger will create for us, for you and for our customers.

Charles W. Ergen
Chairman of the Board of Directors and
Chief Executive Officer
EchoStar Communications Corporation

ADDITIONAL INFORMATION

This document incorporates important business and financial information about GM, Hughes, PanAmSat Corporation (which is currently approximately 81% owned by certain subsidiaries of Hughes) and EchoStar from other documents that are not included in or delivered with this document. You may obtain some of the documents about GM, Hughes, PanAmSat and EchoStar at the SEC s website, www.sec.gov , or at the following websites:

GM: At GM s website, www.gm.com by selecting Investor Information , then selecting Financial Data and finally selecting SEC Filings ;

Hughes: At Hughes website, www.hughes.com by selecting Investor Relations and then selecting SEC Filings ;

PanAmSat: At PanAmSat s website, www.panamsat.com by selecting Investor Relations and then selecting SEC Filings/ Annual Report ; and

EchoStar: At EchoStar s website, www.echostar.com by selecting about us , then selecting Investor Relations and finally selecting SEC Filings .

We are not incorporating the contents of the websites of the SEC, GM, Hughes, PanAmSat, EchoStar or any other person into this document.

This information is available to you without charge upon your written or oral request as described below. Written and telephone requests by GM common stockholders for any of the documents about GM, Hughes, PanAmSat or EchoStar should be directed to GM as indicated below:

GM Fulfillment Center

MC 480-000-FC1
30200 Stephenson Hwy.
Madison Heights, MI 48071
Telephone: ( ) -

Written and telephone requests by EchoStar common stockholders for any of the documents about EchoStar, GM, Hughes or PanAmSat should be directed to EchoStar as indicated below:

EchoStar Communications Corporation

5701 South Santa Fe Drive
Littleton, Colorado 80120
Attention: Kim Culig
Telephone: ( ) -

If you would like to request copies of any documents, please do so no later than , 2002 in order to ensure timely delivery.

For additional information about where to obtain copies of documents, see Where You Can Find More Information that begins on page 303.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q1. What are the GM/ Hughes separation transactions?

A1. The GM/ Hughes separation transactions are a series of proposed transactions involving General Motors and Hughes that provide for the separation of Hughes from General Motors. As a result of these transactions, a company holding the stock of Hughes will become an independent, publicly owned company, separate from GM, and can then complete the proposed merger with EchoStar.

There are two principal components to the GM/ Hughes separation transactions:

Hughes Recapitalization. Immediately before the separation of Hughes from GM, Hughes will distribute to General Motors a dividend of up to $4.2 billion and GM s retained economic interest in Hughes will be reduced by a commensurate amount, as explained further in Question 2 below.

Immediately after the Hughes recapitalization and an internal reorganization that will result in the formation of a holding company above Hughes, GM will hold a number of shares of common stock of the new Hughes holding company equal to the number of then outstanding shares of GM Class H common stock plus a number of shares of the Hughes holding company common stock representing GM s remaining retained economic interest in Hughes, if any, after the reduction pursuant to the Hughes recapitalization described above.

Hughes Split-Off. Immediately after the Hughes recapitalization, General Motors will cause Hughes to be separated from GM by distributing to the GM Class H common stockholders one share of Class C common stock of the Hughes holding company in exchange for each share of GM Class H common stock they own. As a result, all outstanding shares of GM Class H common stock will be redeemed and canceled. Any shares of Class C common stock of the Hughes holding company that are not distributed to the GM Class H common stockholders in the Hughes split-off will continue to be held by General Motors upon the completion of the Hughes split-off. All or a portion of any such shares may be subject to GM debt-for-equity exchanges as described in Question 12 below and, if permitted by the IRS, any remaining portion of such shares would be retained by General Motors.

The number of shares, if any, to be held by GM after the Hughes split-off will be based on GM s retained economic interest in Hughes after that interest has been reduced to reflect the dividend pursuant to the Hughes recapitalization described above. Whether and to what extent GM will hold any such shares, so that it would be able to engage in any GM debt-for-equity exchanges after the transactions and/or retain any ownership interest in the new EchoStar after the transactions, will depend upon a number of factors that will not be known until the time of the completion of the transactions, including the actual amount of the Hughes dividend and the average market price of GM Class H common stock during a specified period preceding that time. If the IRS does not permit GM to retain those shares of Class C common stock of the Hughes holding company, if any, that are held by GM after the Hughes split-off, GM will distribute those shares to the GM $1 2/3 par value common stockholders on a pro rata basis to the extent required by the transaction agreements.

The GM/ Hughes separation transactions also include certain other related transactions that generally address matters relating to the separation of Hughes from GM.

GM does not currently have the ability to exchange shares of the Hughes holding company for shares of GM Class H common stock. One of the effects of the amendment to the GM restated certificate of incorporation that GM common stockholders are being asked to approve pursuant to this consent solicitation is to authorize the GM board of directors to make this exchange on the terms described in this document.

For more information, see pages 76, 169 and 183.

Q2. How will the Hughes recapitalization reduce GM s retained economic interest in Hughes?

A2. While GM currently owns all of the outstanding stock of Hughes, a fraction determined under the GM restated certificate of incorporation allocates Hughes earnings between the two classes of GM common stock: the GM Class H common stock and the GM $1 2/3 par value common stock. The percentage of Hughes earnings that is allocable to the GM $1 2/3 par value common stock represents what we sometimes refer to as GM s retained economic interest in Hughes. The reduction of GM s retained economic interest in Hughes will occur by adjusting this fraction based on the actual amount of the Hughes dividend described in Question 1 above and the average market price of GM Class H common stock during a specified period preceding the time of the completion of the proposed transactions. The GM board of directors does not currently have the ability to make this adjustment. One of the effects of the amendment to the GM restated certificate of incorporation that GM common stockholders are being asked to approve pursuant to this consent solicitation is to authorize the GM board of directors to make this adjustment on the terms described in this document.

In order to illustrate the effect of the Hughes recapitalization on this fraction (and, as a result, on GM s retained economic interest in Hughes), we have calculated the fraction based on the number of shares of GM Class H common stock outstanding as of , 2002 and the number of shares of GM Class H common stock that would be issued, based on certain assumptions, upon the mandatory conversion of GM s Series H preference stock. Based on the fraction so calculated, about % of Hughes earnings would have been allocable to the GM Class H common stock for purposes of determining earnings per share and amounts available for the payment of dividends. The remaining portion of Hughes earnings, about %, would have been allocable to the GM $1 2/3 par value common stock. In this example, this percentage would represent what we sometimes refer to as GM s retained economic interest in Hughes prior to the Hughes recapitalization. After the payment of a $4.2 billion dividend from Hughes to GM and the related adjustment of the fraction pursuant to the Hughes recapitalization (based on the average market price of GM Class H common stock during a specified period ending on , 2002), the fraction calculated as of , 2002 as described above would have resulted in the allocation of about % of Hughes earnings to the GM Class H common stock. The balance of about % would have been allocated to the GM $1 2/3 par value common stock. In this example, this percentage would represent GM s retained economic interest in Hughes after the Hughes recapitalization.

Thus, as illustrated above, GM s retained economic interest in Hughes would have been reduced by an amount commensurate with the amount of the dividend, or about %, based on the average market price of GM Class H common stock during a specified period ending on , 2002. The actual amount of the Hughes dividend, as well as the reduction of GM s retained economic interest in Hughes and the amount, if any, of GM s retained economic interest in Hughes after the reduction, will not be known until immediately before the completion of the transactions and could vary materially from this illustrative calculation based on a number of factors, including the average market price of GM Class H common stock during a specified period preceding the time of the completion of the proposed transactions. The number of shares of Class C common stock of the new Hughes holding company, if any, that GM will hold immediately after the completion of the Hughes split-off will be based on the amount of GM s retained economic interest in Hughes, if any, after that interest has been reduced to reflect the dividend.

For more information, see page 76.

Q3. What is the Hughes/ EchoStar merger?

A3. The Hughes/EchoStar merger is the proposed transaction that will combine the businesses of Hughes and EchoStar. Immediately after the completion of the GM/ Hughes separation transactions, EchoStar will merge with the Hughes holding company, which will be the surviving corporation in the merger. This surviving company will be renamed EchoStar Communications Corporation, which we sometimes refer to as the new EchoStar.

For more information, see pages 83 and 190.

Q4. What are the purposes of the transactions?

A4. There are two principal purposes of the transactions:

First, the transactions are expected to better position the businesses of Hughes and EchoStar to compete in the multi-channel video programming distribution market and, overall, in the telecommunications industry. After the transactions, the new EchoStar will be one of the nation s largest subscription television platforms. The transactions will provide the combined company with greater opportunities and financial resources to develop an expanded competitive business and an opportunity to realize significant economies of scale and generate substantial cost and revenue synergies. In particular, among other things, the new EchoStar will seek to:

eliminate duplicate programming and utilize reclaimed broadcast spectrum to deliver more program and service offerings;

standardize the EchoStar and DIRECTV set-top boxes, which is expected to both reduce manufacturing costs and enable improved anti-piracy protection;

combine and improve the distribution networks of EchoStar and DIRECTV;

consolidate customer service and other facilities and infrastructure;

reduce subscriber acquisition costs, subscriber churn, programming costs and eliminate duplicative overhead;

introduce local-into-local broadcast channel service in all designated market areas;

expand two-way high-speed broadband;

expand high-definition television, video-on-demand, pay-per-view and educational programming offerings; and

generate new sources of local and national advertising revenue.

We believe that the new EchoStar s broadband offerings could play an important role in spanning the digital divide between urban and suburban customers with multiple choices for high-speed Internet access and rural customers with limited choices for high-speed Internet access. Furthermore, EchoStar and Hughes recently announced a new proposal that, subject to the completion of the merger, is designed to enable the new EchoStar to deliver local broadcast television channels in all 210 designated market areas in the United States as soon as 24 months following the completion of the merger.

Second, the transactions are designed to provide significant liquidity and value to General Motors, which will help to support the credit position of General Motors after the transactions. This anticipated liquidity and value will result from:

GM s receipt of the dividend of up to $4.2 billion from Hughes;

GM s benefit from debt reduction resulting from any GM debt-for-equity exchanges as described below in Question 12; and

GM s retention of any shares of stock in the new EchoStar following the completion of any GM debt-for-equity exchanges.

The actual amount and form of liquidity to be provided to GM in connection with the transactions will depend upon the value of GM s retained economic interest in Hughes before the completion of the transactions and ownership interest, if any, in the new EchoStar after the completion of the transactions and the circumstances under which GM achieves liquidity with regard to such interest.

For more information, see pages 93 and 151.

Q5. What will I receive if the transactions occur?

A5. *GM Class H Common Stockholders.* In the GM/ Hughes separation transactions, GM Class H common stockholders will receive one share of Class C common stock of the Hughes holding company in exchange for each share of GM Class H common stock they own. In the Hughes/ EchoStar merger, each of these shares will remain outstanding and become a share of Class C common stock of the new EchoStar. Accordingly, the former GM Class H common stockholders will no longer be holders of the Class H tracking stock of General Motors, which is a stock of GM designed to provide holders with financial returns based on the financial performance of GM s Hughes subsidiary, but instead will be holders of a more conventional common stock of the new EchoStar.

GM $1 2/3 Par Value Common Stockholders. Unless as a result of the IRS ruling GM is required under the transaction agreements to distribute to the GM $1 2/3 par value common stockholders shares of Class C common stock of the Hughes holding company, if any, that are held by GM after the Hughes split-off, GM $1 2/3 par value common stockholders will not receive any shares of the Hughes holding company or the new EchoStar. If and to the extent that, as a result of the IRS ruling, GM is required by the transaction agreements to distribute shares of Class C common stock of the Hughes holding company, GM $1 2/3 par value common stockholders would receive a pro rata distribution of such shares. After the transactions, GM $1 2/3 par value common stockholders will retain their shares of GM $1 2/3 par value common stock, which will be GM s only class of common stock at that time. Accordingly, as a result of these transactions, GM will no longer have tracking stock and will be primarily focused on its core automotive and related businesses. Except to the extent of any ownership interest in the new EchoStar held by GM after the transactions (assuming that the IRS permits GM to retain such an interest), GM $1 2/3 par value common stockholders will no longer have any derivative interest in the financial performance of Hughes. However, GM $1 2/3 par value common stockholders will benefit from the significant liquidity and value that is anticipated to be provided to GM as a result of the transactions.

EchoStar Common Stockholders. Common stockholders of EchoStar will receive the following in the Hughes/EchoStar merger:

EchoStar Class A common stockholders will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock they own; and

EchoStar Class B common stockholders will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, currently owns all of the outstanding shares of EchoStar Class B common stock.

For more information, see pages 83 and 191.

Q6. What are the U.S. federal income tax consequences of the transactions?

A6. General Motors has submitted a request for an IRS ruling to the effect that the Hughes split-off will be tax-free to GM and its stockholders. If GM receives this ruling, then, for U.S. federal income tax purposes, neither GM common stockholders nor General Motors will recognize gain or loss as a result of the Hughes split-off.

In addition, it is a condition to the completion of the Hughes/ EchoStar merger that the Hughes holding company and EchoStar receive opinions from their respective counsel to the effect that the Hughes/ EchoStar merger will be treated as a tax-free reorganization. If the Hughes/EchoStar merger qualifies as a tax-free reorganization, then neither Hughes nor EchoStar nor their respective stockholders will recognize any gain or loss for U.S. federal income tax purposes as a result of the Hughes/ EchoStar merger, except in connection with cash received by EchoStar common stockholders instead of fractional shares of Class A common stock or Class B common stock of the new EchoStar, as applicable. We currently expect that the companies will receive these opinions in connection with the completion of the transactions.

For more information, see page 165.

Q7. What are the terms of the common stock of the new EchoStar that I will receive in the transactions?

A7. The new EchoStar will issue shares of three different classes of common stock in the transactions: Class A common stock, Class B common stock and Class C common stock. Except as to voting rights, the Class A common stock and the Class C common stock of the new EchoStar will be identical. The new EchoStar Class B common stock will have special voting rights, will be convertible into Class A common stock or Class C common stock of the new EchoStar and will be subject to certain transfer restrictions. However, in all respects other than voting rights, convertibility and the transfer restrictions, the Class B common stock of the new EchoStar will be substantially the same as the Class A common stock and Class C common stock of the new EchoStar. Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar and the current beneficial owner of all of the outstanding shares of Class B common stock of EchoStar, is expected to be the beneficial owner of all of the outstanding shares of new EchoStar Class B common stock immediately after the transactions.

The common stock of the new EchoStar will have the following voting rights:

each share of the new EchoStar Class A common stock will entitle the holder to one vote in the election of directors and all other matters submitted to stockholders for their approval;

each share of the new EchoStar Class B common stock will initially entitle the holder to 10 votes in the election of directors and all other matters submitted to stockholders for their approval; and

each share of the new EchoStar Class C common stock will entitle the holder to a number of votes in the election of directors and all other matters submitted to stockholders for their approval that will ensure that the new EchoStar Class C common stock held by GM (other than stock that is subject to GM debt-for-equity exchanges) and the new EchoStar Class C common stock issued to certain of GM s historical stockholders together possess 50.5% of the aggregate voting power of the new EchoStar immediately following the Hughes/EchoStar merger. The calculation of the exact number of votes per share of the new EchoStar Class C common stock will not be made until the time of the completion of the transactions because the calculation will be subject to certain variable factors that will be determined between now and that time. We estimate that the holders of the Class C common stock of the new EchoStar would be entitled to between three and five votes per share.

Based on assumptions described elsewhere in this document, Mr. Ergen would hold about % of the total voting power of the new EchoStar upon the completion of the transactions. As a result, Mr. Ergen will have significant influence over actions of the new EchoStar that require stockholder approval.

Directors will be elected on the basis of cumulative voting. On all other matters, the shares of the new EchoStar Class A common stock, Class B common stock and Class C common stock will vote together as a single class based on their respective per share voting power. In addition, if permitted by the IRS, the approval of the new EchoStar Class B common stock voting separately as a class will be required to approve certain specified matters, including, among other things, extraordinary matters for which a stockholder vote is required under state law (such as mergers, charter amendments, including changes in the rights of the shares of the new EchoStar Class B common stock and any increase in the authorized number of shares of the new EchoStar Class B common stock or the new EchoStar Class C common stock, and dissolution) or under the rules of the NYSE or the Nasdaq, as applicable, any sale or acquisition of a significant business of the new EchoStar, any amendment by stockholders to the bylaws of the new EchoStar, certain issuances of common stock (or equivalents) of the new EchoStar and the adoption by the new EchoStar of certain equity-based benefit plans.

For more information, see page 258.

Q8. Why will there be three different classes of the new EchoStar common stock?

A8. The new EchoStar will have three different classes of common stock, with each class having different voting powers, in order to address two important objectives with respect to the transactions:

- to preserve the tax-free status of the Hughes split-off to GM for U.S. federal income tax purposes; and

- to preserve at least to some degree the greater voting power that the EchoStar Class B common stock currently has relative to the EchoStar Class A common stock.

GM and Hughes would not agree to complete the transactions unless they were assured that the Hughes split-off would be tax-free to GM and its stockholders for U.S. federal income tax purposes. In fact, GM s receipt of a ruling from the IRS confirming the tax-free nature of the Hughes split-off is a condition to the obligation of GM and Hughes to complete the transactions. The Hughes split-off will only be tax-free to GM for these purposes if, among other things, General Motors and certain of its historical stockholders hold stock possessing more than 50% of the total voting power of the stock of the new EchoStar in the transactions. Accordingly, the terms of the various classes of common stock of the new EchoStar are designed to ensure that the stock of new EchoStar held by GM (other than stock that is subject to GM debt-for-equity exchanges) and the stock of the new EchoStar issued to certain of GM s historical stockholders together possess at least 50.5% of the voting power of the new EchoStar for at least the first two years after the Hughes split-off.

At the same time, EchoStar wanted to preserve at least to some degree the greater voting power that the EchoStar Class B common stock currently has relative to the EchoStar Class A common stock. This was particularly important given that Mr. Ergen, as the beneficial owner of all of the EchoStar Class B common stock and about 90% of the total voting power of EchoStar, was required to reduce substantially his current voting power in the new EchoStar in order to address the tax objectives of GM and Hughes with respect to the transactions. Mr. Ergen agreed to such a substantial reduction of his own voting power, including giving up voting control of EchoStar, in order to provide the holders of EchoStar Class A common stock the opportunity to participate in the potential benefits expected to accrue to them as a result of the completion of the Hughes/ EchoStar merger.

For more information, see page 83.

Q9. When will the transactions be completed?

A9. We are working diligently to complete the GM/ Hughes separation transactions and the Hughes/ EchoStar merger as soon as reasonably possible. However, we will not complete the proposed transactions unless certain important conditions are satisfied. These conditions are described in Question 10 below. Assuming that these conditions are satisfied within the time frame we currently anticipate, we expect to complete the transactions during the second half of 2002.

For more information, see page 72.

Q10. What are the principal conditions to the transactions?

A10. The GM/ Hughes separation transactions and the Hughes/ EchoStar merger are subject to a number of conditions which must be satisfied before the transactions can be completed. These conditions include, among others:

- the receipt of the requisite GM common stockholder approval of each of the proposals relating to the transactions, as described in Question 14 below;

- the expiration or termination of the waiting periods applicable to the Hughes/ EchoStar merger under the Hart-Scott-Rodino Act and any similar law of foreign jurisdictions;

- the absence of any effective injunction or order which prevents the completion of the transactions;

the receipt of Federal Communications Commission approval for the transfer of licenses and other authorizations in connection with the Hughes/ EchoStar merger and the Hughes split-off;

the receipt of all other approvals of, or the making of all other filings with, governmental authorities required to complete the transactions, other than approvals and filings, the absence of which, in the aggregate, are not reasonably likely to have a material adverse effect on the new EchoStar;

the receipt by General Motors of a ruling by the IRS to the effect that the Hughes split-off will be tax-free to GM and its stockholders for U.S. federal income tax purposes;

the availability of financing for the Hughes/ EchoStar merger;

the approval for listing on either the NYSE or the Nasdaq of the Class A common stock and Class C common stock of the new EchoStar that will be outstanding after the transactions; and

the ability of the new EchoStar to issue a minimum amount of equity immediately following the Hughes/ EchoStar merger without violating certain agreements with General Motors that are designed to preserve the tax-free status of the Hughes split-off to GM.

Satisfaction of the condition relating to new EchoStar s ability to issue a minimum amount of equity will depend upon a number of factors that will not be known until immediately before the completion of the transactions, including the average market price of GM Class H common stock during a specified period preceding such time. In addition, if necessary in order to satisfy this condition, the terms of the transaction agreements require that GM make certain reductions to the number of shares of the new EchoStar Class C common stock eligible for GM debt-for-equity exchanges after the transactions and/or to the amount of the dividend that Hughes would pay to GM in connection with the Hughes recapitalization. You should understand, however, that, as indicated in Question 1 above, the number of shares of the new EchoStar Class C common stock available for GM debt-for-equity exchanges under the terms of the transaction agreements could be reduced automatically if the value of GM s retained economic interest in Hughes following the Hughes dividend would result in GM holding less than 100 million shares of the new EchoStar Class C common stock after the Hughes/EchoStar merger.

We estimate that, were the circumstances at the time of the transactions to conform to certain assumptions described elsewhere in this document, after giving effect to the required reductions, this condition would be satisfied as long as the average price of GM Class H common stock during such specified period were to exceed $ per share.

However, GM may also choose voluntarily to reduce further the number of such GM debt-for-equity shares and/or the dividend amount in order to satisfy this condition so that the transactions can be completed. Any such voluntary reductions by GM would have the effect of further reducing the average market price of GM Class H common stock necessary to satisfy this condition, but also reducing the amount of liquidity to be provided to GM in the transactions. We cannot assure you that GM would make any such voluntary reductions, and a failure by GM to make such voluntary reductions could result in the transactions not being completed.

For more information, see pages 72, 187 and 196.

Q11. What is the PanAmSat stock sale?

A11. This transaction is the potential sale by certain subsidiaries of Hughes of their approximately 81% interest in PanAmSat to EchoStar. This transaction would only occur if the Hughes/ EchoStar merger does not occur because certain financing or regulatory-related conditions to complete the Hughes/ EchoStar merger have not been satisfied. GM, Hughes and EchoStar have agreed that, under these circumstances, EchoStar will be required to purchase Hughes indirect common stock holding in PanAmSat for a purchase price of $22.47 per share, or about $2.7 billion in the aggregate. This purchase price is payable, depending on the circumstances, either solely in cash or in a combination of cash and either debt or equity securities of EchoStar. If the Hughes/EchoStar merger does occur, the new EchoStar will indirectly hold the approximately 81% interest in PanAmSat.

You should understand that the PanAmSat stock sale is subject to a number of conditions which must be satisfied before the transaction could be completed. These conditions include, among other things, the expiration or termination of the waiting period applicable to the PanAmSat stock sale under the Hart-Scott-Rodino Act, the absence of any effective injunction or order which prevents the completion of the PanAmSat stock sale and the receipt of FCC approval for the transfer of licenses in connection with the PanAmSat stock sale.

If the PanAmSat stock sale were to occur, Hughes would remain a wholly owned subsidiary of General Motors, and GM Class H common stockholders would remain stockholders of GM, but Hughes would sell its indirect interest in PanAmSat to EchoStar.

For more information, see pages 92 and 204.

Q12. What are the GM debt-for-equity exchanges?

A12. Between now and the date that is six months after the completion of the Hughes/ EchoStar merger, GM has the ability to issue or distribute a specified number of shares of GM Class H common stock and/or shares of the new EchoStar Class C common stock that it may hold after the Hughes/ EchoStar merger by exchanging such shares for the satisfaction of GM s outstanding liabilities to certain of GM s creditors. Any such GM debt-for-equity exchanges would provide liquidity to GM by allowing GM to benefit from debt reduction. GM debt-for-equity exchanges occurring prior to the Hughes split-off also would have the effect of reducing GM s retained economic interest in Hughes and increasing the number of outstanding shares of GM Class H common stock by the number of shares issued in the transaction. GM debt-for-equity exchanges occurring after the Hughes/ EchoStar merger would have the effect of reducing GM s ownership interest in the new EchoStar by the number of shares distributed in the transaction. Whether and to what extent GM will hold any shares of the new EchoStar Class C common stock such that it would be able to engage in GM debt-for-equity exchanges after the transactions will depend upon a number of factors that will not be known until immediately before the completion of the transactions, including, among other things, the actual amount of the Hughes dividend and the average market price of GM Class H common stock during a specified period preceding that time.

For more information, see pages 89 and 173.

Q13. Do any GM stockholders or EchoStar stockholders have appraisal rights in connection with the transactions?

A13. No. Under applicable corporation law and the companies governing documents, neither GM stockholders nor EchoStar stockholders are entitled to appraisal rights in connection with the GM/ Hughes separation transactions or the Hughes/ EchoStar merger.

For more information, see page 164.

Q14. What stockholder approvals are needed for the transactions?

A14. The transactions will not be completed unless GM obtains the approval of the proposals relating to the transactions by the holders of:

a majority of the outstanding shares of GM $1 2/3 par value common stock, voting as a separate class;

a majority of the outstanding shares of GM Class H common stock, voting as a separate class; and

a majority of the voting power of the outstanding shares of GM $1 2/3 par value common stock and GM Class H common stock, voting together as a single class, based on their respective per share voting power as set forth in the GM restated certificate of incorporation.

Certain aspects of the GM/Hughes separation transactions require the approval of GM common stockholders under applicable corporation law. The Hughes/ EchoStar merger, however, already has received all required stockholder approvals. GM, as the sole stockholder of Hughes and the Hughes holding company, has approved the Hughes/ EchoStar merger for Hughes and Hughes Holdings. In addition, a trust controlled by Charles W. Ergen, as the holder of EchoStar Class B common stock representing about 90% of the voting power of EchoStar, has approved the Hughes/ EchoStar merger for EchoStar. Furthermore, the boards of directors of Hughes, the Hughes holding company and EchoStar have each unanimously approved the Hughes/EchoStar merger. Accordingly, the Hughes/EchoStar merger does not require any further stockholder approval under the applicable corporation law. However, even though such approval is not legally required, GM is submitting all aspects of the transactions, including the Hughes/ EchoStar merger, to GM common stockholders for their approval. Thus, by voting to approve the proposals relating to the transactions, GM common stockholders will be ratifying all aspects of the transactions, including, among other things, the Hughes/ EchoStar merger.

You should understand that the completion of the Hughes/ EchoStar merger is conditioned on the completion of the GM/ Hughes separation transactions. This means that if GM s common stockholders do not approve the proposals relating to the transactions, *neither* the Hughes/ EchoStar merger *nor* the GM/ Hughes separation transactions will occur. The transactions have been structured so that, immediately after the completion of the Hughes split-off, the businesses of Hughes and EchoStar will be combined pursuant to the Hughes/ EchoStar merger.

The GM board of directors has unanimously approved the GM/ Hughes separation transactions and the Hughes/EchoStar merger and recommends that GM common stockholders, including GM $1 2/3 par value common stockholders and GM Class H common stockholders, vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

For more information, see pages 171 and 288.

Q15. What matters are being submitted to GM common stockholders for their approval?

A15. GM $1 2/3 par value common stockholders and GM Class H common stockholders are being asked to:

- approve an amendment to the GM restated certificate of incorporation to, among other things, enable the GM board of directors to reduce the denominator of the fraction in connection with the Hughes recapitalization and make the GM Class H common stock redeemable in exchange for shares of Class C common stock of the Hughes holding company; and

- ratify all other aspects of the transactions, including, among other things, the Hughes recapitalization and the Hughes dividend distribution, the Hughes split-off, the Hughes/EchoStar merger and other related transactions.

Although these two proposals are separate matters to be voted upon by GM common stockholders, these proposals are expressly conditioned on each other. **This means that BOTH of these proposals must be approved by GM $1 2/3 par value common stockholders and GM Class H common stockholders in order for GM to obtain the requisite GM common stockholder approval of the transactions.**

In addition to these two proposals, GM $1 2/3 par value common stockholders and GM Class H common stockholders are also being asked to approve a third proposal, which is a further amendment to the GM restated certificate of incorporation to eliminate certain provisions relating to the GM Class H common stock after the completion of the transactions. However, the completion of the transactions is not conditioned upon the requisite GM common stockholder approval of this proposal.

For more information, see pages 81 and 287.

Q16. Why are EchoStar common stockholders not being asked to vote on the proposed transactions?

A16. Approval of the Hughes/ EchoStar merger by EchoStar requires the approval of a majority of the voting power of all outstanding shares of EchoStar common stock. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, as the holder of all of the outstanding shares of EchoStar Class B common stock, which represents about 90% of the voting power of all outstanding shares of EchoStar common stock, has already executed a written consent approving the Hughes/ EchoStar merger. This action alone was sufficient to obtain the vote of the EchoStar common stockholders necessary to approve the Hughes/ EchoStar merger.

As a result, the EchoStar common stockholders are not being asked to vote on the Hughes/ EchoStar merger or any other matters and no submission of a proxy or other action is required on the part of the EchoStar common stockholders. However, we believe that it is important for EchoStar common stockholders to be informed about the Hughes/ EchoStar merger. Thus, this document is being sent to EchoStar common stockholders for their information only.

For more information, see pages 154 and 295.

Q17. What should I do now?

A17. *GM Common Stockholders.* GM $1 2/3 par value common stockholders and GM Class H common stockholders should complete, date, sign and return the enclosed consent card as directed in this document and in the related materials as soon as possible. Before doing so, we urge GM common stockholders to review and carefully consider the information contained in and incorporated by reference into this document, including the factors described in the section entitled Risk Factors beginning on page .

Under the rules of the NYSE, on which GM s common stock is listed, brokers who hold shares in street names may not consent on behalf of customers to non-routine proposals such as the approval of the transactions without specific instructions from those customers. **If your shares of GM $1 2/3 par value common stock and/or GM Class H common stock are held in street name by a broker, your broker will vote your shares only if you provide instructions to your broker on how to vote. You should follow the directions provided to you by your broker regarding how to instruct your broker to vote your shares. Without your instructions, your shares of GM common stock will not be voted in connection with the transactions, which will have the same effect as voting against the transactions.**

EchoStar Common Stockholders. EchoStar common stockholders do not need to take any action because a trust controlled by Charles W. Ergen, as the holder of all of the outstanding shares of EchoStar Class B common stock, which represents about 90% of the voting power of EchoStar, has already executed a written consent approving the Hughes/ EchoStar merger. However, we believe that it is important for EchoStar common stockholders to be informed about the Hughes/ EchoStar merger. Thus, this document, which we urge EchoStar common stockholders to review carefully, is being sent to EchoStar common stockholders for their information only.

For more information, see pages 289 and 295.

Q18. What happens if a GM common stockholder does not send in the consent card?

A18. If a GM $1 2/3 par value common stockholder or a GM Class H common stockholder does not send in the consent card, it will have the same effect as a vote against the proposals relating to the transactions, which approval is a condition to the completion of the Hughes/ EchoStar merger. Therefore, we urge all GM $1 2/3 par value common stockholders and GM Class H common stockholders to please complete, date, sign and return the enclosed consent card as soon as possible.

For more information, see pages 289.

Q19. Can GM common stockholders revoke their approval once the consent card is mailed?

A19. Yes. Any GM $1 2/3 par value common stockholder or GM Class H common stockholder can revoke his or her consent, or any withholding of consent, at any time prior to the requisite GM common stockholder approval of the transactions. GM common stockholder approval of the proposals relating to the transactions will occur as soon as consents representing the requisite GM common stockholder approval described above in Question 14 are delivered to General Motors in accordance with applicable law, but no sooner than 20 business days after the date this document is mailed to GM common stockholders. However, if General Motors does not receive the number of consents required within 60 days of the earliest dated consent delivered to General Motors in accordance with the applicable corporation law, the requisite GM common stockholder approval of the proposals relating to the transactions will not have occurred.

You can revoke your consent by filing with the Secretary of General Motors a written notice stating that you would like to revoke your consent. You can also revoke your consent, or any withholding of consent, by filing with the Secretary of General Motors another consent bearing a later date. You should send any revocations to the Secretary of General Motors at the following address:

General Motors Corporation
Renaissance Center
P.O. Box 300
Mail Code 482-C38-B71
Detroit, Michigan 48265-3000
Attention: Secretary

For more information, see page 289.

Q20. Should I send in my stock certificates now?

A20. No. You should NOT send in your stock certificates at this time. You will receive further correspondence regarding the exchange of shares after the transactions have been completed.

Q21. Are there different procedures if I hold my GM shares through an employee savings plan?

A21. Yes. If you are a GM $1 2/3 par value common stockholder or GM Class H common stockholder and you participate in certain employee savings plans identified elsewhere in this document, your consent will serve as a voting instruction for the plan trustees, plan committees or independent fiduciaries of those plans, who will vote your shares in accordance with your instructions. Procedures differ among these employee savings plans with respect to the voting of shares for which no voting instructions are received and these procedures are explained in greater detail elsewhere in this document.

For more information, see page 290.

Q22. What should I do if I have other questions?

A22. If you are a GM $1 2/3 par value common stockholder or GM Class H common stockholder and you have any questions about the GM/ Hughes separation transactions or the Hughes/ EchoStar merger, or how to complete and submit your consent card, or if you would like to request additional copies of this document, contact the GM consent solicitation agent as follows:

Morrow & Co., Inc.
445 Park Avenue
5th Floor
New York, New York 10022
( ) - (Toll-Free) for calls in the United States, Canada and Mexico
( ) - (Collect) for calls outside the United States, Canada and Mexico

If you are an EchoStar common stockholder and have any questions about the Hughes/ EchoStar merger, or if you would like to request additional copies of this document, contact EchoStar as follows:

EchoStar Communications Corporation
Investor Relations
5701 South Santa Fe Drive
Littleton, Colorado 80120
Telephone: ( ) -

You may also obtain free copies of documents publicly filed by GM, Hughes, PanAmSat and EchoStar at the SEC s website at www.sec.gov , at GM s website at www.gm.com , at Hughes website at www.hughes.com , at PanAmSat s website at www.panamsat.co or at EchoStar s website at www.echostar.com . We are not incorporating the contents of the websites of the SEC, GM, Hughes, PanAmSat, EchoStar or any other person into this document, but are providing this information for your convenience.

For more information on how to obtain copies of documents, see Where You Can Find More Information on page 303.

SUMMARY

In this summary, we highlight selected information which we describe in greater detail elsewhere in this document. This summary does not contain all of the important information contained in this document. You should read carefully this entire document and the other documents we refer to for a more complete understanding of the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. In addition, we incorporate by reference into this document important business and financial information about GM, Hughes, PanAmSat and EchoStar that is set forth in other documents which these companies have filed publicly with the SEC. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information that begins on page .

As used in this document, unless the context requires otherwise:

General Motors or GM means General Motors Corporation and its consolidated subsidiaries, including Hughes.

Hughes means Hughes Electronics Corporation and its consolidated subsidiaries.

Hughes Holdings means HEC Holdings, Inc., which is currently a wholly owned subsidiary of General Motors. This company will become the parent company of Hughes in connection with the GM/ Hughes separation transactions and will be merged with EchoStar in the Hughes/ EchoStar merger. Hughes Holdings will be the issuer of the securities that will be issued in these transactions and that are described in this document.

EchoStar means EchoStar Communications Corporation and its consolidated subsidiaries.

New EchoStar means the surviving company of the merger of Hughes Holdings and EchoStar and its consolidated subsidiaries.

we means GM, Hughes, Hughes Holdings and EchoStar, as the context requires.

The Companies

General Motors Corporation

General Motors is primarily engaged in the automotive and, through its wholly owned Hughes subsidiary, the telecommunications industries. General Motors is the world s largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries.

GM s automotive operations are comprised of four regions:

GM North America;

GM Europe;

GM Latin America/Africa/Mid-East; and

GM Asia Pacific.

GM North America designs, manufactures and markets vehicles primarily in North America under the following nameplates:

Chevrolet	GMC	Buick	Saturn
Pontiac	Oldsmobile	Cadillac	Hummer

GM Europe, GM Latin America/Africa/Mid-East and GM Asia Pacific meet the demands of customers outside North America with vehicles designed, manufactured and marketed under the following nameplates:

Opel	Holden	Saab	GMC	Buick
Vauxhall	Isuzu	Chevrolet	Cadillac	

GM s financing and insurance operations primarily relate to General Motors Acceptance Corporation, a wholly owned subsidiary of GM which we sometimes refer to as GMAC, which provides a broad range of financial services, including consumer vehicle financing, full-service leasing and fleet leasing, dealer financing, car and truck extended service contracts, residential and commercial mortgage services, commercial vehicle and homeowners insurance and asset-based lending.

GM s other operations include the designing, manufacturing and marketing of locomotives and other heavy-duty transmissions.

GM s principal executive offices are located at 300 Renaissance Center, Detroit, Michigan 48265-3000 and GM s telephone number is (313) 556-5000.

Hughes Electronics Corporation

Hughes is a leading global provider of digital entertainment, information and communications services and satellite-based private business networks. Hughes has been a pioneer in many aspects of the satellite communications industry, and its technologies have driven the creation of new services and markets and have established Hughes as a leader in each of the markets it serves.

Hughes provides advanced communications services on a global basis. Hughes has developed a wide range of entertainment, information and communications services for home and business use, including video, data, voice, multimedia and Internet services. Hughes businesses include:

DIRECTV. DIRECTV includes businesses in the United States and Latin America and, with DIRECTV Broadband, Inc., formerly known as Telocity Delaware, Inc., constitutes Hughes direct-to-home broadcast segment. As of December 31, 2001, DIRECTV had about 10.7 million subscribers in the United States and 1.6 million subscribers in Latin America.

Hughes Network Systems. Hughes Network Systems, which has more than a 50% share of the global market for very small aperture terminal private business networks and 101,000 DIRECWAY broadband consumer customers as of December 31, 2001, constitutes the network systems segment of Hughes. Hughes Network Systems is one of the two largest manufacturers of DIRECTV® subscriber equipment, having shipped over 8.0 million units. Hughes Network Systems is also leading the development of SPACEWAY®, a next-generation satellite-based broadband communications platform that is expected to provide customers with high-speed, two-way data communications on a more cost-efficient basis than systems that are currently available. SPACEWAY is expected to launch service in North America in 2004.

PanAmSat. PanAmSat, a publicly held company of which subsidiaries of Hughes own approximately 81%, constitutes Hughes satellite services segment. PanAmSat owns and operates 21 satellites that are capable of transmitting signals to geographic areas covering a substantial portion of the world s population. PanAmSat provides satellite capacity for the transmission of cable and broadcast television programming from the content source to the consumer s home or to the cable operator.

Hughes is currently a wholly owned subsidiary of General Motors.

Hughes principal executive offices are located at 200 North Sepulveda Boulevard, El Segundo, California 90245 and Hughes telephone number is (310) 662-9688.

EchoStar Communications Corporation

EchoStar operates two business units:

The DISH Network. The DISH Network is a direct broadcast satellite subscription television service in the United States. As of December 31, 2001, EchoStar had about 6.83 million DISH Network subscribers; and

EchoStar Technologies Corporation. EchoStar Technologies Corporation is engaged in the design, development, distribution and sale of direct broadcast satellite set-top boxes, antennae and other digital equipment for the DISH Network and the design, development and distribution of similar equipment for international satellite service providers.

EchoStar s principal executive offices are located at 5701 South Santa Fe Drive, Littleton, Colorado 80120 and EchoStar s telephone number is (303) 723-1000.

New EchoStar

Hughes Holdings, which will become New EchoStar as a result of the Hughes/EchoStar merger, is a newly formed company that has not yet conducted any significant activities other than those relating to its formation, matters relating to the GM/ Hughes separation transactions and the Hughes/ EchoStar merger and the preparation and filing of this document. Hughes Holdings, which is currently a wholly owned subsidiary of General Motors, is the company which will eventually hold all of the capital stock of Hughes and be separated from GM pursuant to the Hughes split-off. Pursuant to the Hughes/ EchoStar merger, EchoStar will be merged with Hughes Holdings, with Hughes Holdings as the surviving corporation. As a result of the Hughes/ EchoStar merger, the name of Hughes Holdings will be changed to EchoStar Communications Corporation and Hughes will become a wholly owned subsidiary of New EchoStar. Immediately after the Hughes/ EchoStar merger, the business of New EchoStar will consist of the combined businesses currently conducted separately by Hughes and EchoStar.

The combination of the businesses of Hughes and EchoStar pursuant to the Hughes/ EchoStar merger will create one of the nation s largest subscription television platforms, with about 17 million subscribers based on the number of subscribers of each of Hughes and EchoStar as of December 31, 2001. The Hughes/ EchoStar merger is expected to provide New EchoStar with greater opportunities and financial resources to develop an expanded competitive business and an opportunity to realize significant economies of scale and generate substantial cost and revenue synergies.

Hughes Holdings principal executive offices are currently located at 200 North Sepulveda Boulevard, El Segundo, California 90245 and Hughes Holdings phone number is currently (310) 662-9688. After the completion of the transactions, New EchoStar s principal executive offices will be located at 5701 South Santa Fe Drive, Littleton, Colorado 80120 and New EchoStar s telephone number will be (303) 723-1000.

Description of the Transactions

(See pages 71 and 169)

We describe in this document certain proposed transactions relating to the separation of Hughes from GM, which we refer to as the GM/ Hughes separation transactions. We also describe the proposed merger of the businesses of Hughes and EchoStar, which we refer to as the Hughes/ EchoStar merger. These transactions are structured so that the Hughes/ EchoStar merger will occur immediately after the completion of the GM/ Hughes separation transactions. We sometimes refer to these transactions, and to the other transactions that will occur pursuant to the agreements among GM, Hughes and EchoStar in connection with the GM/Hughes separation transactions and the Hughes/ EchoStar merger, collectively as the Transactions. Certain matters relating to the Transactions are being submitted to GM $1 2/3 par value common stockholders and GM Class H common stockholders for their approval pursuant to this consent solicitation.

Let us tell you more about the Transactions:

The GM/ Hughes Separation Transactions (See pages 76, 169 and 183)

The proposed GM/ Hughes separation transactions consist of several transactions involving General Motors and Hughes that are generally designed to prepare Hughes to complete the proposed combination with EchoStar by separating the Hughes business from General Motors. As a result of the GM/Hughes separation transactions, Hughes Holdings, which will be the parent company of Hughes at the time of the completion of the Hughes split-off, will become an independent, publicly owned company, separate from GM (except for any shares that may be retained or otherwise disposed of by GM, as described below), immediately prior to the Hughes/ EchoStar merger.

The GM/ Hughes separation transactions will, among other things, provide significant liquidity and value to General Motors, which will help to support the credit position of General Motors after the Transactions. This anticipated liquidity and value will result from:

- GM s receipt of a dividend of up to $4.2 billion from Hughes;
- as and to the extent applicable, GM s benefit from debt reduction resulting from any GM debt-for-equity exchanges; and
- as and to the extent applicable, GM s retention of shares of New EchoStar Class C common stock following the completion of any GM debt-for-equity exchanges.

You should understand that the aggregate amount of liquidity and value to be provided to GM pursuant to the Transactions will depend upon the value of GM s retained economic interest in Hughes before the Hughes split-off or GM s ownership interest in New EchoStar after the Hughes/EchoStar merger, as applicable, and the circumstances under which GM achieves liquidity with regard to that interest. For example, GM would have the ability to engage in GM debt-for-equity exchanges and/or hold a continuing ownership interest in New EchoStar after the Hughes/EchoStar merger only if and to the extent that the value of GM s retained economic interest in Hughes at the time of the Hughes recapitalization were to exceed the amount of the Hughes dividend distribution and GM was not otherwise required to distribute shares to the GM $1 2/3 par value common stockholders pursuant to the transaction agreements. The value of GM s retained economic interest at that time for this purpose will depend upon the average market price of GM Class H common stock during a specified period preceding that time.

The GM/ Hughes separation transactions will not occur unless and until all of the conditions to the completion of the Hughes/ EchoStar merger, other than the completion of the Hughes recapitalization and the Hughes split-off, have been satisfied or waived. Unless the companies are prepared to complete the Hughes/EchoStar merger immediately thereafter, the Hughes business will not be separated from GM pursuant to the GM/Hughes separation transactions. Additionally, the GM/Hughes separation transactions are subject to the satisfaction or waiver of other conditions, including a condition that the amount of the Hughes dividend to GM may not exceed the value of GM s retained economic interest in Hughes at the time of the dividend.

Hughes Recapitalization. Immediately before the split-off of Hughes from General Motors, Hughes will declare and pay a dividend of up to $4.2 billion to General Motors in exchange for a commensurate reduction of GM s retained economic interest in Hughes. This reduction of GM s retained economic interest in Hughes will be effected by adjusting the GM Class H fraction, as described in greater detail elsewhere in this document. We sometimes refer to the payment of this dividend as the Hughes dividend distribution.

After the Hughes dividend distribution, GM will contribute all of the outstanding stock of Hughes to Hughes Holdings, which will result in Hughes Holdings becoming the parent company of Hughes. After this contribution, General Motors will hold a number of shares of Hughes Holdings Class C common stock equal to the number of outstanding shares of GM Class H common stock plus a number of shares representing the remaining portion of GM s retained economic interest in Hughes. We sometimes refer to these transactions collectively as the Hughes recapitalization.

Hughes Split-Off. Immediately after the Hughes dividend distribution and the reduction of GM s retained economic interest in Hughes pursuant to the Hughes recapitalization, General Motors will distribute to each GM Class H common stockholder one share of Hughes Holdings Class C common stock in exchange for each share of GM Class H common stock they own. As a result of this exchange, all outstanding shares of GM Class H common stock will be redeemed and canceled. Any shares of Hughes Holdings Class C common stock that are not distributed to GM Class H common stockholders will continue to be held by General Motors immediately upon the completion of the Hughes split-off. The number of shares of Hughes Holdings Class C common stock, if any, held by GM after the

Hughes split-off will be based upon GM s retained economic interest in Hughes after the reduction pursuant to the Hughes recapitalization. Up to 100 million of any such shares held by General Motors may be subject to GM debt-for-equity exchanges as described below and, if and to the extent permitted by the IRS, any remaining portion of the shares held by General Motors would be retained by General Motors. If and to the extent required by the IRS and the transaction agreements, GM will distribute shares of Hughes Holdings Class C common stock, if any, that are held by GM after the Hughes split-off to the GM $1 2/3 par value common stockholders on a pro rata basis by means of a dividend. In connection with the redemption of the GM Class H common stock, any then outstanding shares of GM Series H preference stock would be exchanged for shares of Hughes Holdings preference stock. We sometimes refer to these transactions collectively as the Hughes split-off.

Other Separation-Related Arrangements. Certain other related transactions are contemplated in connection with the completion of the GM/ Hughes separation transactions. As described in greater detail elsewhere in this document, these other transactions generally address matters relating to the separation of Hughes from General Motors pursuant to the Hughes split-off. Among other things, GM and Hughes have entered into arrangements with respect to indemnification matters, the allocation and sharing of taxes, intellectual property and the administration of certain employee matters.

After the completion of the GM/ Hughes separation transactions, Hughes Holdings will be an independent, publicly owned company, separate from GM (except for any shares that may be retained or otherwise disposed of by GM, as described in this document), and ready to complete the proposed Hughes/EchoStar merger. As a result of the separation of Hughes from GM and the elimination of the GM Class H common stock, General Motors will no longer have tracking stock and will be primarily focused on its core automotive and related businesses.

To accomplish the Hughes recapitalization and the Hughes split-off, General Motors is proposing to amend the GM restated certificate of incorporation:

- to enable the GM board of directors to reduce the denominator of the GM Class H fraction to effect the reduction of GM s retained economic interest in Hughes in consideration of GM s receipt of the Hughes dividend distribution; and

- to make the GM Class H common stock redeemable in exchange for Hughes Holdings Class C common stock and to ensure that the completion of the GM/ Hughes separation transactions will not result in a recapitalization of the GM Class H common stock into GM $1 2/3 par value common stock at a 120% exchange ratio as currently provided for in the GM restated certificate of incorporation under certain circumstances.

The Hughes/ EchoStar Merger (See pages 83 and 190)

The Transactions have been structured so that, immediately after the completion of the Hughes split-off, the businesses of Hughes and EchoStar will be combined pursuant to the Hughes/ EchoStar merger. This means that GM and Hughes must complete the GM/ Hughes separation transactions before the Hughes/ EchoStar merger can be completed. As part of the Hughes/ EchoStar merger, EchoStar will be merged with Hughes Holdings, with Hughes Holdings as the surviving corporation. As a result of the Hughes/ EchoStar merger, the name of Hughes Holdings will be changed to EchoStar Communications Corporation. Immediately following the Hughes/ EchoStar merger, Hughes will be a wholly owned subsidiary of New EchoStar and, as a result of the Hughes/EchoStar merger, former GM Class H common stockholders, General Motors (or the GM $1 2/3 par value common stockholders, as applicable) and former EchoStar common stockholders will be stockholders of New EchoStar.

The Hughes/ EchoStar merger will, among other things, better position the businesses of Hughes and EchoStar to compete in the multi-channel video programming distribution market and, overall, in the telecommunications industry, and provide New EchoStar with greater opportunities and financial resources to develop an expanded competitive business and an opportunity to realize significant economies of scale and generate substantial cost and revenue synergies. In particular, among other things, New EchoStar will seek to:

- eliminate duplicate programming and utilize reclaimed broadcast spectrum to deliver more program and service offerings;
- standardize the EchoStar and DIRECTV set-top boxes, which is expected to both reduce manufacturing costs and enable improved anti-piracy protection;
- combine and improve the distribution networks of EchoStar and DIRECTV;
- consolidate customer service and other facilities and infrastructure;
- reduce subscriber acquisition costs, subscriber churn, programming costs and eliminate duplicative overhead;
- introduce local-into-local broadcast channel service in all designated market areas;
- expand two-way high-speed broadband;
- expand high-definition television, video-on-demand, pay-per-view and educational programming offerings; and
- generate new sources of local and national advertising revenue.

We believe that New EchoStar s broadband offerings could play an important role in spanning the digital divide between urban and suburban customers with multiple choices for high-speed Internet access and rural customers with limited choices for high-speed Internet access. Upon the completion of the Hughes/ EchoStar merger, New EchoStar will be one of the nation s largest subscription television platforms. Furthermore, EchoStar and Hughes recently announced a new proposal that, subject to the completion of the Hughes/ EchoStar merger, is designed to enable New EchoStar to deliver local broadcast television channels in all 210 designated market areas in the United States as soon as 24 months following the completion of the Hughes/EchoStar merger.

In the Hughes/ EchoStar merger, EchoStar Class A common stockholders will receive 1/0.73, or about 1.3699, shares of New EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock they own and EchoStar Class B common stockholders will receive 1/0.73, or about 1.3699, shares of New EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, currently owns all of the outstanding shares of EchoStar Class B common stock. The former GM Class H common stockholders will retain the shares of Hughes Holdings Class C common stock distributed to them in the GM/ Hughes separation transactions and, if and to the extent permitted by the IRS, General Motors will retain all of its holdings of Hughes Holdings Class C common stock, if any, other than shares of Hughes Holdings Class C common stock that GM distributes in GM debt-for-equity exchanges. As described in greater detail elsewhere in this document, whether and to what extent GM will hold any shares after the Hughes split-off such that it would be able to engage in GM debt-for-equity exchanges after the Hughes/ EchoStar merger or retain any ownership interest in New EchoStar after the Transactions will depend upon a number of factors that will not be known until the time of the completion of the Transactions, including, among other things, the actual amount of the Hughes dividend distribution and the average market price of GM Class H common stock during a specified period preceding that time. In the Hughes/ EchoStar merger, Hughes Holdings Class C common stock will become New EchoStar Class C common stock.

Immediately following the completion of the Hughes/ EchoStar merger, based on assumptions about certain variable factors described elsewhere in this document, we estimate that former GM Class H common stockholders and General Motors would together hold about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power, and the former common stockholders of EchoStar would hold about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power. For a description of the assumptions on which these percentages are based, see The Transactions Description of the Transactions The Hughes/ EchoStar Merger Assumptions Used in Minimum Hughes Recapitalization Price and Pro Forma Percentages of Outstanding Shares and Voting Power Calculations.

GM Debt-for-Equity Exchanges (See pages 89 and 173)

Between now and the date that is six months after the completion of the Hughes/ EchoStar merger, the transaction agreements permit GM to issue new shares of GM Class H common stock, or distribute any shares of New EchoStar Class C common stock it holds after the Hughes/ EchoStar merger, as applicable, by exchanging such shares for the satisfaction of GM s outstanding liabilities to certain of GM s creditors in one or more transactions. These transactions would provide liquidity and value to GM as a result of debt reduction. We sometimes refer to these transactions as the GM debt-for-equity exchanges.

Any GM debt-for-equity exchanges completed prior to the Hughes split-off would be completed by GM issuing new shares of GM Class H common stock. Any such GM debt-for-equity exchanges would have the effect of reducing GM s retained economic interest in Hughes and increasing the number of outstanding shares of GM Class H common stock by the number of shares issued in the transaction. After the Hughes/ EchoStar merger, any GM debt-for-equity exchanges would be completed by GM distributing a portion of the shares of New EchoStar Class C common stock that GM may hold after the Hughes/ EchoStar merger. Any such GM debt-for-equity exchanges would have the effect of reducing GM s ownership interest in New EchoStar by the number of shares distributed in the transaction. GM has agreed with EchoStar that it will not issue or distribute, as applicable, more than 100 million shares of GM Class H common stock and New EchoStar Class C common stock, in the aggregate, during the specified period. Whether and to what extent GM would hold any shares of New EchoStar Class C common stock such that it would be able to engage in GM debt-for-equity exchanges after the completion of the Hughes/ EchoStar merger will depend upon a number of factors that will not be known until immediately before the completion of the Hughes split-off, including, among other things, the actual amount of the Hughes dividend distribution and the average market price of GM Class H common stock during a specified period preceding that time. In addition, the aggregate number of shares subject to the GM debt-for-equity exchanges is subject to reduction under certain circumstances as described in greater detail elsewhere in this document.

Financings and Related Matters (See pages 90 and 91)

Hughes has completed certain financings, and expects to engage in additional financings and related activities, intended to enable it to pay the Hughes dividend distribution to GM and to fund its business during the period prior to the completion of the proposed Hughes split-off. In February 2002, PanAmSat repaid a $1.725 billion loan from Hughes using cash on hand at PanAmSat and debt financings. Hughes deposited $1.5 billion of the proceeds of the PanAmSat loan repayment into a segregated cash collateral account with GMAC. Hughes then borrowed $1.875 billion under a $2.0 billion aggregate credit facility provided by GMAC and repaid borrowings under certain of Hughes other credit facilities. Hughes existing revolving credit facility was amended and increased from $750 million to $1.235 billion. In addition, Hughes intends to enter into a new term loan facility in March of 2002 of about $600 million. Prior to the completion of the Hughes split-off, Hughes also plans to obtain additional financing of up to $2.7 billion and to use the proceeds from this financing, together with its financing arrangements with GMAC, to pay the Hughes dividend distribution to GM.

The completion of the proposed Hughes/EchoStar merger and related transactions will require about $7.025 billion of cash. At the time of the signing of the Hughes/ EchoStar merger agreement, EchoStar had about $1.5 billion of available cash on hand and, accordingly, EchoStar and Hughes obtained $5.525 billion in bridge financing commitments for the Hughes/ EchoStar merger and related transactions. These bridge financing commitments have been reduced to $3.325 billion as a result of the sale of $700 million of aggregate principal amount 9 1/8% Senior Notes due 2009 issued by EchoStar s wholly owned indirect subsidiary, EchoStar DBS Corporation on December 20, 2001, which we sometimes refer to as the EchoStar DBS Senior Notes, and the $1.5 billion investment by Vivendi Universal in EchoStar Series D convertible preferred stock. Any other financings that EchoStar completes prior to the completion of the Hughes/ EchoStar merger would further reduce the bridge financing commitments on a dollar-for-dollar basis. The remaining about $3.325 billion of cash required in connection with the Hughes/ EchoStar merger, which we refer to as the Hughes/ EchoStar merger financing, is expected to come from new cash to be raised by EchoStar, Hughes or a subsidiary of Hughes on or prior to the completion of the Hughes/ EchoStar merger through public or private debt or equity offerings, bank debt or a combination thereof. To the extent that such cash is not raised in these ways, the bridge financing commitments are designed to fund the amount of the shortfall. The amount of the Hughes/ EchoStar merger financing that may be raised by EchoStar prior to the Hughes/ EchoStar merger is severely restricted by the agreements among GM, Hughes and EchoStar and the terms of the bridge financing commitment.

We currently expect that a portion of the proceeds of the Hughes/ EchoStar merger financing will be used to satisfy up to $2.7 billion of indebtedness expected to be incurred by Hughes in order to pay the Hughes dividend distribution to GM in connection with the Hughes recapitalization, and the remainder of the Hughes/EchoStar merger financing, together with about $3.7 billion or more from EchoStar s cash reserves, will be used to pay off other obligations of Hughes and to fund the operations of New EchoStar after the completion of the Transactions. The Hughes/EchoStar merger financing is not intended or expected to be sufficient for the funding requirements of the operations of New EchoStar for any substantial period of time after the completion of the Hughes/ EchoStar merger. These funding requirements are expected to be significant. See Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar We Cannot Assure You That There Will Be Sufficient Funding for New EchoStar. In addition, the agreements among EchoStar, GM and Hughes will severely restrict New EchoStar s ability to issue any additional equity or equity-linked securities for two years after the completion of the Hughes/ EchoStar merger absent possible favorable IRS rulings. See Description of Principal Transaction Agreements Implementation Agreement Preservation of the Tax-Free Status of the Hughes Split-Off and Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Be Subject to Potentially Significant Restrictions with Respect to Issuances of its Equity Securities for a Two-Year Period Following the Hughes/ EchoStar Merger.

PanAmSat Stock Sale (See pages 92 and 204)

If the Hughes/ EchoStar merger does not occur because certain financing or regulatory-related conditions have not been satisfied, EchoStar would be required to purchase the approximately 81% interest in PanAmSat held by Hughes subsidiaries for a purchase price of $22.47 per share, or an aggregate amount of about $2.7 billion. This purchase price is payable, depending on the circumstances, either solely in cash or in a combination of cash and either debt or equity securities of EchoStar. If the PanAmSat stock sale were to occur, Hughes would remain a wholly owned subsidiary of General Motors, but Hughes would no longer hold its indirect interest in PanAmSat. It is currently expected that the proceeds of any PanAmSat stock sale would be used to repay outstanding debt obligations of Hughes and to fund Hughes operations.

The PanAmSat stock sale is subject to a number of conditions which must be satisfied before the transaction could be completed, including, among other things, the expiration or termination of the waiting period applicable to the PanAmSat stock sale under the Hart-Scott-Rodino Act, the absence of any effective injunction or order which prevents the completion of the PanAmSat stock sale and the receipt of FCC approval for the transfer of licenses in connection with the PanAmSat stock sale. If the Hughes/ EchoStar merger does occur, New EchoStar will indirectly hold the approximately 81% interest in PanAmSat.

EchoStar Regulatory Termination Fee (See pages 87 and 203)

EchoStar will be required to pay Hughes a $600 million termination fee, as described in greater detail elsewhere in this document, if:

EchoStar or Hughes terminates the Hughes/ EchoStar merger agreement as a result of a permanent injunction or final and nonappealable order prohibiting the Hughes/ EchoStar merger in an action brought by a federal, state or local authority under U.S. antitrust laws or FCC regulations; or

Hughes terminates the Hughes/ EchoStar merger agreement because the waiting period applicable to the Hughes/ EchoStar merger under the Hart-Scott-Rodino Act does not expire or terminate or because of a failure to obtain FCC approval, in each case by about January 2003 (subject to extension under certain circumstances).

It is currently expected that any proceeds received by Hughes in payment of this fee would be used to repay outstanding debt obligations of Hughes and to fund Hughes operations.

GM/Hughes Termination Fee (See pages 87 and 203)

Hughes will be required to pay to EchoStar a $600 million termination fee, as described in greater detail elsewhere in this document, if:

EchoStar terminates the Hughes/ EchoStar merger agreement because GM fails to obtain the requisite GM common stockholder approval of the Transactions, but only under certain circumstances where GM or Hughes enters into an agreement with respect to a competing transaction to the Hughes/EchoStar merger, which generally refers to an alternative strategic transaction involving Hughes; or

EchoStar or Hughes terminates the Hughes/ EchoStar merger agreement pursuant to the relevant provisions relating to the GM board of directors recommendation of the Transactions to GM common stockholders for their approval or pursuant to the relevant provisions relating to GM s pursuit of a competing transaction to the Hughes/EchoStar merger.

Structure of the Transactions

In order to help you better understand the Transactions and how they will affect GM, Hughes and EchoStar, the charts below illustrate, in simplified form, the following:

BEFORE THE TRANSACTIONS: the organizational structures of GM, Hughes Holdings, Hughes and EchoStar *before* the Transactions;

THE HUGHES RECAPITALIZATION: the steps involved in and the effects of the Hughes recapitalization on GM and Hughes; and

AFTER THE TRANSACTIONS: the organizational structures of GM, Hughes Holdings, Hughes and New EchoStar immediately *after* the Transactions.

***BEFORE* THE TRANSACTIONS**

THE HUGHES RECAPITALIZATION

***AFTER* THE TRANSACTIONS**

Recommendation of the GM Board of Directors

(See page 110)

The GM board of directors has carefully reviewed the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. An important part of that review included the oversight of the development of the terms of the Transactions by the GM capital stock committee, which consists of three independent directors of GM. Hughes participated with GM in the development of the terms of the Transactions and its board of directors has also carefully reviewed the GM/ Hughes separation transactions and the Hughes/ EchoStar merger and has approved the GM/ Hughes separation transactions and the Hughes/ EchoStar merger.

The GM board of directors has received opinions from several investment banking firms in connection with its review of the Transactions. The GM board of directors has received opinions from two independent investment banking firms, Merrill Lynch and Bear Stearns, financial advisors to GM in connection with the Transactions, to the effect that, on the basis of and subject to the assumptions, conditions, limitations and other matters described in those opinions, as of October 28, 2001, taking into account all relevant financial aspects of the Transactions taken as a whole, the consideration to be provided to GM and its subsidiaries, to the holders of GM $1 2/3 par value common stock, if applicable, and to the holders of GM Class H common stock in the GM/ Hughes separation transactions is fair, from a financial point of view, to the holders of GM $1 2/3 par value common stock as a class and the holders of GM Class H common stock as a class, respectively.

The GM board of directors has also received opinions from two other independent investment banking firms, Credit Suisse First Boston and Goldman Sachs, financial advisors to Hughes in connection with the Transactions, to the effect that, based upon and subject to the matters described in those opinions and other matters as Credit Suisse First Boston and Goldman Sachs considered relevant, as of October 28, 2001 and based on market conditions as of that date, the exchange ratios set forth in the Hughes/ EchoStar merger agreement are fair, from a financial point of view, to the holders of Hughes Class C common stock immediately prior to the Hughes/ EchoStar merger, including GM and holders of GM $1 2/3 par value common stock and GM Class H common stock, as applicable.

We have included the full text of the fairness opinions received by the GM board of directors in Appendix C to this document. We urge you to read each of these opinions carefully.

Based on the above, among other considerations, the GM board of directors has determined that the Transactions are advisable and in the best interests of General Motors and its common stockholders and that the Transactions are fair to the holders of both classes of GM common stock. The GM board of directors has unanimously approved the Transactions and recommends that the GM $1 2/3 par value common stockholders and GM Class H common stockholders vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

EchoStar Board of Directors and Stockholder Approvals

(See page 154)

The EchoStar board of directors has carefully reviewed the Hughes/ EchoStar merger. The EchoStar board of directors has received an opinion from an independent investment banking firm, Deutsche Banc Alex. Brown, as to the fairness, from a financial point of view, of the exchange ratio in the Hughes/ EchoStar merger to the holders of EchoStar Class A common stock. We have included the full text of the financial advisor fairness opinion received by EchoStar in Appendix C to this document. We urge you to read this opinion carefully.

A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, as the holder of shares of EchoStar Class B common stock representing about 90% of the voting power of EchoStar, has already approved the Hughes/ EchoStar merger. As a result, no further action is required on the part of any other EchoStar common stockholders. However, we believe that it is important for EchoStar common stockholders to be informed about the Hughes/ EchoStar merger. Thus, this document is being sent to EchoStar common stockholders for their information only.

Regulatory Matters

(See page 162)

Under U.S. antitrust laws, the Hughes/ EchoStar merger may not be completed until GM, Hughes and EchoStar have notified the Antitrust Division of the Department of Justice and the Federal Trade Commission of the Hughes/ EchoStar merger and filed the necessary report forms, and until the required waiting period has terminated or expired. We filed the notifications required by the Hart-Scott-Rodino Act in November 2001. The Department of Justice s Antitrust Division is currently conducting an investigation of the Transactions, and, as anticipated, has requested additional information from the companies. We are now in the process of compiling this information. The Department of Justice s Antitrust Division may fail to approve the Hughes/ EchoStar merger on a timely basis or it could bring an action seeking to prevent the Hughes/ EchoStar merger or impose onerous conditions in connection with its approval. The attorneys general of a number of states are also conducting an investigation of the Transactions under federal and state antitrust laws and could bring an action seeking to prevent the Hughes/ EchoStar merger or attempt to impose onerous conditions.

To complete the Hughes/ EchoStar merger, we must also obtain the approval of the FCC for the transfer of licenses in connection with the Hughes split-off and the Hughes/ EchoStar merger. We filed an application for this FCC approval of the transfer of licenses in December 2001. Shortly following this filing, the FCC placed the application on public notice and invited petitions and other comments in respect of the application. Numerous parties have filed petitions to deny the application or comments, and EchoStar and Hughes have filed a consolidated opposition. Currently, the application remains pending before the FCC. We have updated the application to reflect the completion of the $1.5 billion investment by Vivendi Universal in EchoStar Series D convertible preferred stock. In February 2002, the FCC issued to the applicants an initial information and document request, and stated that it would appreciate receiving responses to that request no later than March 6, 2002. On March 5, 2002, the applicants requested a 15-day extension of that date. By letter released on March 7, 2002, the FCC stopped its self-imposed 180-day clock for merger review, until such time as the applicants submit the requested documents and information. We are making significant efforts to respond to the FCC requests. The FCC s March 7, 2002 decision, however, will result in delay in its consideration of the Hughes/EchoStar merger application until we have completed our response to their request. The FCC may fail to approve the Hughes/ EchoStar merger on a timely basis. It may also agree with the views of parties opposing the application and deny its approval of the Hughes/ EchoStar merger or impose onerous conditions. Also, in February 2002, EchoStar and Hughes filed an application requesting on behalf of New EchoStar authority to launch and operate a new state-of-the-art, spot beam direct broadcast satellite. Grant of this authority would allow New EchoStar to offer local broadcast channels in all 210 designated market areas. This satellite application remains pending and has not yet been placed on notice for public comment. The FCC may fail to grant this application or may delay action on the application.

The Transactions may be subject to certain regulatory requirements of other state, federal and foreign governmental agencies and authorities, including clearances for the Hughes/EchoStar merger from competition and telecommunications authorities in certain foreign jurisdictions and requirements relating to the regulation of the offer and sale of securities. We are currently working to evaluate and comply in all material respects with these requirements, as appropriate, and do not currently anticipate that they will hinder, delay or restrict completion of the Transactions.

Although we currently expect to receive all governmental approvals required in order to complete the Transactions, we cannot assure you that we will obtain all such governmental approvals or that the granting of these approvals will be timely or will not involve the imposition of conditions on the completion of the Transactions or require changes to the terms of the Transactions. These conditions or changes could result in the conditions to the Transactions not being satisfied.

No Appraisal Rights

(See page 164)

Under applicable corporation law, GM stockholders are not entitled to appraisal rights in connection with the GM/ Hughes separation transactions because no merger transaction is involved in the GM/Hughes separation transactions . Similarly, no appraisal rights will be available to the GM stockholders in connection with the Hughes/ EchoStar merger because GM has approved the Hughes/ EchoStar merger in its capacity as the sole stockholder of Hughes and Hughes Holdings and General Motors is not a constituent corporation in the Hughes/EchoStar merger.

Under applicable corporation law and the EchoStar articles of incorporation, EchoStar stockholders are not entitled to appraisal rights in connection with the Hughes/ EchoStar merger.

New EchoStar Common Stock

(See page 258)

In connection with the Hughes split-off, GM Class H common stockholders and General Motors (or GM $1 2/3 par value common stockholders, as applicable) will receive shares of Hughes Holdings Class C common stock. Pursuant to the Hughes/ EchoStar merger, this stock will remain outstanding and become shares of New EchoStar Class C common stock. In addition, EchoStar s Class A common stockholders will receive shares of New EchoStar Class A common stock, and EchoStar s Class B common stockholders will receive shares of New EchoStar Class B common stock, pursuant to the Hughes/ EchoStar merger. As a result, based on assumptions about certain variable factors described elsewhere in this document, we estimate that immediately after the completion of the Hughes/EchoStar merger:

former GM Class H common stockholders and General Motors (or GM $1 2/3 par value common stockholders, as applicable) would together hold about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power; and

the former common stockholders of EchoStar would hold about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power.

For a description of the assumptions on which these percentages are based, see The Transactions Description of the Transactions The Hughes/ EchoStar Merger Assumptions Used in Minimum Hughes Recapitalization Price and Pro Forma Percentages of Outstanding Shares and Voting Power Calculations.

Except as to voting rights, the New EchoStar Class A common stock and New EchoStar Class C common stock will be identical. The New EchoStar Class B common stock will have special voting rights, will be convertible into New EchoStar Class A common stock or New EchoStar Class C common stock and will be subject to certain transfer restrictions. However, in all respects other than voting rights, convertibility and transfer restrictions, the New EchoStar Class B common stock will be substantially the same as the New EchoStar Class A common stock and New EchoStar Class C common stock. Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar and the current beneficial owner of all of the outstanding shares of EchoStar Class B common stock, is expected to be the beneficial owner of all of the outstanding shares of New EchoStar Class B common stock after the Transactions.

The New EchoStar common stock will have the following voting rights:

each share of New EchoStar Class A common stock will entitle the holder to one vote in the election of directors and all other matters submitted to stockholders for their approval;

each share of New EchoStar Class B common stock will initially entitle the holder to 10 votes in the election of directors and all other matters submitted to stockholders for their approval, subject to reduction under certain circumstances during the first two years after the completion of the Hughes split-off to preserve the tax-free status to GM of the Hughes split-off; and

each share of New EchoStar Class C common stock will entitle the holder to a number of votes in the election of directors and all other matters submitted to stockholders for their approval that will ensure that the shares of New EchoStar Class C common stock held by GM (other than shares that are subject to GM debt-for-equity exchanges) and the shares of New EchoStar Class C common stock that are issued to certain of GM s historical stockholders together possess 50.5% of the aggregate voting power of New EchoStar immediately following the completion of the Hughes/ EchoStar merger.

The calculation of the exact number of votes per share of New EchoStar Class C common stock will not be made until the time of the completion of the Transactions because the calculation will be subject to certain variable factors that will be determined between now and that time. We estimate that the holders of New EchoStar Class C common stock would be entitled to between three and five votes per share.

Based on assumptions about certain variable factors described elsewhere in this document, Mr. Ergen would hold about % of the total voting power of New EchoStar upon the completion of the Transactions. As a result, Mr. Ergen will have significant influence over actions of New EchoStar that require stockholder approval.

Directors of New EchoStar will be elected on the basis of cumulative voting. On all other matters, the shares of New EchoStar Class A common stock, New EchoStar Class B common stock and New EchoStar Class C common stock will vote together as a single class on the basis of their respective per share voting power. In addition, if and to the extent permitted by the IRS, the approval of New EchoStar Class B common stock voting separately as a class will be required to approve certain specified matters, including, among other things:

extraordinary matters for which a stockholder vote is required under applicable corporation law, such as mergers, amendments to the New EchoStar certificate of incorporation (including changes in the rights of the shares of New EchoStar Class B common stock and any increase in the authorized number of shares of New EchoStar Class B common stock or New EchoStar Class C common stock) and dissolution;

matters for which a stockholder vote will be required by the rules of the NYSE or the Nasdaq, as applicable, including, among other things, certain issuances of stock in excess of 20% of the total voting power of New EchoStar;

any sale or acquisition of a significant business of New EchoStar;

any amendment by stockholders to the bylaws of New EchoStar;

any issuance of common stock (or equivalents) of New EchoStar in excess of 10% of the average fully diluted shares over the prior 12 months; and

the adoption by New EchoStar of any equity-based benefit plan for directors and employees.

New EchoStar will have three different classes of common stock, with each class having different voting powers, in order to address two important objectives with respect to the transactions:

to preserve the tax-free status of the Hughes split-off to GM for U.S. federal income tax purposes; and

to preserve at least to some degree the greater voting power that the EchoStar Class B common stock currently has relative to the EchoStar Class A common stock.

General Motors and Hughes would not agree to complete the Transactions unless they were assured that the Hughes split-off would be tax-free to GM and its stockholders for U.S. federal income tax purposes. GM s receipt of a ruling from the IRS confirming the tax-free nature of the Hughes split-off is a condition to the obligation of GM and Hughes to complete the Transactions. The Hughes split-off will be tax-free to GM for these purposes only if, among other things, General Motors and certain of GM s historical stockholders hold stock possessing more than 50% of the aggregate voting power of the stock of New EchoStar in the Transactions. Accordingly, the terms of the various classes of common stock of New EchoStar are designed to ensure that the shares of New EchoStar Class C common stock held by GM (other than shares that are subject to GM debt-for-equity exchanges) and the shares of New EchoStar Class C common stock that are issued to certain of GM s historical stockholders, which we refer to collectively as the GM group shares, possess at least 50.5% of the aggregate voting power of New EchoStar for at least the first two years after the Hughes split-off.

At the same time, EchoStar wanted to preserve at least to some degree the greater voting power that the EchoStar Class B common stock currently has relative to the EchoStar Class A common stock. This was particularly important given that Mr. Ergen, as the beneficial owner of all of the EchoStar Class B common stock and about 90% of the total voting power of EchoStar, was required to reduce substantially his current voting power in New EchoStar in order to address the tax objectives of GM and Hughes with respect to the Transactions. Mr. Ergen agreed to such a substantial reduction of his own voting power, including giving up voting control of EchoStar, in order to provide the holders of EchoStar Class A common stock the opportunity to participate in the potential benefits expected to accrue to them as a result of the completion of the Hughes/ EchoStar merger.

In order to preserve the tax-free status of the Hughes split-off to GM, the GM group shares will possess at least 50.5% of the aggregate voting power of New EchoStar for at least the first two years following the completion of the Hughes split-off. To ensure that the GM group shares possess at least 50.5% of the aggregate voting power of New EchoStar at all times during the first two years following the completion of the Hughes split-off, the number of votes per share of New EchoStar Class B common stock will be reduced as necessary during this two-year period. At the end of this two year period, the number of votes per share of New EchoStar Class B common stock generally will no longer be subject to adjustment pursuant to the immediately preceding sentence and the voting power of each share of New EchoStar Class B common stock will be fixed at the same percentage of the aggregate voting power of all of the shares of New EchoStar common stock then outstanding to which such share of New EchoStar Class B common stock is entitled as of such time.

In order to preserve the relatively greater voting power that shares of EchoStar Class B common stock currently have compared to shares of EchoStar Class A common stock, each share of New EchoStar Class A common stock will entitle the holder thereof to one vote per share in the election of directors and on all other matters submitted to the stockholders of New EchoStar for approval and each share of New EchoStar Class B common stock initially will entitle the holder thereof to 10 votes per share on those same matters, subject to reduction during the first two years following the completion of the Hughes/EchoStar merger as described above. In addition, if and to the extent permitted by the IRS, as described above, under New EchoStar s certificate of incorporation, certain specified matters will require a separate class vote of the holders of New EchoStar Class B common stock for approval, as described above.

New EchoStar Board of Directors and Officers

(See page 237)

We have agreed that the New EchoStar board of directors will initially have 11 members, eight of whom are current directors and/or officers of EchoStar and three of whom are current directors and/or officers of Hughes. For the first three years following the completion of the Hughes/ EchoStar merger, at least six of the members of the New EchoStar board of directors will be independent directors as determined in accordance with NYSE or Nasdaq standards, as applicable.

Charles W. Ergen, the current Chairman of the Board of Directors and Chief Executive Officer of EchoStar, will be the Chairman of the Board of Directors and Chief Executive Officer of New EchoStar, and David K. Moskowitz, the current Senior Vice President, General Counsel and Secretary of EchoStar will be the Senior Vice President, General Counsel and Secretary of New EchoStar. The other officers of New EchoStar will be determined by a management transition committee prior to the completion of the Hughes/ EchoStar merger.

The management transition committee is comprised of two management personnel affiliated with EchoStar and two management personnel affiliated with Hughes and will be responsible for facilitating a smooth and fair transition of the management of Hughes and EchoStar to a combined management team. The management transition committee will make recommendations regarding New EchoStar officers and other management team members and their responsibilities, with the objective of choosing the best person for each position while achieving a fair balance of personnel selected from each of Hughes and EchoStar. The New EchoStar board of directors will have the ultimate decision-making authority with respect to all matters referred to or discussed by the management transition committee.

Interests of Directors and Executive Officers of GM, Hughes and EchoStar

(See pages 293 and 298)

You should be aware that some of the directors and executive officers of General Motors, Hughes and EchoStar have interests in connection with the GM/Hughes separation transactions and the Hughes/ EchoStar merger that are different from, or in addition to, the interests of other stockholders of GM and EchoStar, including, among other things, stock options held by various executive officers and directors, interests under certain employee benefit plans and membership of certain directors and/or executive officers on the New EchoStar board of directors. The GM board of directors, the Hughes board of directors and the EchoStar board of directors were aware of these interests and considered them, among other matters, in approving the GM/Hughes separation transactions and the Hughes/ EchoStar merger, as applicable.

Timing

(See page 72)

We are working diligently to complete the GM/ Hughes separation transactions and the Hughes/ EchoStar merger as soon as reasonably possible. However, we will not complete the proposed Transactions unless certain conditions described below are satisfied or waived. Assuming that these conditions are satisfied within the time frame we currently anticipate, we expect to complete the GM/ Hughes separation transactions and the Hughes/ EchoStar merger during the second half of 2002.

Conditions to Completing the Transactions

(See pages 72, 187 and 196)

The GM/ Hughes separation transactions and the Hughes/ EchoStar merger are subject to a number of conditions which must be satisfied or waived before the transactions can be completed. These conditions include, among others:

- the receipt of the requisite GM common stockholder approval of each of the proposals relating to the Transactions;
- the expiration or termination of the waiting periods applicable to the Hughes/ EchoStar merger under the Hart-Scott-Rodino Act and any similar law of foreign jurisdictions;
- the absence of any effective injunction or order which prevents the completion of the transactions;
- the receipt of FCC approval for the transfer of licenses and other authorizations in connection with the Hughes/ EchoStar merger and the Hughes split-off;
- the receipt of all other approvals of, or the making of all filings with, governmental authorities required to complete the Transactions, other than approvals and filings, the absence of which, in the aggregate, are not reasonably likely to have a material adverse effect on New EchoStar;
- the receipt by General Motors of a ruling by the IRS to the effect that the Hughes split-off will be tax-free to GM and its stockholders for U.S. federal income tax purposes;
- the availability of financing for the Hughes/ EchoStar merger;
- the approval for listing on either the NYSE or the Nasdaq of the New EchoStar Class A common stock and New EchoStar Class C common stock that will be outstanding after the Transactions; and

the ability of New EchoStar to issue a minimum amount of equity immediately following the Hughes/ EchoStar merger without violating certain agreements with General Motors that are designed to preserve the tax-free status of the Hughes split-off.

For more information about this minimum equity headroom condition and how it may affect the number of shares of New EchoStar Class C common stock eligible for GM debt-for-equity exchanges and/or the amount of the Hughes dividend distribution under certain circumstances, see The Transactions Description of the Transactions The Hughes/EchoStar Merger Satisfaction of the Minimum Headroom Condition.

Considerations Relating to Time Interval Between GM Common Stockholder Approval and Completion of the Transactions

(See pages 88, 112 and 174)

The consequences of the Transactions for GM $1 2/3 par value common stockholders and GM Class H common stockholders will differ in certain important respects, as described in this document. Despite these differences, the GM board of directors has determined that the Transactions are in the best interests of GM and its common stockholders as a whole and fair to the holders of both classes of GM common stock and has unanimously approved the Transactions and recommends that the GM common stockholders of each class vote to approve each of the proposals described in this document. If the proposals relating to the Transactions were to receive the requisite GM common stockholder approval but all other applicable conditions to the Transactions were not satisfied or waived as of that time, it is possible that the Transactions would not be completed for a significant period of time after the receipt of the requisite GM common stockholder approval. During any such time interval between the receipt of the requisite GM common stockholder approval and the satisfaction or waiver of all other conditions to the completion of the Transactions, it is possible that circumstances relating to the business or financial condition of EchoStar or Hughes or financial, economic or other circumstances could change significantly and in a manner not considered at the time that the GM board of directors approved the Transactions. GM common stockholders should understand that, despite any such change in circumstances that might occur during this period, it is not a condition to completion of the Transactions that the GM board of directors conclude that, at the time that the Transactions are to be completed or at any earlier time during such period, the Transactions will be fair to both classes of GM common stockholders.

Under the terms of the transaction agreements, General Motors and Hughes have agreed not to solicit any proposals from third parties, or engage in discussions with or furnish information to any third party, with respect to a broad range of competing transactions to the Hughes/EchoStar merger, which generally refer to alternative strategic transactions involving Hughes. However, until the requisite GM common stockholder approval of the proposals relating to the Transactions has been received, GM and Hughes are permitted to engage in such discussions and provide such information (but not solicit proposals) with regard to a superior proposal, subject to certain conditions described at Description of Principal Transaction Agreements Implementation Agreement Covenants of GM, Hughes and EchoStar No Solicitation of Competing Transactions Involving Hughes , if the GM board of directors determines that in order to comply with its fiduciary duties it is necessary for GM to do so. Similarly, subject to certain conditions, until the requisite GM common stockholder approval has been received, the GM board of directors may change or revoke its recommendation that GM common stockholders approve the proposals relating to the Transactions, if it determines that it is required to do so in accordance with its fiduciary duties and based on a proposed competing transaction or any other factor that may affect its views regarding the Transactions. In such event, GM, Hughes or EchoStar may terminate the transaction agreements (in which event Hughes would be required to pay EchoStar a $600 million termination fee). GM common stockholders should understand that, if they vote to approve the proposals recommended by the GM board of directors, that action will result in the termination of the ability of GM to pursue superior proposals in this manner, which would mean that GM would have no practical ability to enter into any agreement or arrangement with respect to a competing transaction without breaching the non-solicitation covenant. However, if GM stockholders fail to approve the proposals recommended by the GM board of directors, the Transactions could not be completed and GM common stockholders would not have the opportunity to participate in the benefits of the Transactions as described in this document and, under certain circumstances in which GM or Hughes enters into or completes a competing transaction, EchoStar would be entitled to a $600 million termination fee. Further, in either case, there can be no assurance that any proposal for a competing transaction would be available to Hughes and GM or, if available, would result in any agreement or arrangement for a competing transaction. Accordingly, for all of the reasons described elsewhere in this document, the GM board recommends that GM common stockholders vote to approve each of the proposals.

Following the receipt of the requisite GM common stockholder approval of the proposals relating to the Transactions, the key transaction agreements providing for the terms of the separation of Hughes from GM pursuant to the GM/Hughes separation transactions cannot be amended if:

- such amendment would alter or change the amount or kind of securities, cash, property or rights GM common stockholders will receive in the Transactions; or

- such amendment would adversely affect the GM common stockholders, unless their further approval, if required, is obtained.

Required Stockholder Approvals

(See pages 171 and 288)

We will not complete the GM/ Hughes separation transactions or the Hughes/ EchoStar merger unless we obtain approval of specified matters relating to the Transactions by the holders of:

- a majority of the outstanding shares of GM $1 2/3 par value common stock, voting as a separate class;

- a majority of the outstanding shares of GM Class H common stock, voting as a separate class; and

- a majority of the voting power of the outstanding shares of GM $1 2/3 par value common stock and GM Class H common stock, voting together as a single class, based on their respective per share voting power pursuant to provisions set forth in the GM restated certificate of incorporation.

If the first two GM common stockholder approvals described above are obtained, then the third GM common stockholder approval described above will also have been obtained.

Only GM $1 2/3 par value common stockholders and GM Class H common stockholders who held shares on the record date, , 2002, are entitled to vote on the Transactions. GM common stockholders should be aware that certain of the directors and officers of General Motors hold GM common stock. However, based on the number of shares outstanding on February 28, 2002, the directors and officers of General Motors, individually and the group as a whole, held less than one percent of the outstanding shares and voting power of both classes of GM common stock.

Certain aspects of the GM/Hughes separation transactions require the approval of GM common stockholders under applicable corporation law. Neither the approval of the GM common stockholders nor any further approval of the EchoStar common stockholders is required under applicable corporation law to complete the Hughes/ EchoStar merger because it has already received all required approvals. GM, as the sole stockholder of Hughes and Hughes Holdings, has approved the Hughes/ EchoStar merger for Hughes and Hughes Holdings. In addition, a trust controlled by Charles W. Ergen, as the holder of all of the outstanding shares of EchoStar Class B common stock, which represents about 90% of the voting power of EchoStar, has approved the Hughes/ EchoStar merger for EchoStar. However, even though such approval is not legally required, GM is submitting all aspects of the Transactions, including the Hughes/ EchoStar merger, to GM common stockholders for their approval. Thus, by voting to approve the proposals being submitted to GM common stockholders pursuant to this consent solicitation, GM common stockholders will be ratifying all aspects of the Transactions, including, among other things, the Hughes/EchoStar merger.

No vote on the GM/ Hughes separation transactions, the Hughes/ EchoStar merger or any other matters is being solicited from EchoStar common stockholders.

Matters To Be Approved by GM Common Stockholders

(See page 287)

GM $1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, are being asked to approve the following two proposals in connection with the Transactions:

Approval of GM Charter Amendment. This proposal consists of the approval of an amendment to Article Fourth of the GM restated certificate of incorporation which would, among other things, add a provision that will enable the GM board of directors to reduce the denominator of the GM Class H fraction in connection with the Hughes recapitalization and add a redemption feature to the terms of the GM Class H common stock to make such stock redeemable in exchange for shares of Hughes Holdings Class C common stock pursuant to the Hughes split-off. In addition, this proposal includes the approval of an amendment to Article Fourth to expressly provide that the completion of the GM/ Hughes separation transactions as described in this document will not result in a recapitalization of the GM Class H common stock into GM $1 2/3 par value common stock at a 120% exchange ratio as currently provided for under certain circumstances pursuant to provisions of the GM restated certificate of incorporation.

Ratification of All Other Aspects of the Transactions. This proposal consists of the ratification of all other aspects of the Transactions, including, among other things, the Hughes recapitalization and the Hughes dividend distribution, the Hughes split-off, the Hughes/ EchoStar merger and other related transactions.

Although these two proposals are separate matters to be voted upon by GM common stockholders, these proposals are expressly conditioned on each other. This means that BOTH of these proposals must be approved by GM $1 2/3 par value common stockholders and GM Class H common stockholders in order for GM to obtain the requisite GM common stockholder approval of the proposals relating to the Transactions. Accordingly, if you wish to approve the proposals relating to the Transactions, you should vote to approve BOTH of these proposals.

In addition to the two proposals relating to the Transactions described above, GM $1 2/3 par value common stockholders and GM Class H common stockholders are also being asked to approve a third proposal, which consists of the approval of a further amendment to the GM restated certificate of incorporation to eliminate certain provisions relating to the GM Class H common stock after the completion of the Hughes split-off. However, you should understand that the completion of the Transactions is NOT conditioned on the approval by GM common stockholders of this third proposal.

GM Consent Mechanics

(See pages 81 and 287)

GM $1 2/3 par value common stockholders and GM Class H common stockholders should complete, date, sign and return the enclosed consent card as soon as possible. Your vote is important regardless of the number of shares that you own.

GM common stockholders can revoke their consent, or any withholding of consent, at any time prior to GM common stockholder approval of the proposals relating to the Transactions. This will occur as soon as consents representing the requisite GM common stockholder approval described above are delivered to General Motors in accordance with applicable law, but no sooner than 20 business days from the date this document is mailed to stockholders. However, if General Motors does not receive the number of consents required within 60 days of the earliest dated consent delivered to General Motors, the requisite GM common stockholder approval will not have occurred.

You can revoke your consent by filing with the Secretary of General Motors a written notice stating that you would like to revoke your consent. You can also revoke your consent, or any withholding of consent, by filing with the Secretary of General Motors another consent bearing a later date. You should send any revocations to the Secretary of General Motors at the following address:

General Motors Corporation

Renaissance Center
P.O. Box 300
Mail Code 482-C38-B71
Detroit, Michigan 48265-3000
Attention: Secretary

You should NOT send in your stock certificates at this time. You will receive further correspondence regarding the exchange of shares after the proposed Transactions have been completed.

Tax Consequences of the Transactions

(See page 165)

General Motors has requested an IRS ruling to the effect that the Hughes split-off will be treated as a tax-free reorganization and distribution for U.S. federal income tax purposes. Based on this ruling, for U.S. federal income tax purposes, neither the GM common stockholders nor General Motors will recognize gain or loss as a result of the Hughes split-off.

In addition, it is a condition to the completion of the Hughes/EchoStar merger that Hughes Holdings and EchoStar receive opinions from their respective counsel to the effect that the Hughes/ EchoStar merger will be treated as a tax-free reorganization for U.S. federal income tax purposes. Assuming such treatment, none of Hughes Holdings, EchoStar or the GM common stockholders will recognize gain or loss for U.S. federal income tax purposes as a result of the Hughes/ EchoStar merger, and the EchoStar common stockholders will recognize gain or loss only in respect of cash received instead of fractional shares of New EchoStar common stock. We currently expect that Hughes Holdings and EchoStar will receive these tax opinions in connection with the completion of the Hughes/EchoStar merger.

Accounting Treatment

(See page 165)

GM will record the Hughes dividend distribution of up to $4.2 billion as a reduction in GM s investment in Hughes. GM will record the Hughes split-off at fair value at the time of the Hughes split-off. Based on the closing price of EchoStar Class A common stock on December 31, 2001 and certain other assumptions, the Hughes split-off would have resulted in an after-tax gain of about $14.0 billion based on the net book value of Hughes at such date. As a result of the Hughes split-off, GM anticipates that there would be a net reduction to GM s stockholders equity reflecting adjustments based on the fair value and the net book value of Hughes at that time. The Hughes/ EchoStar merger will be accounted for using the purchase method of accounting, with EchoStar having acquired Hughes Holdings.

Comparative Market Price Data

(See page 285)

Presented below are the per share closing prices for the GM $1 2/3 par value common stock (symbol: GM), as quoted on the NYSE, GM Class H common stock (symbol: GMH), as quoted on the NYSE, and the EchoStar Class A common stock (symbol: DISH), as quoted on the Nasdaq National Market, on the following dates:

October 26, 2001, the last trading day before the public announcement of the signing of the transaction agreements among GM, Hughes and EchoStar relating to the Transactions; and

March 14, 2002, the latest practicable date before the initial filing of this document.

The table below also presents implied equivalent per share values for:

shares of GM Class H common stock by multiplying the price per share of EchoStar Class A common stock on each of the two dates by the implied exchange ratio of 0.73, which is the inverse of the exchange ratio in the Hughes/EchoStar merger of 1/0.73; and

shares of EchoStar Class A common stock by multiplying the price per share of GM Class H common stock on each of the two dates by the exchange ratio of 1/0.73.

	GM $1 2/3 Par Value Common Stock Price	GM Class H Common Stock Price	EchoStar Class A Common Stock Price	Share Price Equivalent (EchoStar Class A Common Stock) for GM Class H Common Stock	Share Price Equivalent (GM Class H Common Stock) for EchoStar Class A Common Stock
October 26, 2001	$45.40	$15.35	$25.26	$18.44	$21.03
March 14, 2002	$59.90	$15.90	$27.55	$20.11	$21.78

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

GM Selected Historical and Pro Forma Financial Data

The following statements of operations data for each of the three years in the period ended December 31, 2001 and the balance sheet data as of December 31, 2001 and 2000 have been derived from GM s consolidated financial statements incorporated into this document by reference, which have been audited by Deloitte & Touche LLP, independent auditors. The statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 have been derived from GM s audited consolidated financial statements which have not been incorporated into this document by reference.

You should read the data below in conjunction with GM s consolidated financial statements (including the notes thereto) and Management s Discussion and Analysis of Financial Condition and Results of Operations in the GM 2001 Form 10-K, which is incorporated into this document by reference. Certain amounts for 2000 and prior years have been reclassified to conform with the 2001 classifications.

The column below entitled Pro Forma 2001(a) presents pro forma operating results information for the year ended December 31, 2001 giving effect to the GM/ Hughes separation transactions as if they had occurred on January 1, 2001 and balance sheet data as of December 31, 2001 giving effect to the GM/ Hughes separation transactions as if they had occurred as of that date.

The column below entitled Pro Forma 2001(b) presents pro forma operating results information for the year ended December 31, 2001 giving effect to the PanAmSat stock sale and Hughes acquisition of Telocity as of April 3, 2001, as if those transactions had occurred on January 1, 2001 and balance sheet data as of December 31, 2001 giving effect to the PanAmSat stock sale as if that transaction had occurred as of that date.

The pro forma financial data are not intended to be indicative of either future results of operations or results that might have been achieved had the GM/Hughes separation transactions or the PanAmSat stock sale occurred on the dates specified. In the opinion of GM s management, all adjustments necessary to fairly present such pro forma condensed financial data have been made based upon the proposed terms of the GM/Hughes separation transactions or the PanAmSat stock sale.

	As of and for the years ended December 31,						
	Pro Forma 2001(a)	**Pro Forma 2001(b)**	**2001**	**2000**	**1999**	**1998**	**1997**
	(in millions except per share amounts)						
Statement of Operations Data:							
Total net sales and revenues	$169,039	$176,624	$177,260	$184,632	$176,558	$155,445	$172,580
Total costs and expenses	166,488	175,208	175,742	177,468	167,511	150,501	165,011
Income from continuing operations before income taxes and minority interests	2,551	1,416	1,518	7,164	9,047	4,944	7,569
Income tax expense	1,131	722	768	2,393	3,118	1,636	1,025
Equity income (loss) and minority interests	(138)	(143)	(149)	(319)	(353)	(259)	(61)
Income from continuing operations	1,282	551	601	4,452	5,576	3,049	6,483
Income (loss) from discontinued operations					426	(93)	215
Net Income	1,282	551	601	4,452	6,002	2,956	6,698
Dividends on preference stocks	(99)	(99)	(99)	(110)	(80)	(63)	(98)
Earnings attributable to common stocks	$ 1,183	$ 452	$ 502	$ 4,342	$ 5,922	$ 2,893	$ 6,600
Earnings Per Share:							
GM $1 2/3 par value common stock(1)							
Basic earnings per share (EPS) from continuing operations	$ 2.15	$ 1.76	$ 1.78	$ 6.80	$ 8.70	$ 4.40	$ 8.52
Diluted EPS from continuing operations	2.13	1.74	1.77	6.68	8.53	4.32	8.45
Cash dividends declared per share	2.00	2.00	2.00	2.00	2.00	2.00	2.00
GM Class H common stock subsequent to the Hughes restructuring transactions(1), (2), (3)							
Basic EPS from continuing operations		(0.59)	(0.55)	0.56	(0.26)	0.23	0.01
Diluted EPS from continuing operations		(0.59)	(0.55)	0.55	(0.26)	0.23	0.01
GM Class H common stock prior to the Hughes restructuring transactions(1), (2), (4)							
Basic EPS from continuing operations							0.77
Diluted EPS from continuing operations							0.77

Cash dividends declared per share	0.33

	As of and for the years ended December 31,						
	Pro Forma 2001(a)	Pro Forma 2001(b)	2001	2000	1999	1998	1997
	(in millions except per share amounts)						
Balance Sheet Data:							
Cash and cash equivalents(5)	$ 11,932	$ 8,931	$ 8,432	$ 9,119	$ 9,730	$ 9,728	$ 9,696
Current assets(5)	37,923	39,185	37,063	41,147	41,909	40,399	39,326
Total assets	313,201	320,359	323,969	303,100	274,730	246,688	221,767
Current liabilities(5)	52,049	55,032	56,346	55,740	53,100	46,110	44,681
Long-term debt(5)	9,737	9,795	10,726	7,410	7,415	7,118	5,669
Minority interests	215	247	746	707	596	563	671
Stockholders equity	15,838	19,677	19,707	30,175	20,644	15,052	17,584

(1) Earnings per share attributable to the GM Class H common stock are determined based on the relative amounts of Hughes net income available for the payment of dividends to holders of GM Class H common stock and to holders of GM $1 2/3 par value common stock. The manner in which this allocation is made is described further at GM Capital Stock GM s Dual-Class Common Stock Capital Structure Dividends.

(2) The amounts for GM Class H common stock have been adjusted to reflect the three-for-one stock split, in the form of a 200% stock dividend, paid on June 30, 2000.

(3) The amounts for GM Class H common stock subsequent to its recapitalization, as part of the Hughes restructuring transactions, present the earnings attributable to GM Class H common stock subsequent to its recapitalization on December 17, 1997 related to Hughes, consisting principally of its digital entertainment services, satellite communications services and satellite-based private business networks businesses.

(4) The amounts for GM Class H common stock prior to its recapitalization, as part of the Hughes restructuring transactions, present the earnings attributable to GM Class H common stock prior to its recapitalization on December 17, 1997 related to Hughes, consisting principally of its defense electronics, automotive electronics and telecommunications and space business.

(5) Amounts represent GM s automotive, communications services and other operations only.

Hughes Selected Historical and Pro Forma Financial Data

The following selected historical financial data have been derived from, and should be read in conjunction with Hughes consolidated financial statements (including the notes thereto) and Management s Discussion and Analysis of Financial Condition and Results of Operations in the Hughes 2001 Form 10-K, which is incorporated into this document by reference, and the Hughes Unaudited Pro Forma Condensed Consolidated Financial Statements section of this document. The following consolidated statements of operations data for each of the three years in the period ended December 31, 2001 and the balance sheet data as of December 31, 2001 and 2000 have been derived from Hughes financial statements incorporated into this document by reference, which have been audited by Deloitte & Touche LLP, independent auditors. The consolidated statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 have been derived from Hughes audited financial statements which have not been incorporated into this document by reference.

On December 17, 1997, Hughes predecessor and GM completed the Hughes restructuring transactions, a series of transactions which restructured Hughes predecessor and which were designed to address strategic challenges facing Hughes three principal businesses. These transactions included:

- the tax-free spin-off of Hughes defense electronics business to holders of GM $1 2/3 par value common stock and old GM Class H common stock;

- the transfer of Delco Electronics Corporation, Hughes automotive electronics business, to GM s Delphi Automotive Systems business sector, which is now a separate corporation; and

- the recapitalization of the old GM Class H common stock into the GM Class H common stock that is currently outstanding.

These transactions were followed immediately by the merger of Hughes defense electronics business with Raytheon Company.

In connection with the Hughes restructuring transactions, the telecommunications and space business of Hughes predecessor, consisting principally of its digital direct-to-home broadcast, satellite services, network systems and satellite systems manufacturing businesses, were contributed to the recapitalized Hughes. These telecommunications and space businesses, both before and after the recapitalization, are referred to as Hughes. The financial information presented for Hughes, unless otherwise noted, represents the financial information of the recapitalized Hughes.

On October 6, 2000, Hughes completed the sale of its satellite systems manufacturing businesses to The Boeing Company. As a result, the financial results for those businesses are treated as discontinued operations for all periods presented herein through the date of sale. Consequently, revenues, operating costs and expenses, and other non-operating results for the satellite systems manufacturing businesses are excluded from Hughes results from continuing operations.

The column entitled Pro Forma 2001 presents pro forma operating results information for the year ended December 31, 2001 giving effect to the PanAmSat stock sale and Hughes acquisition of Telocity as of April 3, 2001, as if those transactions had occurred on January 1, 2001 and balance sheet data as of December 31, 2001 giving effect to the PanAmSat stock sale as if that transaction had occurred as of that date.

The pro forma financial data are not intended to be indicative of either future results of operations or results that might have been achieved had the PanAmSat stock sale occurred on the dates specified. In the opinion of Hughes management, all adjustments necessary to fairly present such pro forma condensed financial data have been made based upon the proposed terms of the PanAmSat stock sale.

	As of and for the years ended December 31					
	Pro Forma 2001	**2001**	**2000**	**1999**	**1998**	**1997**
			(in millions)			
Consolidated Statements of Operations Data:						
Total revenues	$ 7,561	$ 8,262	$ 7,288	$ 5,560	$ 3,481	$ 2,839
Total operating costs and expenses	8,548	9,020	7,642	5,975	3,522	2,824
Operating profit (loss)	(987)	(758)	(354)	(415)	(41)	15
Other income (expense), net	(106)	(233)	(462)	(246)	(62)	359
Income tax benefit (expense)	372	326	406	237	142	(162)
Minority interests in net losses of subsidiaries	57	51	55	33	25	25
Income (loss) from continuing operations before extraordinary item and cumulative effect of accounting change	(664)	(614)	(355)	(391)	64	237
Income from discontinued operations, net of taxes			36	100	196	171
Gain on sale of discontinued operations, net of taxes			1,132			63
Extraordinary item, net of taxes						(21)
Cumulative effect of accounting change, net of taxes	(7)	(7)			(9)	
Net income (loss)	(671)	(621)	813	(291)	251	450
Adjustment to exclude the effect of GM purchase accounting		3	17	21	21	21
Preferred stock dividends	(96)	(96)	(97)	(51)		
Earnings (Loss) Used for Computation of Available Separate Consolidated Net Income (Loss)	$ (767)	$ (714)	$ 733	$ (321)	$ 272	$ 471
Consolidated Balance Sheet Data:						
Cash and cash equivalents	$ 1,199	$ 700	$ 1,508	$ 238	$ 1,342	$ 2,784
Total current assets	5,463	3,341	4,154	3,858	4,075	5,179
Total assets	15,600	19,210	19,279	18,597	12,617	12,142
Total current liabilities	3,093	4,407	2,691	2,642	1,346	1,007
Long-term debt	58	989	1,292	1,586	779	638
Minority interests	32	531	554	544	482	608
Total stockholder s equity	11,042	11,072	12,326	11,681	8,412	8,340
Other Data:						
EBITDA(1)		$ 390	$ 594	$ 264	$ 372	$ 297
Depreciation and amortization		1,148	948	679	413	282
Capital expenditures		1,744	1,716	1,665	1,329	713
Net cash flows from:						
Operating activities		190	1,091	380	612	91
Investing activities		(1,741)	2,211	(3,942)	(2,129)	(2,116)
Financing activities		743	(850)	2,578	(64)	5,014

Certain prior period amounts have been reclassified to conform to the current year presentation.

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(1) For purposes of the Hughes selected historical and pro forma financial data, Hughes defines EBITDA as operating profit (loss), plus depreciation and amortization. EBITDA is not presented as an alternative measure of operating results or cash flow from operations, as determined in accordance with accounting principles generally accepted in the United States of America. Hughes management believes it is a meaningful measure of performance and is commonly used by other communications, entertainment and media service providers. EBITDA does not give effect to cash used for debt service requirements and thus does not reflect funds available for investment in the business of Hughes, dividends or other discretionary uses. EBITDA as presented herein may not be comparable to similarly titled measures reported by other companies.

EchoStar Selected Historical and Pro Forma Financial Data

The following statements of operations data for each of the three years in the period ending December 31, 2001 and the balance sheet data as of December 31, 2001 and 2000 have been derived from EchoStar s audited consolidated financial statements incorporated into this document by reference. The statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 have been derived from EchoStar s audited consolidated financial statements which have not been incorporated into this document by reference.

You should read the data below in conjunction with EchoStar s consolidated financial statements (including the notes thereto) and Management s Discussion and Analysis of Financial Condition and Results of Operations in the EchoStar 2001 Form 10-K, which is incorporated into this document by reference.

The column of pro forma operating results information for the year ended December 31, 2001 gives effect to the PanAmSat stock sale as if that transaction had occurred on January 1, 2001 and balance sheet data as of December 31, 2001 gives effect to the PanAmSat stock sale as if that transaction had occurred as of that date.

The selected unaudited condensed pro forma financial data is not intended to be indicative of future results of operations or results that might have been achieved had the PanAmSat stock sale occurred on the date specified. In the opinion of EchoStar s management, all adjustments necessary to fairly present such selected unaudited condensed pro forma financial data have been made based upon the proposed terms of the PanAmSat stock sale.

	As of and for the years ended December 31,					
	Pro Forma 2001	2001	2000	1999	1998	1997
	(unaudited)			(in millions)		
Statements of Operations Data:						
Revenue:						
DISH Network	$3,606	$3,606	$2,352	$1,353	$ 683	$ 344
Operating leases, satellite services and other	802					
Outright sales and sales-type leases	68					
DTH equipment sales and integration services	271	271	260	184	256	92
Other	124	124	103	66	44	41
Total revenue	4,871	4,001	2,715	1,603	983	477
Costs and Expenses:						
DISH Network operating expenses	1,758	1,758	1,266	733	395	193
Cost of outright sales and sales-type leases and other direct operating costs	166					
Cost of sales DTH equipment and integration services	188	188	195	149	173	62
Cost of sales other	82	82	33	17	17	24
Selling, general and administrative	1,586	1,462	1,409	877	418	249
Non-cash, stock-based compensation	20	20	51	61		
Depreciation and amortization	629	279	185	113	103	173
Total costs and expenses	4,429	3,789	3,139	1,950	1,106	701
Operating income (loss)	$ 442	$ 212	$ (424)	$ (347)	$ (123)	$(224)
Net loss	$ (179)	$ (215)	$ (650)	$ (793)	$ (261)	$(313)

	As of and for the years ended December 31,					
	Pro Forma 2001	2001	2000	1999	1998	1997
	(unaudited)			(in millions)		
Balance Sheet Data:						
Cash, cash equivalents and marketable investment securities	$ 1,939	$ 2,828	$ 1,464	$ 1,254	$ 324	$ 421
Cash reserved for satellite insurance	122	122	82			
Restricted cash and marketable investment securities	1	1	3	3	78	188
Total assets	11,494	6,520	4,637	3,898	1,807	1,806
Long-term debt (less current portion):						
1994 Notes				2	572	500
1996 Notes				1	498	439
1997 Notes					375	375
9 1/4% Senior Notes due 2006	375	375	375	375		
9 3/8% Senior Notes due 2009	1,625	1,625	1,625	1,625		
10 3/8% Senior Notes due 2007	1,000	1,000	1,000			
9 1/8% Senior Notes due 2009	700	700				
4 7/8% Convertible Notes due 2008	1,000	1,000	1,000	1,000		
5 3/4% Convertible Notes due 2008	1,000	1,000				
Other long-term debt	2,475					
Mortgages and other notes payable, net of current portion	6	6	15	28	43	52
Series B Preferred Stock					226	199
Total stockholders deficit	$ (876)	$ (777)	$ (657)	$ (48)	$ (372)	$ (89)

	As of and for the years ended December 31,				
	2001	2000	1999	1998	1997
	(in millions, except subscriber and per subscriber data)				
Other Data:					
DISH Network subscribers (in thousands)	6,830	5,260	3,410	1,940	1,040
Average monthly revenue per subscriber	$ 49.32	$ 45.33	$ 42.71	$ 39.25	$ 38.50
EBITDA(1)	511	(187)	(173)	(20)	(51)
Less amortization of subscriber acquisition costs				(19)	(122)
EBITDA, as adjusted to exclude amortization of subscriber acquisition costs	511	(187)	(173)	(39)	(173)
Net cash flows from:					
Operating activities	489	(119)	(59)	(17)	
Investing activities	(1,279)	(912)	(63)	(8)	(597)
Financing activities	1,611	982	920	(14)	703

(1) EchoStar believes it is common practice in the telecommunications industry for investment bankers and others to use various multiples of current or projected EBITDA (operating income (loss) plus depreciation and amortization, and non-cash, stock-based compensation) for purposes of estimating current or prospective enterprise value and as one of many measures of operating performance. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, because EBITDA is independent of the actual leverage employed by the business; but EBITDA ignores funds needed for capital expenditures and expansion. Some investment analysts track the relationship of EBITDA to total debt as one measure of financial strength. However, EBITDA does

not purport to represent cash provided or used by operating activities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

EBITDA differs significantly from cash flows from operating activities reflected in the consolidated statement of cash flows. Cash flows from operating activities is net of interest and taxes paid and is a more comprehensive determination of periodic income on a cash (vs. accrual) basis, exclusive of non-cash items of income and expenses such as depreciation and amortization. In contrast, EBITDA is derived from accrual basis income and is not reduced for cash invested in working capital. Consequently, EBITDA is not affected by the timing of receivable collections or when accrued expenses are paid. EchoStar is not aware of any uniform standards for determining EBITDA and it believes presentations of EBITDA may not be calculated consistently by different entities in the same or similar businesses. EBITDA is shown before and after amortization of subscriber acquisition costs, which were deferred through September 1997 and amortized over one year. EBITDA for 1999, 2000 and 2001 also excludes approximately $61 million, $51 million and $20 million in non-cash, stock-based compensation expense resulting from significant post-grant appreciation of stock options granted to employees, respectively. In addition, EBITDA does not include the impact of amounts capitalized under EchoStar s Digital Home Plan of approximately $65.4 million and $338 million during 2000 and 2001, respectively.

New EchoStar Selected Unaudited Pro Forma Condensed Consolidated Financial Data

In the table below, we provide you with selected unaudited pro forma condensed consolidated financial data for New EchoStar as if the Transactions had been completed on January 1, 2001 for statement of operations purposes and on December 31, 2001 for balance sheet purposes.

For more information about the assumptions made in determining the pro forma data, see the notes to New EchoStar Unaudited Pro Forma Condensed Consolidated Financial Statements appearing later in this document.

The selected unaudited pro forma condensed consolidated financial data is derived from the more detailed unaudited pro forma financial statements appearing later in this document and should be read together with the separate historical financial statements and accompanying notes of Hughes and EchoStar, which we incorporate by reference in this document. The selected unaudited pro forma financial data is presented for comparative purposes only and is not necessarily indicative of the future financial position or results of operations of New EchoStar or of the financial position or the results of operations that would have been achieved had the Hughes/ EchoStar merger been completed during the periods or as of the dates for which the pro forma information is presented or after completion of the Hughes/ EchoStar merger. In the opinion of EchoStar s and Hughes management, all adjustments necessary to fairly present such selected unaudited pro forma condensed consolidated financial data have been made based upon the proposed terms of the Hughes/EchoStar merger.

	As of and for the year ended December 31, 2001
	(in millions)
Statement of Operations Data:	
Total revenues	$12,271
Total operating costs and expenses	13,180
Operating profit (loss)	$ (909)
Net loss attributable to common stockholders	$ (1,301)
Balance Sheet Data:	
Total assets	$46,831
Long-term debt	11,639
Stockholders equity	25,296

UNAUDITED COMPARATIVE PER SHARE INFORMATION

We present below per common share data regarding the income, cash dividends declared and book value of General Motors and EchoStar on both historical and unaudited pro forma consolidated bases. We have derived the unaudited pro forma per share information from the unaudited pro forma financial statements presented elsewhere in this document. You should read the information below in conjunction with the financial statements and accompanying notes of GM, Hughes and EchoStar that are incorporated by reference into this document.

GM Common Stock Historical Per Share Data

This table shows historical per share information for each of the two classes of GM common stock. Book value per share is calculated based on the liquidation rights of each class.

	As of and for the year ended December 31, 2001	
	GM $1 2/3 Par Value Common Stock	**GM Class H Common Stock**
Basic earnings per share from continuing operations	$ 1.78	$ (0.55)
Diluted earnings per share from continuing operations	1.77	(0.55)
Cash dividends per share	2.00	
Book value per share	24.79	4.96

GM Common Stock Pro Forma Per Share Data

This table shows pro forma information for each of the two classes of GM common stock giving effect to the GM/Hughes separation transactions and the PanAmSat stock sale.

	As of and for the year ended December 31, 2001	
	GM $1 2/3 Par Value Common Stock	**GM Class H Common Stock**
Giving Effect to the GM/ Hughes Separation Transactions:		
Basic earnings per share from continuing operations	$ 2.15	$
Diluted earnings per share from continuing operations	2.13	
Cash dividends per share	2.00	
Book value per share	25.65	
Giving Effect to the PanAmSat Stock Sale:		
Basic earnings per share from continuing operations	$ 1.76	$ (0.59)
Diluted earnings per share from continuing operations	1.74	(0.59)
Cash dividends per share	2.00	
Book value per share	24.75	4.95

EchoStar Common Stock Historical Per Share Data

This table shows historical per share information for the outstanding EchoStar common stock.

	As of and for the year ended December 31, 2001
Loss per share	$(0.45)
Cash dividends per share	
Book value per share	(1.62)

EchoStar Common Stock Equivalent Pro Forma Per Share Data

This table shows equivalent pro forma per share data for the outstanding EchoStar common stock calculated by multiplying the New EchoStar per share amounts by the exchange ratio in the Hughes/ EchoStar merger of 1/0.73, or about 1.3699, shares of New EchoStar Class A common stock for each share of EchoStar Class A common stock, and 1/0.73, or about 1.3699, shares of New EchoStar Class B common stock for each share of EchoStar Class B common stock.

	As of and for the year ended December 31, 2001
Loss per share	$ (0.97)
Cash dividends per share	
Book value per share	18.97

New EchoStar Common Stock Pro Forma Per Share Data

This table shows pro forma per share information for the outstanding New EchoStar common stock giving effect to the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. The pro forma book value per share at December 31, 2001 was calculated by dividing the pro forma book value of the net assets of New EchoStar by the total number of outstanding shares of New EchoStar common stock expected to be outstanding upon the completion of the Transactions.

	As of and for the year ended December 31, 2001
Loss per share	$ (0.71)
Cash dividends per share	
Book value per share	13.85

EchoStar Common Stock Pro Forma Per Share Data

This table shows pro forma information for the outstanding EchoStar common stock giving effect to the PanAmSat stock sale.

	As of and for the year ended December 31, 2001
Loss per share	$(0.36)
Cash dividends per share	

Book value per share	(1.75)

Recent Developments

Local Channels, All Americans Plan for New EchoStar

On February 26, 2002, EchoStar and Hughes announced a new proposal that is designed to enable New EchoStar to deliver local broadcast television channels in all 210 designated market areas in the United States as soon as 24 months following the completion of the Hughes/ EchoStar merger. In their joint satellite application filed with the FCC, the companies detailed a technically and commercially feasible Local Channels, All Americans plan developed by EchoStar and DIRECTV engineers that is designed to allow New EchoStar to offer every consumer in the continental United States, Alaska and Hawaii access to satellite-delivered local television channels.

In the filing, the companies seek authority to launch and operate a new spot-beam satellite that, when combined with four existing and under-construction EchoStar and DIRECTV spot-beam satellites and spectrum efficiencies achieved by combining frequencies from three of the companies orbital locations, is designed to enable New EchoStar to broadcast local television channels in all 210 designated market areas, including full compliance with federal must carry requirements. Currently, EchoStar and DIRECTV deliver local broadcast channels via satellite to consumers in a total of only 42 metropolitan designated market areas. The Hughes/ EchoStar merger is expected to eliminate carriage of duplicative content a total of more than 500 identical channels from the EchoStar and DIRECTV satellites which, when coupled with advanced spot-beam satellites and efficiencies expected to be created by the Hughes/ EchoStar merger, would enable local channel delivery in all U.S. designated market areas.

GM Convertible Debt Offering

On March 6, 2002, GM issued $3.75 billion of convertible debt securities as part of a comprehensive effort to improve its financial flexibility. The offering included $1.15 billion principal amount of 4.5% Series A convertible senior debentures due 2032 and $2.6 billion principal amount of 5.25% Series B convertible senior debentures due 2032. The securities mature in 30 years and are convertible into GM $1 2/3 par value common stock once specific conditions are satisfied. The proceeds of the offering, combined with other cash generation initiatives, will be used to rebuild GM s liquidity position, reduce its underfunded pension liability and fund its post retirement health care obligations.

Matters Pertaining to Arthur Andersen

EchoStar s independent certified public accountant, Arthur Andersen, has informed EchoStar that on March 14, 2002, it was indicted on federal obstruction of justice charges arising from the government s investigation of Enron. Arthur Andersen has indicated that it intends to contest vigorously the indictment. EchoStar s Audit Committee has been carefully monitoring this situation. As a public company, EchoStar is required to file with the SEC periodic financial statements audited or reviewed by an independent, certified public accountant. The SEC has said that it will continue accepting financial statements audited by Arthur Andersen, and interim financial statements reviewed by it, so long as Arthur Andersen is able to make certain representations to its clients. EchoStar s access to the capital markets and its ability to make timely SEC filings could be impaired if the SEC ceases accepting financial statements audited by Arthur Andersen, if Arthur Andersen becomes unable to make the required representations to EchoStar or if for any other reason Arthur Andersen is unable to perform required audit-related services for EchoStar. In such a case, EchoStar would promptly seek to engage new independent certified public accountants or take such other actions as may be necessary to enable EchoStar to maintain access to the capital markets and timely financial reporting.

RISK FACTORS

In addition to the other information contained in or incorporated by reference into this document, including the risks and uncertainties relating to GM, Hughes, PanAmSat and EchoStar that are contained in their respective 2001 Forms 10-K and incorporated by reference into this document, you should carefully consider each of the factors set forth below. Certain of the following factors are relevant to both the GM $1 2/3 par value common stockholders and GM Class H common stockholders in connection with their consideration of whether to approve the Transactions. Others are relevant principally to EchoStar Class A common stockholders and GM Class H common stockholders in connection with their investment in New EchoStar Class A common stock and New EchoStar Class C common stock, respectively. The following risks and uncertainties relate principally to:

the Transactions, including the GM/ Hughes separation transactions and the Hughes/ EchoStar merger, and how they will impact GM, Hughes, EchoStar and New EchoStar and your investment in these companies;

GM after the Transactions; and

New EchoStar after the Transactions, including with respect to its business, liquidity, financing activities, regulatory matters and capital stock.

The risks and uncertainties described below are not the only ones facing GM, Hughes, EchoStar, New EchoStar and the GM $1 2/3 par value common stockholders investment in GM or the EchoStar Class A common stockholders and the GM Class H common stockholders investment in New EchoStar. You should carefully review the information set forth elsewhere in this document and in the documents incorporated by reference into this document, including the risks and uncertainties relating to GM, Hughes, PanAmSat and EchoStar that are contained in their respective 2001 Forms 10-K and incorporated by reference into this document. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial may also materially adversely affect GM, Hughes, EchoStar, New EchoStar and your investment.

If any of the following risks or uncertainties develops into actual events, the business, financial condition or results of operations of GM, Hughes, EchoStar and/or New EchoStar could be materially adversely affected. If that happens, the trading prices of the GM $1 2/3 par value common stock, GM Class H common stock, EchoStar Class A common stock, New EchoStar Class A common stock and/or New EchoStar Class C common stock could decline, and you could lose all or part of your investment.

This document contains forward-looking statements that involve risks and uncertainties. New EchoStar s actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks and uncertainties faced by New EchoStar described below and elsewhere in this document.

Risk Factors Relating to the Transactions

Risks Relating to New EchoStar

New EchoStar May Not Realize the Benefits Expected From the Hughes/ EchoStar Merger. The success of the Hughes/ EchoStar merger will depend, in part, upon the ability of New EchoStar to develop an expanded competitive business and realize significant economies of scale and substantial cost and revenue synergies from combining the businesses of Hughes and EchoStar. New EchoStar may not be able to successfully integrate these operations and realize the cost and revenue synergies it currently anticipates. The difficulties of combining the operations of two previously separate businesses include, among other things, the necessity of:

coordinating geographically separated organizations;

integrating technologies (including the development of a cost-effective integrated receiver);

integrating personnel with diverse business backgrounds; and

combining different corporate cultures.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of New EchoStar s business and the loss of key personnel. The diversion of New EchoStar management s attention and any delays or difficulties encountered in connection with the integration of Hughes and EchoStar s operations could have a material adverse effect on New EchoStar s business, results of operations or financial condition.

New EchoStar May Incur Significant Expenses Related to Integration and the Hughes/ EchoStar Merger. New EchoStar is expected to incur substantial expenses in connection with the integration of the businesses of Hughes and EchoStar and their policies, procedures, operations and technologies. These expenses could, particularly in the near term, exceed the savings that New EchoStar expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost and revenue synergies related to the integration of the businesses following the completion of the Hughes/ EchoStar merger. In addition, in connection with the Transactions, New EchoStar will incur certain expenses, including the fees and expenses of financial, legal and accounting advisors, a portion of the cost of the SEC registration process and other regulatory costs. These integration-related and merger-related expenses could be significant.

Regulatory Approval of the Transactions May Require Hughes and/or EchoStar to Agree to Onerous Conditions. Under U.S. antitrust laws, the Hughes/ EchoStar merger may not be completed until the required waiting period under the Hart-Scott-Rodino Act has terminated or expired. To complete the Hughes/ EchoStar merger, the companies must also obtain the approval of the FCC for the transfer of licenses and other authorizations in connection with the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. The Transactions may be subject to certain regulatory requirements of other governmental agencies and authorities, including clearances for the Hughes/ EchoStar merger from competition and telecommunications authorities in certain foreign jurisdictions and requirements relating to the regulation of the offer and sale of securities. Many of these governmental entities from which approvals and clearances are required may seek to condition their approval or clearance of the Hughes/ EchoStar merger, or of the transfer to New EchoStar of licenses and other entitlements, on the companies compliance with certain conditions, including the divestiture of assets or other onerous conditions, that may have the effect of imposing additional costs on New EchoStar or of limiting New EchoStar s revenues or otherwise having a material adverse effect on the business of New EchoStar. Rather than agreeing to such onerous conditions, the companies may determine to terminate the Hughes/ EchoStar merger agreement instead. For more information, see The Transactions Regulatory Requirements.

Any Delay in Completing the Proposed Hughes/ EchoStar Merger May Reduce or Eliminate the Benefits Expected. In addition to the required regulatory clearances and approvals, the Hughes/ EchoStar merger is subject to a number of other conditions beyond the control of the companies that may prevent, delay or otherwise materially adversely affect the completion of the Transactions. We cannot predict whether and when these clearances and approvals can be obtained, and the requirement for such clearances and approvals could delay the completion of the Hughes/ EchoStar merger for a significant period of time or prevent it from occurring. Any delay in completing the Hughes/ EchoStar merger could cause New EchoStar not to realize some or all of the economies of scale and cost and revenue synergies that New EchoStar expects to achieve if EchoStar successfully completes the Hughes/ EchoStar merger and integrates its business with the Hughes business.

New EchoStar May Have to Indemnify General Motors if It Fails to Abide by the Restrictions That It Will Be Subject to with Respect to Issuances of its Equity Securities for a Two-Year Period Following the Hughes/EchoStar Merger. Under the terms of the implementation agreement, New EchoStar has agreed to indemnify GM and its affiliates against any taxes resulting from the Hughes split-off if the taxes arise from actions or failures to act by New EchoStar that disqualify the Hughes split-off from being tax-free to GM. Specifically, New EchoStar is required to indemnify GM and its affiliates if New EchoStar enters into any transaction or series of transactions (or fails to take any action within its control) that causes the Hughes split-off to be taxable to GM by reason of the 50% limitation described at Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Be Subject to Potentially Significant Restrictions with Respect to Issuances of its Equity Securities for a Two-Year Period Following the Hughes/EchoStar Merger . As a result, if New EchoStar does not abide by these limitations, it may be subject to substantial liabilities under the indemnification provisions of the implementation agreement. For a more detailed discussion, see Description of Principal Transaction Agreements Implementation Agreement Preservation of the Tax-free Status of the Hughes Split-off.

Risks Relating to Hughes and EchoStar

The Failure to Complete the Proposed Hughes/ EchoStar Merger as Planned Could Result in the Payment of a Termination Fee by either Hughes or EchoStar and Could Materially Adversely Affect the Financial Condition of Hughes or EchoStar, As the Case May Be. Under the terms of the Hughes/ EchoStar merger agreement, Hughes has agreed to pay a termination fee of $600 million to EchoStar if the Hughes/ EchoStar merger is not completed for certain reasons. In addition, if the Hughes/ EchoStar merger is not completed for certain other reasons, EchoStar has agreed to pay a termination fee of $600 million to Hughes. See Description of Principal Transaction Agreements Hughes/ EchoStar Merger Agreement Termination Fees; Expense Reimbursement. The financial burden that such a payment would have on Hughes or EchoStar could materially adversely affect that company s ability to raise new capital, or otherwise have a material adverse effect on its financial condition, and each of Hughes and EchoStar will have incurred substantial transaction-related expenses and devoted substantial management resources to the Transactions without realizing the anticipated benefits.

Some Credit Facilities of Hughes Mature Prior to the Termination Date of the Hughes/EchoStar Merger Agreement and Hughes May Have Difficulty Refinancing That Debt. The Hughes/EchoStar merger agreement contains a January 21, 2003 termination date, which may be extended in limited circumstances. Some credit facilities of Hughes mature at the earlier of the effective time of the Hughes/ EchoStar merger and December 2002. If the Hughes/ EchoStar merger has not been completed prior to December 2002, Hughes would likely seek to refinance, or obtain an extension of the maturity dates of, those facilities. There can be no assurance that Hughes would be able to refinance those facilities on acceptable terms or at all or that the lenders under those facilities would extend the maturity dates. In addition, Hughes would be subject to the terms of the Hughes/ EchoStar merger agreement which contains some limitations on its ability to issue certain securities prior to the termination of the Hughes/ EchoStar merger agreement. Hughes inability to refinance the facilities on acceptable terms or at all or to extend the maturity dates could have a material adverse effect on its business, financial condition and results of operations. For a further discussion of these facilities, see the Hughes 2001 Form 10-K, which is incorporated by reference into this document.

EchoStar May Be Required to Acquire the Approximately 81% Interest Held by Hughes Subsidiaries in PanAmSat and Offer to Purchase the Remaining Minority Interest in PanAmSat under Certain Circumstances. If the Hughes/ EchoStar merger does not occur because certain financing or regulatory-related conditions have not been satisfied, EchoStar would be required to purchase the approximately 81% interest in PanAmSat held by Hughes subsidiaries for a purchase price of $22.47 per share, or an aggregate amount of about $2.7 billion, and will be required to offer to purchase the remaining publicly-traded shares of PanAmSat in an exchange offer at a price of $22.47 per share payable, at the option of each holder of such remaining shares, either in cash or shares of EchoStar Class A common stock, unless EchoStar has previously entered into an agreement for the acquisition of PanAmSat by merger or commenced a tender offer for all of the outstanding shares of PanAmSat at an equivalent or greater price per share. The financial burden such purchases would have on EchoStar could materially adversely affect its ability to raise new capital, or otherwise have a material adverse effect on its financial condition, and EchoStar will have incurred substantial transaction-related expenses and devoted substantial management resources to the proposed Hughes/ EchoStar merger without realizing the anticipated benefits. See Description of Principal Transaction Agreements PanAmSat Stock Purchase Agreement. Moreover, EchoStar would then have business interests that would be substantially subject to those risks disclosed in PanAmSat s 2001 Form 10-K, which is incorporated herein by reference, and those risks related to international satellite business operations. See Risk Factors Relating to New EchoStar After the Transactions Risks Relating to the Business of New EchoStar New EchoStar Will Be Subject to Other Risks Related to its International Operations.

EchoStar s Obligation to Acquire the Approximately 81% Interest Held by Hughes Subsidiaries in PanAmSat under Certain Circumstances Is Subject to Certain Conditions and, if Not Completed, Could

Materially Adversely Affect Hughes Financial Condition. If the Hughes/ EchoStar merger does not occur because certain financing or regulatory-related conditions have not been satisfied, EchoStar will be required to purchase the approximately 81% interest in PanAmSat held by Hughes subsidiaries. However, the PanAmSat stock sale is subject to a number of conditions beyond the control of GM, Hughes and EchoStar which must be satisfied before the transaction could be completed, including, among other things:

the expiration or termination of the waiting period applicable to the PanAmSat stock sale under the Hart-Scott-Rodino Act;

the absence of any effective injunction or order which prevents the completion of the PanAmSat stock sale; and

the receipt of FCC approval for the transfer of licenses in connection with the PanAmSat stock sale.

If these conditions were not fulfilled, EchoStar would not be obligated to complete the purchase, even though the Hughes/ EchoStar merger was not completed for the specified reasons. If this were to happen, Hughes would remain a wholly owned subsidiary of GM, and GM and Hughes would not have the benefit of the liquidity represented by the sale of Hughes indirect interest in PanAmSat to EchoStar. See Description of Principal Transaction Agreements PanAmSat Stock Purchase Agreement.

Hughes and EchoStar Are Each Prohibited from Pursuing Certain Other Opportunities Prior to the Termination of the Transaction Agreements. Pursuant to the terms of the Hughes/ EchoStar merger agreement, subject to certain exceptions, certain transactions involving Hughes or EchoStar are prohibited prior to the termination of the applicable transaction agreements among GM, Hughes Holdings, Hughes and EchoStar. These prohibited transactions generally include any merger or consolidation of Hughes or EchoStar, which is material to it and its subsidiaries as a whole, with an entity other than EchoStar or Hughes, respectively. These prohibitions may prevent GM, Hughes and EchoStar from pursuing attractive strategic alliances or combinations in the event that such opportunities arise before the termination of the Transaction agreements.

The Pendency of the Hughes/ EchoStar Merger Could Negatively Affect the Stock Price of GM Class H Common Stock and EchoStar Class A Common Stock As Well As the Future Business and Operations of Each of Hughes and EchoStar. In response to the announcement of the Hughes/ EchoStar merger, the customers and strategic partners of each of Hughes and EchoStar may delay or defer decisions, which could have a material adverse effect on the businesses of each of Hughes and EchoStar, regardless of whether the Hughes/ EchoStar merger is ultimately completed. Similarly, current and prospective employees of Hughes and EchoStar may experience uncertainty about their future roles with the combined company, which may adversely affect the ability of each of Hughes and EchoStar to attract and retain key management, sales, marketing and technical personnel. In addition, some rating agencies that provide security ratings on Hughes debt have also downgraded their ratings on Hughes long-term debt since the announcement of the Hughes/EchoStar merger. A downgrade could adversely affect the ability of Hughes to finance its operations, including the cost of obtaining financing. For information regarding security ratings on Hughes debt, see Hughes 2001 Form 10-K, which is incorporated by reference into this document. Finally, if the Hughes/ EchoStar merger is terminated and GM and Hughes determine to seek another transaction involving Hughes, we cannot assure you that they will be able to negotiate a transaction with another company on terms comparable to the Transactions.

Risk Factors Relating to GM After the Transactions

The Amount of Liquidity and Value To Be Provided to GM Pursuant to the Transactions Could Vary Significantly Based on a Number of Factors. The aggregate amount of liquidity and value to be provided to GM in connection with the Transactions could vary significantly. It will depend upon the value of GM s retained economic interest in Hughes before the Hughes split-off or GM s ownership interest in New EchoStar after the Hughes/EchoStar merger, as applicable, and the circumstances under which GM achieves liquidity with regard to that interest.

Depending upon certain variable factors that will not be known until immediately before the completion of the Hughes split-off, GM s retained economic interest in Hughes may be reduced in connection with the payment of the Hughes dividend distribution to GM to such an extent that:

GM would hold fewer than 100 million shares (or no shares) of New EchoStar Class C common stock after the completion of the Hughes recapitalization, which would limit GM s ability to engage in debt-for-equity exchanges after the Hughes/ EchoStar merger to such lower number of shares, if any; and/or

GM would retain few shares (or no shares) of New EchoStar Class C common stock after the completion of the Transactions (including the completion of any GM debt-for-equity exchanges).

The variable factors that could affect these outcomes include, among other things, the actual amount of the Hughes dividend distribution and the average market price of GM Class H common stock during a specified period preceding that time.

In addition, the transaction agreements provide that both the aggregate number of shares subject to the GM debt-for-equity exchanges and/or the amount of the Hughes dividend distribution are subject to mandatory reduction under certain circumstances in order to satisfy the minimum equity headroom condition to the completion of the Hughes/ EchoStar merger or to satisfy a requirement that the amount of the $4.2 billion Hughes dividend distribution does not exceed the value of GM s retained economic interest at the time of payment of the Hughes dividend distribution.

The companies have agreed that, if and to the extent necessary in order to satisfy the minimum equity headroom condition, which is set forth in the Hughes/ EchoStar merger agreement and described elsewhere in this document, the aggregate number of shares of New EchoStar Class C common stock that General Motors may distribute pursuant to GM debt-for-equity exchanges after the completion of the Hughes/ EchoStar merger will be reduced to as few as 60 million shares. Furthermore, in order to cause the minimum equity headroom condition to be satisfied, GM may elect, but is not required, to further reduce the aggregate number of shares of New EchoStar Class C common stock subject to such GM debt-for-equity exchanges. We cannot assure you whether, or to what extent, GM would make any such voluntary reductions to the number of shares subject to such GM debt-for-equity exchanges. GM currently expects that it would make any determination regarding any such voluntary reductions immediately prior to the time of the completion of the Hughes split-off, based on factors it determines relevant as of such time.

The companies have also agreed that if, after giving effect to any required or voluntary reductions to the number of shares subject to the GM debt-for-equity exchanges as described above, either the minimum equity headroom condition is still not satisfied or the $4.2 billion Hughes dividend distribution would otherwise exceed the value of GM s retained economic interest in Hughes at the time of the payment of the Hughes dividend distribution, then under certain circumstances the amount of the Hughes dividend distribution would be reduced by up to $700 million. Under such circumstances, the amount of the Hughes dividend distribution could be reduced to an amount as low as $3.5 billion. See Description of Principal Transaction Agreements GM/Hughes Separation Agreement The Hughes Recapitalization Reduction in the Shares Subject to GM Debt-for-Equity Exchanges; Reduction of the Hughes Dividend Distribution.

In order to cause either of these conditions to be satisfied, GM may elect, but is not required, to further reduce the amount of the Hughes dividend distribution to an amount less than $3.5 billion. We cannot assure you whether, or to what extent, GM may consider any voluntary reduction to the amount of the Hughes dividend distribution. GM currently expects that it would make any determination regarding any such voluntary reduction immediately prior to completion of the GM/Hughes separation transactions, based on factors it determines relevant as of such time. If GM were to determine not to make any such voluntary reductions to the aggregate number of shares subject to the debt-for-equity exchanges and/or the amount of the Hughes dividend distribution, which determination would be within GM s sole discretion, such that the specified conditions would not be satisfied, then the Hughes split-off and the Hughes/EchoStar merger would not occur unless such conditions were waived. Any such voluntary reductions would, however, reduce the amount of liquidity to be provided to GM in connection with the Transactions.

Also, depending upon the terms of the IRS ruling, GM could be required to distribute to the holders of GM $1 2/3 par value common stock shares of New EchoStar Class C common stock, if any, that GM would otherwise retain following the Hughes split-off to the extent required by the transaction agreements.

In addition, the amount of liquidity and value, if any, that GM may realize as a result of:

- any issuance of shares of GM Class H common stock in GM debt-for-equity exchanges before the Hughes split-off; or

- any shares of New EchoStar Class C common stock that it holds, whether such shares are distributed in GM debt-for-equity exchanges within six months of the Hughes/EchoStar merger or are retained thereafter;

would generally depend upon, among other things, the trading prices of shares of GM Class H common stock or New EchoStar Class C common stock, as applicable, at the time of GM s disposition of any such shares.

The amount of liquidity and value to be provided to GM pursuant to the Transactions could vary materially as a result of the factors described above, which could under certain circumstances materially adversely affect GM s credit position after the completion of the Transactions.

The Assets of Hughes Will Not Support GM s Financial Position and Credit Ratings After the GM/Hughes Separation Transactions. Following the completion of the Transactions, Hughes will no longer be a subsidiary of GM. Although the Transactions are expected to provide General Motors with significant liquidity and value as described in greater detail elsewhere in this document, after the Hughes split-off General Motors will be unable to rely upon the assets of Hughes to support its financial position and credit ratings, including in times of economic downturn or cyclical changes in the automotive industry. As a result of the Hughes split-off, GM anticipates that there would be a net reduction of GM s stockholders equity, reflecting an increase based on the difference between the fair market value and the net book value of Hughes at the time of the Hughes split-off and a reduction based on the fair market value at such time of the shares distributed in the Hughes split-off. This reduction would have been about $3.9 billion based on the EchoStar Class A common stock price and the net book value of Hughes at December 31, 2001 and certain other assumptions. For additional information, see The Transactions Accounting Treatment below. We cannot assure you that, after the Transactions, operating results and market conditions will not result in lower credit ratings or a weaker financial condition for GM than if the Transactions had not occurred.

Any Appreciation or Depreciation in the Value of the New EchoStar Class C Common Stock Will Affect the Level of GM s Pension Expense. About 21% of the outstanding GM Class H common stock is currently held by certain GM employee benefit plans. As GM Class H common stockholders, those GM employee benefit plans will receive shares of New EchoStar Class C common stock in the Transactions. In connection with the Transactions, those GM employee benefit plans agreed to some restrictions on their ability to sell their shares. See Shares Eligible For Future Sale GM Employee Benefit Plans. After the completion of the Transactions, during any period in which those GM employee benefit plans continue to own New EchoStar Class C common stock, appreciation or depreciation in the value of New EchoStar Class C common stock will affect the level of GM s pension expense, which is actuarially determined and computed in accordance with accounting principles generally accepted in the United States. We can provide no assurance as to whether the trading value of New EchoStar Class C common stock after the Transactions will be equal to or greater than the trading value of GM Class H common stock before the Transactions or if the Transactions had not occurred.

Risk Factors Relating to New EchoStar After the Transactions

Risks Relating to the Business of New EchoStar

New EchoStar Will Compete With Other Subscription Television Providers, Which Could Materially Adversely Affect New EchoStar s Ability to Grow and Increase Earnings. New EchoStar will compete in the highly competitive subscription television industry against cable television and other land-based and satellite-based system operators offering video, audio and data programming and entertainment services. Many of these competitors have substantially greater financial, marketing and other resources than New EchoStar will have.

New EchoStar s ability to increase earnings will depend, in part, upon its ability to compete with these other operators.

Cable television operators have a large, established customer base, and many cable operators have significant investments in, and access to, programming. Of the about 97% of U.S. television households in which cable television service is currently available, about 67% currently subscribe to cable. Cable television operators have advantages relative to EchoStar and Hughes by, among other things:

- providing service to multiple television sets within the same household at a lesser incremental cost to the consumer;
- providing local and other programming in a larger number of geographic areas; and
- bundling their analog video service with expanded digital video services delivered terrestrially or via satellite, efficient two-way high-speed Internet access, and telephone service on upgraded cable systems.

As a result of these and other factors, New EchoStar may not be able to continue to expand its subscriber base or compete effectively against cable television operators.

New technologies also could have a material adverse effect on the demand for New EchoStar s direct broadcast satellite services. For example, new and advanced local multi-point distribution services are currently being implemented. Other terrestrial wireless video and data distribution services have been proposed at the FCC. In addition, entities such as regional telephone companies, which are likely to have greater resources than New EchoStar will have, are implementing and supporting digital video compression over existing telephone lines. While these entities are not currently providing digital wireless cable, many have the capabilities for such services. Moreover, mergers, joint ventures, and alliances among franchise, wireless or private cable television operators, regional Bell operating companies and others may result in providers capable of offering bundled cable television and telecommunications services in competition with New EchoStar. As a result, New EchoStar may not be able to compete successfully with existing competitors or new entrants in the market for subscription television services.

Other companies in the United States have conditional permits or have leased transponders for direct broadcast satellite assignments that can be used to provide service to portions of the United States. Also, C-band satellite providers and other low and medium power satellite operators continue to compete in the market for subscription television services, particularly in rural areas.

In addition, the FCC has proposed to allocate additional spectrum for direct broadcast satellite services, which could create significant additional competition in the market for subscription television services.

New EchoStar Will Depend Upon Others to Produce Programming. New EchoStar will depend upon third parties to provide it with programming services. The programming agreements of DIRECTV and EchoStar generally have remaining terms ranging from less than one and up to 10 years and contain various renewal and cancellation provisions. New EchoStar may not be able to renew these agreements on favorable terms, or at all, or these agreements may be canceled prior to expiration of their original term. If New EchoStar were unable to renew any of these agreements or the other parties cancel the agreements, we cannot assure you that New EchoStar would be able to obtain substitute programming, or that such substitute programming would be comparable in quality or cost to the existing programming of DIRECTV and EchoStar. In addition, programming costs may continue to increase. New EchoStar may be unable to pass programming costs on to its customers which could have a material adverse impact on its cash flow and operating margins. New EchoStar s ability to compete successfully will depend upon its ability to continue to obtain desirable programming and offer it attractively to its customers at competitive prices.

Increased Subscriber Turnover Could Harm New EchoStar s Financial Performance. Turnover of customers, or churn, is a significant cost element for any subscription television provider. DIRECTV and EchoStar have historically had significant levels of churn. Any development which, among other things, increases costs to existing customers of New EchoStar, materially adversely impacts the quality of the product or service, increases the desirability of competing products or increases uncertainty about whether the Hughes/EchoStar merger will be completed may increase churn. Thus, any of the risks described in this document which potentially have a material adverse impact on cost or quality could also result in an increase in churn which would harm the financial performance of New EchoStar. Churn can also increase due to factors beyond the control of New EchoStar, including a slowing economy, significant signal compromise, a maturing subscriber base and competitive offers. There can be no assurance that New EchoStar will be able to manage its churn rates to achieve a reasonable level of financial performance.

Increased Subscriber Acquisition Costs Could Affect New EchoStar s Financial Performance. Both DIRECTV and EchoStar subsidize the cost and installation of their receiver systems in order to attract new subscribers and it is contemplated that New EchoStar will continue this practice. New EchoStar s subscriber acquisition costs, both in the aggregate and on a per new subscriber activation basis, may materially increase to the extent that it continues or expands current sales promotion activities, or introduces other more aggressive promotions. Any material increase in subscriber acquisition costs from current levels could have a material adverse effect on New EchoStar s business, financial condition and results of operations.

Satellite Programming Signals Have Been Compromised, Which Could Cause New EchoStar to Lose Subscribers and Revenue. The delivery of subscription programming requires the use of encryption technology to assure that only those who pay can receive the programming. It is illegal to create, sell or otherwise distribute mechanisms or devices to circumvent that encryption. Theft of cable and satellite programming has been widely reported and DIRECTV s and EchoStar s signal encryption has been compromised and could be further compromised in the future. New EchoStar will respond to compromises of its encryption system with measures intended to make signal theft of its programming commercially uneconomical. We currently anticipate that New EchoStar will utilize a variety of tools to continue to accomplish this goal. Ultimately, if other measures are not successful, it could be necessary for New EchoStar to incur significant expense to replace the conditional access card that controls the security of each consumer set-top box. If New EchoStar can not promptly correct a compromise of its encryption technology, New EchoStar s revenue and its ability to contract for video and audio services provided by programmers could be materially adversely affected.

New EchoStar May Be Unable to Manage Rapidly Expanding Operations. If New EchoStar is unable to manage its growth effectively, its business and results of operations could be materially adversely affected. To manage its growth effectively, we believe that New EchoStar must continue to:

- develop its internal and external sales forces;
- develop installation capability;
- develop customer service operations and information systems;
- maintain the existing relationships of Hughes and EchoStar with third party vendors; and
- expand, train and manage its employee base.

Furthermore, its management personnel must assume even greater levels of responsibility. If New EchoStar is unable to effectively manage growth, New EchoStar may experience a decrease in subscriber growth, an increase in churn, an increase in expenses or other adverse results, any one of which could have a material adverse effect on its business.

We Expect That New EchoStar Will Experience Net Losses For the Foreseeable Future and We Cannot Be Certain That New EchoStar Will Achieve or Sustain Profitability. Hughes and EchoStar have sustained significant losses and have significant amounts of debt. In addition, New EchoStar will need to incur even more debt in connection with the Hughes/EchoStar merger financing and related transactions, and expects to incur substantial amounts of debt after the Hughes/EchoStar merger in order to operate its business. Further, if EchoStar s and Hughes s application for authority to launch and operate a new spot-beam satellite in connection with the delivery of local broadcast TV channels in all 210 designated market areas in the United States is approved by the FCC, New EchoStar is expected to expend substantial resources to construct and launch this satellite. If New EchoStar does not have sufficient income or other sources of cash, it could eventually affect its ability to service its debt and pay its other obligations. Improvements in New EchoStar s results of operations will depend largely upon its ability to successfully integrate the Hughes and EchoStar businesses while increasing its customer base, maintaining its price structure, effectively managing its costs and controlling churn. We cannot assure you that New EchoStar will be effective with regard to these matters. We currently anticipate that New EchoStar will continue to experience net losses for the foreseeable future.

New EchoStar s Future Growth Will Depend Upon its Ability to Implement its Business Strategy. New EchoStar s business strategy will be focused on becoming a premier provider of integrated entertainment, information and communications services. We cannot assure you that the implementation of these initiatives will not be delayed, or that they will ever be fully implemented, or, if implemented, will allow New EchoStar to successfully capitalize on the emerging communications services markets it will target. Further, we cannot assure you that New EchoStar will be successful in implementing these new initiatives, or any other new initiatives.

New EchoStar Will Be Subject to Other Risks Related to its International Operations. Hughes and, in particular, DIRECTV Latin America and PanAmSat conduct a material portion of their businesses outside the United States. On a consolidated basis, excluding revenues from Hughes former subsidiary, Hughes Space and Communications, for the years ended December 31, 2001, 2000 and 1999, about 20%, 18% and 21%, respectively, of Hughes revenues were generated from customers outside of the United States. All of DIRECTV Latin America s revenues were generated from customers outside the United States. With respect to PanAmSat on a stand-alone basis for years ended December 31, 2001, 2000 and 1999, about 60%, 51% and 57%, respectively, of PanAmSat s revenues were generated from customers outside of the United States. International operations are subject to risks inherent in international business activities, including:

- limitations and disruptions resulting from the imposition of government controls;
- difficulties meeting export license requirements;
- obtaining and/or maintaining licenses necessary to conduct its business;
- economic or political instability;
- trade restrictions;
- changes in tariffs;
- currency fluctuations;
- greater difficulty in pursuing legal remedies against foreign business partners or customers;
- greater difficulty in safeguarding intellectual property; and
- difficulties in managing overseas subsidiaries and international operations.

These risks could have a material adverse effect on New EchoStar s business.

New EchoStar s New or Proposed Satellites Will Be Subject To Construction Delays. The construction and launch of satellites are subject to certain delays. Such delays can result from the delays in the construction of satellites and launch vehicles, the periodic unavailability of reliable launch opportunities, possible delays in obtaining regulatory approvals and launch failures, as discussed below. A significant delay in the future delivery of any satellite would also materially adversely affect the marketing plan for, or use of, the satellite. If satellite construction schedules are not met, there can be no assurance that a launch opportunity will be available at the time a satellite is ready to be launched. Certain delays in satellite construction could also jeopardize satellite authorizations that are conditioned on timely construction and launch of the satellite. The failure to implement the New EchoStar satellite deployment plan on schedule could have a material adverse effect on New EchoStar s financial condition and results of operations.

New EchoStar s Satellites Will Be Subject to Risks Relating to Launch. Satellite launches are subject to significant risks, including launch failure, incorrect orbital placement or improper commercial operation. About 15% of all commercial geostationary satellite launches have resulted in a total or constructive total loss. Certain launch vehicles that may be used by New EchoStar have either unproven track records or have experienced launch failures in the past. The risks of launch delay and failure are usually greater when the

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launch vehicle does not have a track record of previous successful flights. Launch failures result in significant delays in the deployment of satellites because of the need both to construct replacement satellites, which can take up to 24 months, and obtain other launch opportunities. Such significant delays could materially adversely affect the operations and revenues of New EchoStar. If New EchoStar were unable to obtain launch insurance, or obtain launch insurance at rates it deemed commercially reasonable, and a significant launch failure were to occur, it could have a material adverse effect on its financial condition and results of operations. In addition, the occurrence of future launch failures may materially adversely affect the ability of New EchoStar to insure the launch of its satellites at commercially reasonable premiums, if at all. See New EchoStar May Not Have Traditional Commercial Insurance Coverage on Certain of its Satellites at the Time of the Completion of the Hughes/EchoStar Merger and New EchoStar May Determine to Self-Insure Additional Satellites After the Completion of the Hughes/EchoStar Merger.

Once Launched and Properly Deployed, New EchoStar s Satellites Will Be Subject to Significant Operational Risks Due to Various Types of Potential Anomalies. Satellites are subject to significant operational risks while in orbit. These risks include malfunctions, commonly referred to as anomalies, that have occurred in EchoStar, Hughes and PanAmSat satellites and the satellites of other operators as a result of various factors, such as satellite manufacturer s error, problems with the power systems or control systems of the satellites and general failures resulting from operating satellites in the harsh space environment.

Although New EchoStar will work closely with the satellite manufacturers to determine and eliminate the cause of anomalies in new satellites and provide for redundancies of critical components in the satellites, we cannot assure you that New EchoStar will not experience anomalies in the future, whether of the types described above or arising from the failure of other systems or components.

Any single anomaly or series of anomalies could materially adversely affect the operations and revenues of New EchoStar and its relationships with current customers, as well as its ability to attract new customers for its direct broadcast satellites and other satellite services. In particular, future anomalies may result in the loss of individual transponders on a satellite, a group of transponders on that satellite or the entire satellite, depending on the nature of the anomaly. Anomalies may also reduce the expected useful life of a satellite, thereby reducing the revenue that could be generated by that satellite, or create additional expenses due to the need to provide replacement or back-up satellites. Finally, the occurrence of anomalies may materially adversely affect the ability of New EchoStar to insure its satellites at commercially reasonable premiums, if at all. While some anomalies are currently covered by existing insurance policies, others are not now covered or may not be covered in the future.

Meteoroid events pose a potential threat to all in-orbit satellites. The probability that meteoroids will damage those satellites increases significantly when the Earth passes through the particulate stream left behind by various comets. Due to the current peak in the 11-year solar cycle, increased solar activity is likely for the next year. Occasionally, increased solar activity poses a potential threat to all in-orbit satellites. The probability that the effects from this activity will damage New EchoStar s satellites or cause service interruptions is generally very small.

Some decommissioned spacecraft are in uncontrolled orbits which pass through the geostationary belt at various points, and present hazards to operational spacecraft, including New EchoStar s satellites. New EchoStar may be required to perform maneuvers to avoid collisions which may prove unsuccessful or could reduce the useful life of the satellite through the expenditure of fuel to perform these maneuvers. The loss, damage or destruction of any of New EchoStar s satellites as a result of an electrostatic storm, collision with space debris, malfunction or other event would have a material adverse effect on the business of New EchoStar. As is common in the industry, New EchoStar s in-orbit insurance, if any, will not cover damage to satellites that occurs as a result of collisions with meteoroids, decommissioned spacecraft or other space debris.

New EchoStar s Satellites Could Fail Earlier Than Their Expected Useful Lives. New EchoStar s ability to earn revenue depends on the usefulness of its satellites. Each satellite has a limited useful life. A number of factors affect the useful lives of the satellites, including, among other things:

- the quality of their construction;
- the durability of their component parts;
- the ability to continue to maintain proper orbit and control over the satellite s functions;
- the efficiency of the launch vehicle used; and
- the remaining on-board fuel following orbit insertion.

Generally, the minimum design life of the satellites in the New EchoStar fleet is 12 years. New EchoStar can provide no assurance, however, as to the actual useful lives of the satellites.

In the event of a failure or loss of any of its satellites, New EchoStar may relocate another satellite and use it as a replacement for the failed or lost satellite. Such a relocation would require prior FCC approval and, among other things, a showing to the FCC that the replacement satellite would not cause additional interference compared to the failed or lost satellite. We cannot be certain that New EchoStar could obtain such FCC approval. If New EchoStar chooses to use a satellite in this manner, we cannot assure you that this use would not materially adversely affect its ability to meet the operation deadlines associated with its authorizations. Failure to meet those deadlines could result in the loss of such authorizations, which would have a material adverse effect on New EchoStar s operations.

New EchoStar May Not Have Traditional Commercial Insurance Coverage on Certain of its Satellites at the Time of the Completion of the Hughes/ EchoStar Merger and New EchoStar May Determine to Self-Insure Additional Satellites After the Completion of the Hughes/ EchoStar Merger. The price, terms and availability of insurance fluctuate significantly. In the last several years, the cost of obtaining launch and in-orbit policies on satellites reached historic lows but has recently begun to return to the higher levels for such policies that were common in the early 1990 s. We currently expect the cost of obtaining insurance to continue to rise and the availability to be limited as a result of recent satellite failures and general conditions in the insurance industry, including the effects of the September 11, 2001 terrorist attacks. Launch and in-orbit policies on satellites may not continue to be available on commercially reasonable terms or at all. In addition to higher premiums, insurance policies may provide for higher deductibles, shorter coverage periods and additional satellite health-related policy exclusions.

The indentures related to certain of EchoStar s and its subsidiaries outstanding notes contain restrictive covenants that require EchoStar to maintain satellite insurance with respect to specified numbers of the satellites it owns or leases. To date, EchoStar has been unable to obtain insurance on many of its satellites on terms acceptable to EchoStar. As a result, EchoStar is currently self-insuring all of its satellites. To satisfy insurance covenants related to EchoStar s and its subsidiaries outstanding notes, EchoStar has reclassified an amount equal to the depreciated cost of three of its satellites from cash and cash equivalents to cash reserved for satellite insurance on its balance sheet. As of December 31, 2001, cash reserved for satellite insurance totaled about $122 million, which could be increased upon the occurrence of certain events as described in EchoStar s 2001 Form 10-K, which is incorporated herein by reference. The reclassifications will continue until such time, if ever, as EchoStar can again insure its satellites on acceptable terms and for acceptable amounts. EchoStar believes that it has in-orbit satellite capacity sufficient to expeditiously recover transmission of most programming in the event one of its satellites fails. However, the cash reserved for satellite insurance is not adequate to fund the construction, launch and insurance for a replacement satellite in the event of a complete loss of a satellite. Programming continuity cannot be assured in the event of multiple satellite losses.

Hughes and PanAmSat use in-orbit and launch insurance to mitigate the potential financial impact of satellite fleet in-orbit and launch failures unless the premium costs are considered uneconomic relative to the risk of satellite failure. The insurance generally covers the unamortized book value of covered satellites. Although the insurance generally does not compensate for business interruption or loss of future revenues or customers, Hughes relies on in-orbit spare satellites and excess transponder capacity at key orbital slots to mitigate the impact of satellite failure on Hughes ability to provide service. If Hughes insurance policies contain a coverage exclusion for a satellite with known anomalies or insurance costs for a particular satellite are prohibitively expensive, Hughes self-insures with respect to those anomalies or satellites. The book value of satellites that were insured with coverage exclusions amounted to $699.3 million and the book value of the satellites that were self-insured was $668.5 million at December 31, 2001. The instruments governing certain PanAmSat indebtedness also contain restrictive covenants that require it to maintain satellite insurance with respect to specified numbers of the satellites they own or lease.

New EchoStar may not be able to obtain commercial insurance covering the launch and/or in-orbit operation of new satellites or renew coverage on existing satellites at rates acceptable to it and for the full amount necessary to construct, launch and insure replacement satellites. In that event, New EchoStar will be forced to self-insure all or a portion of the launch and/or in-orbit operation of each affected satellite, which could require New EchoStar to reserve material amounts of additional cash on its balance sheet, which could materially adversely affect New EchoStar s financial condition and results of operations given the significant funding requirements New EchoStar is expected to have following the completion of the Hughes/EchoStar merger and the restrictions New EchoStar will have on its ability to engage in equity and debt financings. See Risks Relating to Liquidity and Financing Activities of New EchoStar We Cannot Assure You That There Will Be Sufficient Funding For New EchoStar and New EchoStar Will Be Subject to Potentially Significant Restrictions with Respect to Issuances of its Equity Securities for a Two-Year Period Following the Hughes/EchoStar Merger. Any launch vehicle failure, or loss or destruction of any of New EchoStar s satellites for which it does not have commercial insurance for the full replacement cost of such satellites could have a material adverse effect on its business, financial condition and results of operations and on its ability to comply with must-carry and other regulatory obligations. In addition, higher premiums on insurance policies would increase New EchoStar s costs, thereby reducing its operating income.

New EchoStar s Ability to Maintain Leading Technological Capabilities is Uncertain. New EchoStar s operating results will depend to a significant extent upon its ability to continue to introduce new products and services on a timely basis and to reduce costs of its existing products and services. We cannot assure you that New EchoStar will successfully identify new product or service opportunities or develop and market these opportunities in a timely or cost-effective manner. The success of new product development depends on many factors, including proper identification of customer needs, cost, timely completion and introduction, differentiation from offerings of competitors and market acceptance.

Technology in the subscription television and satellite services industries changes rapidly as new technologies are developed, which could cause the services and products of New EchoStar to become obsolete. We cannot assure you that New EchoStar and its suppliers will be able to keep pace with technological developments. If the new technologies on which New EchoStar intends to focus its research and development investments fail to achieve acceptance in the marketplace, New EchoStar would suffer a material adverse effect on its future competitive position and, accordingly, in its financial condition and results of operations. In addition, delays in the delivery of components or other unforeseen problems in New EchoStar s direct broadcast satellite system or other satellite services may occur that could materially adversely affect performance or operations and, thus, have a material adverse effect on its business.

Technological innovation is important to New EchoStar s success and depends, to a significant degree, on the work of technically skilled employees. Competition for the services of these types of employees is vigorous. We cannot assure you that New EchoStar will be able to attract and retain these employees. If New EchoStar were unable to attract and maintain technically skilled employees, its competitive position could be materially adversely affected.

The Benefits of Hughes Subsidiary Relationship with GM Will Not Be Available to New EchoStar Following the Transactions. As a wholly owned subsidiary of GM, Hughes has been able to benefit from GM s extensive network of business relationships with companies and other contacts around the world. Hughes has historically drawn upon this resource in the course of developing its own contacts and business relationships. After the Transactions, New EchoStar will be an independent, publicly owned company, separate from GM, and thus will no longer be able to benefit from GM s relationships in the same manner.

New EchoStar Will Rely on Key Personnel. New EchoStar s future success will depend to a significant extent upon the performance of Charles W. Ergen, who will be the Chairman of the Board of Directors and Chief Executive Officer of New EchoStar. The loss of Mr. Ergen or of certain other key executives could have a material adverse effect on New EchoStar s business. New EchoStar does not expect to maintain key man insurance. Although all of its executives will execute agreements limiting their ability to work for or consult with competitors if they leave New EchoStar, New EchoStar will not have any employment agreements with any of them, other than with Charles W. Ergen.

Risks Relating to Liquidity and Financing Activities of New EchoStar

New EchoStar Will Be Subject to Potentially Significant Restrictions with Respect to Issuances of Its Equity Securities for a Two-Year Period Following the Hughes/ EchoStar Merger. In order to preserve the tax-free status of the Hughes split-off to General Motors, New EchoStar has agreed to be subject to certain restrictions on issuances of its stock and other securities that are convertible or exchangeable into its stock. Under applicable provisions of the Internal Revenue Code of 1986, as amended, which we sometimes refer to as the Code, the Hughes split-off will not be tax-free to General Motors if it is part of a plan under which one or more persons, other than General Motors and, in general, its historical stockholders, acquire stock possessing at least 50% of the voting power or at least 50% of the value of the outstanding stock of New EchoStar. We sometimes refer to the shares of New EchoStar stock that will count toward this 50% limitation as tainted stock. The New EchoStar Class A common stock and New EchoStar Class B common stock issued in the Hughes/ EchoStar merger will be treated as tainted stock that counts toward the 50% limitation, as will shares of New EchoStar Class C common stock exchanged in the Hughes split-off for shares of GM Class H common stock issued in any GM debt-for-equity exchange and shares of New EchoStar Class C common stock distributed in any subsequent GM debt-for-equity exchange. In addition, any stock that is issued by New EchoStar, other than stock issued upon the exercise of compensatory stock options, during the two-year period following the Hughes split-off generally will be presumed to be tainted stock absent an IRS ruling or tax opinion to the contrary. Under the implementation agreement, General Motors has broad rights to prevent New EchoStar from taking any action that might jeopardize the tax-free status of the Hughes split-off. As a result, New EchoStar s ability to issue any equity capital or other securities convertible or exchangeable into equity capital in the two-year period following the Hughes/ EchoStar merger will be severely restricted, absent possible favorable IRS rulings, which could materially adversely affect New EchoStar s financial condition and results of operations, particularly given the fact that the funding requirements of the operations of New EchoStar after the completion of the Hughes/EchoStar merger are expected to be significant, as described at The Transactions Description of the Transactions Hughes/EchoStar Merger Financings.

New EchoStar Will Have Substantial Indebtedness, Will Require Substantial Additional Indebtedness and Will Depend Upon Its Subsidiaries Earnings To Make Payments on Its Indebtedness. New EchoStar will assume substantial indebtedness of EchoStar, Hughes and PanAmSat upon the completion of the Hughes/ EchoStar merger, including the Hughes/EchoStar merger financing described at The Transactions Description of the Transactions Hughes/EchoStar Merger Financings, and will likely incur or assume substantial indebtedness in connection with financing the cash required to complete the Hughes/ EchoStar merger, which will make it vulnerable to changes in general economic conditions. In addition, New EchoStar is currently expected to require substantial additional financing following completion of the Hughes/ EchoStar merger to fund capital expenditures and costs and expenses in connection with funding its operations, domestic and international investments and its growth strategy and the repayment of indebtedness, particularly in light of the significant cash requirements of certain parts of the Hughes business. Because New EchoStar s ability to raise equity capital for two years following completion of the Hughes/ EchoStar merger will be severely restricted, it is currently expected that it will be necessary for New EchoStar to incur additional indebtedness to finance its activities. The indentures and other agreements governing the debt of

New EchoStar and its subsidiaries will restrict its and its subsidiaries ability to incur additional debt. Thus, it may be difficult for New EchoStar to obtain additional debt at all or on acceptable terms.

Moreover, because it is currently expected that New EchoStar will conduct substantially all of its operations through its subsidiaries, its ability to service its debt obligations will be dependent upon the earnings of its subsidiaries and the payment of funds by its subsidiaries to it in the form of loans, dividends or other payments. It is currently expected that New EchoStar will have few assets of significance other than the capital stock of its subsidiaries. New EchoStar s subsidiaries will be separate legal entities. Furthermore, New EchoStar s subsidiaries will not be obligated to make funds available to it, and creditors of New EchoStar s subsidiaries will have a superior claim to its subsidiaries assets. In addition, New EchoStar s subsidiaries ability to make any payments to it will depend upon their earnings, the terms of their indebtedness, business and tax considerations and legal restrictions. We cannot assure you that New EchoStar or its subsidiaries will be able to pay dividends or otherwise distribute funds to New EchoStar in an amount sufficient to pay the principal of or interest on the indebtedness owed by New EchoStar, including the Hughes/EchoStar merger financing described at The Transactions Description of the Transactions Hughes/EchoStar Merger Financings.

Any additional debt incurred by New EchoStar and its subsidiaries will subject it to higher interest costs and decrease its cash flows and earnings.

We Cannot Assure You That There Will Be Sufficient Funding for New EchoStar. New EchoStar may not be able to raise adequate capital to fund some or all of its business and growth strategies on favorable terms, or at all, or to react rapidly to changes in technology, products, services or the competitive landscape. We believe that key success factors in the subscription television industry include superior access to capital and financial flexibility. Industry participants often face high capital requirements in order to take advantage of new market opportunities, respond to rigorous competitive pressures and react quickly to changes in technology. For example, as a result of the competitive environment in the subscription television industry, New EchoStar may have to incur increased subscriber acquisition costs.

New EchoStar expects the global subscription television industry to continue to grow due to the high demand for communications infrastructure and the opportunities created by industry deregulation. Many of New EchoStar s competitors are committing substantial capital and, in many instances, are forming alliances to acquire and maintain market leadership. New EchoStar s strategy will be to be a leader in providing entertainment, information and communications products and services by building on its experience in satellite technology and by making acquisitions and establishing, maintaining and restructuring strategic alliances as appropriate. This strategy will require substantial investments of capital over the next several years. In addition, the industry in which New EchoStar will compete is capital intensive requiring significant investment in, among other things, infrastructure, research and marketing. The construction, launch and insurance for new satellites and new satellite systems planned by Hughes, PanAmSat and EchoStar will generate significant capital requirements for New EchoStar. There can be no assurance that additional financing will be available on acceptable terms, or at all, if needed in the future. We cannot assure you that New EchoStar will be able to satisfy its capital requirements in the future, whether through lack of competitive access to capital markets, due to restrictions under agreements relating to the Transactions or otherwise. See Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Be Subject to Potentially Significant Restrictions with Respect to Issuances of its Equity Securities for a Two-Year Period Following the Hughes/ EchoStar Merger.

In addition, New EchoStar s ability to increase earnings and to make interest and principal payments on its outstanding debt will depend in part upon its ability to continue growing its business by maintaining and increasing its subscriber base, which in turn may require significant additional capital that may not be available to New EchoStar.

The Actual Amount of Funds Necessary to Implement New EchoStar s Strategy and Business Plan May Materially Exceed its Current Estimates, Which Could Have a Material Adverse Effect on its Financial Condition and Results of Operations. The actual amount of funds necessary to implement New EchoStar s strategy and business plan may materially exceed the current estimates of Hughes and EchoStar in the event of various factors including, among other things:

- unanticipated additional financing requirements to fund capital expenditures and costs and expenses in connection with funding its operations, domestic and international investments and its growth strategy and the repayment of indebtedness;
- departures from Hughes and EchoStar s respective current business plan;
- unforeseen delays;
- cost overruns;
- unanticipated expenses;
- regulatory developments; and
- technological and other risks.

If actual costs do materially exceed Hughes and EchoStar s current estimates for these and other reasons, this could have a material adverse effect on New EchoStar s financial condition and results of operations.

New EchoStar s Indebtedness May Contain Terms That Could Limit the Operational and Financial Flexibility of New EchoStar. New EchoStar will assume certain of the indebtedness of Hughes, PanAmSat and EchoStar and may incur additional indebtedness in the future. The terms of the indebtedness assumed by New EchoStar and incurred by New EchoStar in connection with, or following, the Hughes/ EchoStar merger will contain restrictions and covenants that limit the operational and financial flexibility of New EchoStar. These restrictions and covenants could prevent New EchoStar from taking advantage of strategic opportunities that it could have taken advantage of, or otherwise limit its financing or operational flexibility in a manner that would not otherwise be required, in the absence of those restrictions and covenants and could also limit the ability of New EchoStar to:

- incur additional indebtedness;
- issue preferred stock;
- sell assets;
- create, incur or assume liens;
- merge, consolidate or sell assets;
- determine not to self-insure certain of its satellites;
- enter into transactions with affiliates; and
- pay dividends and make other distributions.

Risks Relating to Regulatory Matters Affecting New EchoStar

New EchoStar Will Be Subject to Domestic and Foreign Regulations and May Be Materially Adversely Affected by Such Regulations. New EchoStar will be subject to various regulations, including substantial regulation by the FCC. FCC rules and regulations are subject to change in response to industry developments, new technology and political considerations. In addition, New EchoStar will also be subject to the regulatory authority of the U.S. government and the national communications authorities of the countries in which it operates. These authorities regulate the construction, launch and operation of its satellites and the orbital slots planned for these satellites.

New EchoStar s business could be materially adversely affected by the adoption of new laws, policies and regulations. We cannot assure you that it will succeed in obtaining all requisite regulatory approvals for its operations without the imposition of restrictions on, or material adverse consequences to, its businesses. We also cannot assure you that material adverse changes in regulations affecting New EchoStar will not occur in the future.

New EchoStar s Business Will Depend Substantially Upon FCC Licenses That May Not be Renewed or May be Revoked or Modified, Applications That May Not Be Granted and Other Regulatory Approvals That May Not be Obtained. New EchoStar will be subject to the regulatory authority of the U.S. government, primarily the FCC, and the national communications authorities of the countries in which it will operate. If New EchoStar does not obtain all requisite regulatory approvals for the construction, launch and operation of any of its future satellites and for the orbital slots planned for these satellites, or the licenses obtained impose operational restrictions on New EchoStar, its business, financial condition and results of operations could be materially adversely affected. In addition, under certain circumstances, existing licenses are subject to revocation or modification and renewal of licenses that have an expiration date may not be permitted. If existing licenses are not renewed, or are revoked or materially modified, the business, financial condition and results of operations of New EchoStar could be materially adversely affected.

Moreover, we cannot assure you that New EchoStar will continue to coordinate successfully any or all of its satellites under FCC procedures domestically and under procedures of the International Telecommunication Union internationally. That coordination is required in connection with domestic and international procedures that are intended to avoid interference to or from other satellites. More specifically, the risks of government regulation include:

- the relocation of satellites to different orbital locations if the FCC determines that re-location is in the public interest;

- the rejection by the FCC of the replacement of an existing satellite with a new satellite;

- regulation by governments, including the U.S. government, of satellite transmissions that have the potential to interfere with government operations, or other satellite or terrestrial commercial operations, which could interfere with New EchoStar s contractual obligations to customers or other business operations; and

- revocation of currently unused orbital slots provided to New EchoStar if not utilized prior to certain expiration dates.

At the effective time of the Hughes/ EchoStar merger, New EchoStar will have pending at the FCC various matters, including matters of the following types:

- potential loss of currently allocated frequencies if those frequencies are not used by a certain date or if other obligations with respect to those frequencies are determined by the FCC not to have been met;

- potential loss of frequencies available pursuant to a special temporary authority granted for up to 180 days which the FCC may refuse to grant or renew and that may be subject to restrictive conditions, including special temporary authority for EchoStar II and EchoStar III;

- third party opposition against some of New EchoStar s authorizations or pending and future requests to the FCC;

- relocation of satellites either within or slightly outside the cluster of a particular orbital location, or from one orbital location to another, where New EchoStar has various types of authorizations, which requires FCC approval;

- requests by the states of Alaska and Hawaii that the FCC impose conditions relating to certain aspects of EchoStar s and DIRECTV s service, which the FCC has denied for specified conditions but has cautioned that it may impose similar requirements as a result of a pending rulemaking;

- arguments from the states of Alaska and Hawaii that EchoStar s and DIRECTV s service to these states from various orbital locations does not comply with FCC-imposed obligations to serve those states;

- required approvals from the FCC for the launch and operation of additional satellites at specified orbital locations;

inadvertent failure to file with the FCC the necessary application to transfer control over certain Earth station authorizations in connection with an acquisition;

foreign government objection to use of certain C-band spectrum for certain telemetry, tracking and control operations;

lapse of authorizations for use of certain extended C-band spectrum for certain telemetry, tracking and control operations, for which EchoStar has timely applied for an extension of that authorization;

an FCC ruling that will allow commercial terrestrial services and hamper future satellite operations in the extended C-band frequencies;

proceeding regarding the FCC s interpretation of the must carry requirements; and

several other pending requests, applications and petitions on various matters.

All of New EchoStar s FCC authorizations are subject to conditions imposed by the FCC in addition to the FCC s authority to modify, cancel or revoke them. Use of FCC licenses and conditional authorizations are often subject to certain technical and due diligence requirements, including the requirement to construct and launch satellites. EchoStar has not filed, or not timely filed, some of the required reports. The FCC has indicated that it may revoke, terminate, condition or decline to extend or renew such authorizations if EchoStar fails to comply with applicable Communications Act requirements. Failure to comply with such requirements, or comply in a timely manner, could lead to the revocation of authorizations which could have a material adverse effect on the financial condition and results of operation of New EchoStar.

In addition, many of New EchoStar s authorizations and pending applications are subject to petitions and oppositions filed by several companies and we cannot be certain that New EchoStar s authorizations will not be cancelled, revoked or modified or that its applications will not be denied.

New EchoStar s projects to construct and launch Ku-band, extended Ku-band and Ka-band satellites are in the early stages of development and are currently being challenged by several companies with interests adverse to New EchoStar s. We cannot assure you that the FCC will sustain these licenses, or grant the pending applications, or that New EchoStar will be able to successfully capitalize on any resulting business opportunities.

Because regulatory schemes vary by country, New EchoStar may be subject to regulations in foreign countries of which New EchoStar is not presently aware. If that were to be the case, New EchoStar could be subject to sanctions by a foreign government that could materially adversely affect operations in that country. We cannot assure you that any current regulatory approvals held by New EchoStar are, or will remain, sufficient in the view of foreign regulatory authorities, or that any additional necessary approvals will be granted on a timely basis or at all, in all jurisdictions in which New EchoStar wishes to operate new satellites, or that applicable restrictions in those jurisdictions will not be unduly burdensome. The failure to obtain the authorizations necessary to operate satellites internationally could have a material adverse effect on the business, financial condition and results of operations of New EchoStar.

New EchoStar, its customers and companies with which it does business may be required to have authority from each country in which it provides services or provides its customers use of its satellites. Because regulations in each country are different, New EchoStar may not be aware if some of its customers and/or companies with which it does business do not hold the requisite licenses and approvals.

Foreign Ownership Restrictions Could Affect New EchoStar s Business Plans. The Communications Act and the FCC s implementing regulations provide that when subsidiaries of a holding company hold certain types of FCC licenses, foreign nationals or their representatives may not own or vote more than 25% of the total equity of the holding company, except upon an FCC public interest determination. There is some ambiguity about the extent to which these restrictions apply to direct broadcast satellite licenses.

EchoStar believes that a subsidiary of The News Corporation Limited, a South Australia corporation, currently owns about 2.2% of EchoStar s total outstanding stock, representing less than one percent of EchoStar s total voting power. In addition, Vivendi Universal s recent investment in EchoStar Series D convertible preferred stock represents about 10.7% of EchoStar s total outstanding stock and about 2.2% of EchoStar s total voting power. While EchoStar believes that the current levels of foreign ownership are below any applicable limit, additional foreign ownership in New EchoStar may implicate these limits and require a prior FCC determination that such ownership is in the public interest.

New EchoStar Will Depend Upon the Cable Act For Access to Others Programming. We currently anticipate that New EchoStar will purchase a substantial percentage of its programming from cable-affiliated programmers. Any change in the Cable Act and the FCC s rules that would permit the cable industry or cable-affiliated programmers to refuse to provide such programming or impose detrimental terms or conditions could materially adversely affect New EchoStar s ability to acquire programming on a cost-effective basis, or at all. Currently, cable-affiliated programmers generally must offer programming they have developed to all multi-channel video programming distributors on non-discriminatory terms and conditions.

The Cable Act and the FCC s rules also prohibit some types of exclusive programming contracts involving cable-affiliated programming. This prohibition on exclusivity will expire in October 2002. The FCC has commenced a proceeding to determine whether to extend the period of exclusivity beyond October 2002. If the FCC allows the exclusivity prohibition to expire, many popular programs may become unavailable to New EchoStar.

Certain cable providers have denied access to certain cable-affiliated sports programming. The cable providers are asserting that they are not required to provide such programming under the Cable Act. Challenges to this interpretation of the Cable Act have not been successful and New EchoStar may continue to be precluded from obtaining this regional sports programming which could materially adversely affect its ability to compete in regions serviced by these cable providers.

New EchoStar s Local Programming Strategy Will Face Uncertainty. The Satellite Home Viewer Improvement Act generally gives satellite companies a statutory copyright license to retransmit local-into-local broadcast channel programming, subject to obtaining the retransmission consent of the local broadcast station. Retransmission consent agreements will be important to New EchoStar because a failure to reach such agreements with broadcasters who elect retransmission consents instead of mandatory must carry carriage means it cannot carry these broadcasters signals, and the absence of these channels could have an material adverse effect on its strategy to compete with cable, which provides local signals. While DIRECTV and EchoStar have been able to reach retransmission consent agreements with most of the local broadcast stations in areas where they provide local service, any additional roll-out of local channels in more cities will require additional agreements, especially in light of the current plan for New EchoStar to provide local television stations to all 210 designated market areas in the United States. We cannot be certain that New EchoStar will secure these agreements or new agreements upon the expiration of the current retransmission consent agreements, some of which are short term.

Must Carry Requirements May Negatively Affect New EchoStar s Ability to Offer Local Broadcast Stations. Many other provisions of the Satellite Home Viewer Improvement Act could materially adversely affect the business of New EchoStar. Among other things, the law includes the imposition of must carry requirements on direct broadcast satellite service providers. The FCC has implemented the must carry requirement and adopted detailed must carry rules covering both commercial and non-commercial broadcast stations. These must carry rules generally require that, commencing in January 2002, satellite distributors carry all the local broadcast stations requesting carriage in a timely and appropriate manner in areas where they choose to offer any local programming. EchoStar and Hughes have announced that, contingent upon the launch of additional planned satellites, New EchoStar will carry local broadcast stations, and fully comply with must carry obligations, in every local television market in the United States. In the near term, following completion of the Hughes/EchoStar merger, however, New EchoStar will have limited capacity, and the projected number of markets in which it can offer local programming will continue to be constrained because of the must-carry requirement and may be reduced depending on the FCC s interpretation of its rules in a pending proceeding. The legislation also includes provisions which could expose New EchoStar to federal copyright infringement lawsuits, material monetary penalties, and permanent prohibitions on the sale of all local and distant network channels, based on inadvertent violations of the legislation, prior law, or the FCC rules. Imposition of these penalties would have a material adverse effect on New EchoStar s business operations generally.

While Hughes and EchoStar s proposal to provide local broadcast channels in all 210 designated market areas will improve New EchoStar s ability to comply with must carry requirements, New EchoStar s application for authority to launch and operate the spot-beam direct broadcast satellite may not be granted by the FCC. Additionally, because the proposed satellite employs advanced spot-beam technology, the likelihood of performance reductions may be heightened. There can be no assurance that the technology and equipment will operate to anticipated performance levels. Such failures and reductions in performance levels could materially adversely affect New EchoStar s ability to meet its must carry requirements.

Several must carry complaints by broadcasters against DIRECTV and EchoStar have been filed at the FCC. We cannot be sure that the FCC will not rule against New EchoStar in those proceedings, resulting in carriage of many additional stations in the markets where it will offer local stations. In addition, we cannot be sure that the FCC will not interpret or implement its rules in such a manner as to inhibit New EchoStar s current near-term plan for compliance with the must carry requirements. In fact, the National Association of Broadcasters and Association of Local Television Stations filed an emergency petition January 4, 2002 asking the FCC to modify or clarify its rules to prohibit or hamper EchoStar s compliance plan. On January 8, 2002, the FCC placed the petition on public notice and stated that it may be able to resolve the issue by means of a declaratory ruling without the need for further rulemaking. Any such FCC action could result in a decrease in the number of local areas where New EchoStar will offer local network programming until new satellites are launched. New EchoStar will also be exposed to court actions and damage claims if EchoStar is found by any court to have violated the must carry requirements.

In addition, while the FCC has decided for now not to impose dual digital/analog carriage obligations (i.e., additional requirements in connection with the carriage of digital television stations that go beyond carriage of one signal, whether analog or digital, for each station), the FCC has also issued a further notice of proposed rulemaking on this matter. We cannot be sure that this rulemaking will not result in further signal carriage requirements.

New EchoStar s Retransmission of Distant Signals Will Be Subject to Considerable Litigation Risk. The Copyright Act, as amended by the Satellite Home Viewer Improvement Act, permits satellite retransmission of distant network channels only to unserved households. Interpretation and implementation of the Satellite Home Viewer Improvement Act by the FCC could hamper New EchoStar s ability to retransmit distant network and superstation signals, reduce the number of New EchoStar existing or future customers that can qualify for receipt of these signals and impose testing costs on New EchoStar in connection with the qualification process. In implementing the Satellite Home Viewer Improvement Act s directive, the FCC has required satellite carriers to delete certain programming, including sports programming from certain stations. These requirements have significantly hampered EchoStar s ability, and may further hamper New EchoStar s ability, to retransmit distant network and superstation signals, and the burdens from the rules upon EchoStar and New EchoStar may become so onerous that EchoStar and/or New EchoStar may be required to substantially alter, or stop retransmitting, many or all superstation signals. In addition, the FCC s sports blackout requirements, which apply to all distant network signals, may require costly upgrades to New EchoStar s system.

Television Networks Oppose New EchoStar s Anticipated Strategy of Delivering Distant Network Signals. Until July 1998, EchoStar obtained distant network channels (ABC, NBC, CBS and FOX) for distribution to its customers through PrimeTime 24. In December 1998, the U.S. District Court for the Southern District of Florida entered a nationwide permanent injunction requiring PrimeTime 24 to shut off distant network channels to many of its customers, and to sell those channels to consumers in accordance with certain stipulations in the injunction.

In December 1998, the networks filed a motion for preliminary injunction directly against EchoStar. In September 2000, the District Court granted this motion and made several amendments to it. The injunction required EchoStar to terminate distant network programming to certain of its subscribers. The U.S. Court of Appeals for the Eleventh Circuit stayed the injunction pending EchoStar s appeal. In September 2001, the

U.S. Court of Appeals for the Eleventh Circuit vacated the District Court s injunction, finding, among other things, that it was too broad and remanded the case back to the District Court for an evidentiary hearing. If after the trial or an evidentiary hearing the injunction is reinstated, it could force EchoStar to terminate delivery of distant network channels to a substantial portion of its distant network subscriber base, which could also cause many of these subscribers to cancel their subscription to EchoStar s other services. EchoStar s management has determined that such termination would result in a small reduction in EchoStar s reported average monthly revenue per subscriber and could result in a temporary increase in churn. If EchoStar loses the case at trial, the judge could, among other remedies, prohibit all future sales of distant network programming by EchoStar, which would have a material adverse effect on New EchoStar s business. In order, among other things, to plan for the potential re-implementation of the injunction, EchoStar may terminate the delivery of distant network channels to certain subscribers.

The Regulatory Regime Under Which New EchoStar Will Operate Could Change Materially Adversely. The FCC imposes different rules for subscription and broadcast services. We believe that because New EchoStar will offer a subscription programming service, it will not be subject to many of the regulatory obligations imposed upon broadcast licensees. However, we cannot be certain whether the FCC will find in the future that it should comply with regulatory obligations as a broadcast licensee with respect to its operations, and certain parties have requested that direct broadcast satellite service providers be treated as broadcasters. If the FCC determines that New EchoStar is a broadcast licensee, the FCC may require it to comply with all regulatory obligations imposed upon broadcast licensees, which are generally subject to more burdensome regulation than subscription service providers.

Under a requirement of the Cable Act, the FCC imposed public interest requirements on direct broadcast satellite licensees, such as EchoStar and DIRECTV, to set aside four percent of channel capacity exclusively for noncommercial programming for which EchoStar and DIRECTV must charge programmers below-cost rates and for which EchoStar and DIRECTV may not impose additional charges on subscribers. This could displace programming for which New EchoStar could earn commercial rates and could materially adversely affect its financial results. The FCC has not reviewed EchoStar s methodology for computing the channel capacity it must set aside or for determining the rates that it charges public interest programmers, and we cannot be sure that, if the FCC were to review these methodologies, it would find them in compliance with the public interest requirements.

The FCC has also commenced an inquiry into distribution of high-speed Internet access services and a rulemaking concerning interactive television services. In these proceedings, the FCC is considering whether to impose on distributors, including possibly satellite distributors like New EchoStar, various types of open access obligations, such as required carriage of independent content providers. New EchoStar cannot be sure that the FCC will not ultimately impose such obligations, which could be onerous, and could materially adversely impact its available capacity and ability to provide other services.

The FCC has commenced a rulemaking which seeks to streamline and revise its rules governing direct broadcast satellite service operators. This rulemaking involves many proposed direct broadcast satellite service rules. There can be no assurance about the content and effect of any new direct broadcast satellite service rules passed by the FCC, and the rules may include expanded geographic service requirements for Alaska, Hawaii and Puerto Rico. The FCC has also released a notice of proposed rulemaking regarding the current restrictions on the flexibility of direct broadcast satellite service operators to provide services other than direct broadcast satellite service, and may change these restrictions.

The FCC has adopted a proposal to allow non-geostationary orbit fixed satellite services to operate on a co-primary basis in the same frequency as direct broadcast satellite and Ku-band-based FSS services, and is currently finalizing rules to govern these services. These satellite operations could provide global high-speed data services. In the same rulemaking, the FCC has been considering a terrestrial service, Northpoint Technology, Inc., that would retransmit local television or other video and data services to direct broadcast satellite service subscribers or others in the same direct broadcast satellite service spectrum that New EchoStar will use throughout the United States.

EchoStar has submitted numerous pleadings jointly with DIRECTV to the FCC objecting to the Northpoint request, which may cause harmful and substantial interference to the service provided to direct broadcast satellite service customers. Furthermore, other entities have now filed applications similar to the one filed by Northpoint, and at least one other entity has also obtained a license from the FCC to conduct experimental operations. If Northpoint or other entities become authorized to use New EchoStar s spectrum, they could cause harmful and substantial interference with its service.

On December 8, 2000, the FCC released a Report and Order and Further Notice of Proposed Rulemaking in this proceeding that concluded that a terrestrial point-to-multipoint service can share the spectrum with direct broadcast satellite service on a no interference basis, a conclusion that may have a material adverse impact on New EchoStar s operations. At the same time, the FCC initiated a further notice of proposed rulemaking to determine the appropriate interference standards and technical rules with which such a terrestrial service must comply. The FCC also requested proposals on how to process applications for licenses for the new service, and tentatively proposed excluding satellite companies from such licenses. EchoStar has filed a petition for reconsideration of the FCC s conclusion and comments on its proposals.

In addition, recent appropriations legislation required independent testing of the Northpoint technology, and created a rural loan guarantee program for providers of certain types of services. The tests mandated by that law have been completed. MITRE, the independent testing entity, concluded that the new terrestrial service poses a significant interference threat to [direct broadcast satellite service] operation in many realistic operational situations ; a wide variety of mitigation techniques exist that . . . can greatly reduce, or eliminate, the geographical extent of the regions of potential . . . interference into [direct broadcast satellite service] ; and that bandsharing appears feasible if and only if suitable mitigation measures are applied. The independent study left open the question of whether the potential costs of such mitigation measures together with the impact of residual interference outweighed the benefit of allowing the new terrestrial service in the band used by direct broadcast satellite service. DIRECTV and EchoStar have asserted to the FCC that MITRE s findings constitute additional grounds for reconsidering the FCC s conclusion on sharing, while Northpoint has argued that MITRE confirms Northpoint s ability to share with direct broadcast satellite service. We cannot be sure whether and when these processes will result in the licensing of Northpoint and/or companies proposing a similar service to operate in the spectrum licensed to New EchoStar, what the interference standards will be, and how significant the interference into New EchoStar s operations will be. On December 3, 2001, DIRECTV and EchoStar filed with the FCC a request that it assign spectrum to these new proposed terrestrial systems other than that currently allocated for use by direct broadcast satellite service. We cannot be sure whether the FCC will take any action on this request, or whether the request will be granted.

On February 28, 2002, the FCC initiated a proceeding to examine and revise its licensing process for orbital locations or spectrum used for the provision of international or global satellite communications services. The extent to which any changes in the satellite licensing process could affect New EchoStar is unclear.

Risks Relating to the Capital Stock of New EchoStar

One Principal Stockholder is Expected to Have Significant Influence Over Actions Requiring Stockholder Approval as a Result of Its Significant Voting Power in New EchoStar. We expect that all of the outstanding shares of New EchoStar Class B common stock will be held initially by a trust controlled by Charles W. Ergen, who will also be the Chairman of the Board of Directors and Chief Executive Officer of New EchoStar. Based on assumptions about certain variable factors described elsewhere in the document, we expect that Mr. Ergen would hold about % of the outstanding common stock of New EchoStar, which would represent about % of the total voting power of New EchoStar. As a result, Mr. Ergen will have significant influence over actions of New EchoStar that require stockholder approval.

In addition, if and to the extent permitted by the IRS, extraordinary matters for which a stockholder vote is required under state law (such as mergers, charter amendments, including changes in the rights of the shares of New EchoStar Class B common stock and any increase in the authorized number of shares of New EchoStar Class B common stock or New EchoStar Class C common stock, and dissolution) or under the rules of the NYSE or the Nasdaq, as applicable, any sale or acquisition of a significant business of New EchoStar, any amendment by stockholders to the bylaws of New EchoStar, certain issuances of New EchoStar common stock (or equivalents) and the adoption of certain equity-based benefit plans will require a separate class vote of the holders of New EchoStar Class B common stock for approval. As a result, Mr. Ergen will have the right to veto these matters, which may be favored by a majority of stockholders. The interests of Mr. Ergen may not always coincide with the interests of other stockholders, and these veto rights will effectively grant Mr. Ergen a greater degree of control over New EchoStar than might otherwise be the case.

For more information about the voting rights of the three classes of New EchoStar common stock, see New EchoStar Capital Stock Common Stock Voting Rights.

New EchoStar Does Not Expect to Pay Dividends on its Common Stock in the Foreseeable Future. The New EchoStar board of directors will determine whether to pay dividends on the New EchoStar Class A common stock, New EchoStar Class B common stock and New EchoStar Class C common stock primarily based upon its financial condition, results of operations and business requirements. We do not currently anticipate that New EchoStar will pay dividends on the New EchoStar Class A common stock, New EchoStar Class B common stock or New EchoStar Class C common stock for the foreseeable future.

You May Receive Shares of New EchoStar Common Stock Having a Market Value Different Than Expected. After the completion of the Transactions, GM Class H common stockholders will hold one share of New EchoStar Class C common stock for each share of GM Class H common stock that they previously held, EchoStar Class A common stockholders will receive 1/0.73, or about 1.3699, shares of New EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock that they previously held and EchoStar Class B common stockholders will receive 1/0.73, or about 1.3699, shares of New EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock that they previously held.

Under the terms of the Transactions, the number of shares of New EchoStar common stock to be received by each of the GM Class H common stockholders and EchoStar common stockholders for each share of GM Class H common stock or EchoStar common stock, as applicable, will not change even if there are significant changes in the market prices of GM Class H common stock or EchoStar Class A common stock prior to the completion of the Transactions. However, any change in the price of GM Class H common stock or EchoStar Class A common stock will directly affect the relative value that GM Class H common stockholders and EchoStar common stockholders will receive in the Transactions. Stock price changes may result from a variety of factors that are either within or beyond the control of GM, Hughes and EchoStar, including changes in their respective businesses, operations and prospects, regulatory considerations and general market and economic conditions.

It Is Not Possible to Predict the Relative Trading Prices of the Different Classes of New EchoStar Common Stock. We are not able to predict the relative trading prices of New EchoStar Class A common stock and New EchoStar Class C common stock. Although the New EchoStar Class A common stock and New EchoStar Class C common stock will have substantially identical rights except with respect to voting, the two classes are expected generally to trade at different prices and such differences in trading prices could be material. Many factors may affect the differences in the trading prices of the New EchoStar Class A common stock and New EchoStar Class C common stock, including, among other things, the differences in voting power between the two classes.

The Trading Prices of New EchoStar Class A Common Stock and New EchoStar Class C Common Stock May be Volatile. The prices at which New EchoStar Class A common stock and New EchoStar Class C common stock trade may be volatile and may fluctuate substantially due to, among other things:

- competition and changes in the subscription television industry;
- regulatory changes;
- launch and satellite failures;
- operating results below expectations;
- New EchoStar s strategic investments and acquisitions; and

other factors.

In addition, price and volume fluctuations in the stock market may affect market prices for New EchoStar Class A common stock and New EchoStar Class C common stock for reasons unrelated to New EchoStar s operating performance.

Future Re-Sales of New EchoStar Common Stock Could Materially Adversely Affect the Market Price of New EchoStar s Common Stock and its Ability to Raise Capital in the Future. New EchoStar will have several significant stockholders, including Charles W. Ergen, General Motors (as applicable), certain GM employee benefit plans and Vivendi Universal. Sales of substantial amounts of any class of New EchoStar common stock, including any sale, exchange or monetization by GM of any shares of New EchoStar Class C common stock it may hold after the GM/ Hughes separation transactions or any resale of New EchoStar common stock