



ECHO STAR COMMUNICATIONS CORPORATION

December 27, 2001

Mr. Edward O. Fritts
National Association of Broadcasters
1771 N Street, NW
Washington, DC 20036

Dear Mr. Fritts:

I am following up on our conversation regarding EchoStar's compliance with must carry requirements. I found our exchange very productive and am happy to provide the additional details you requested.

In each market where EchoStar currently carries local broadcast stations, we will carry all qualified local television stations starting January 1, 2002. This amounts to roughly 260 stations.

We are providing these additional channels at no extra charge to our subscribers. EchoStar is offering all local channels as a single package, including UPN, WB, and PBS (normally sold separately) plus many others, depending on the city for \$5.99.¹ This is the same price as our current local package, plus PBS.

In addition, subscribers wishing to view certain local stations may need a second dish, which EchoStar will provide free of charge, as described further below.

As I told you, we were faced with a setback when the two companies providing our "spot-beam" satellites, Lockheed Martin and Loral, failed to meet their contractual obligations to deliver our satellites on time. The spot beam satellites, at a combined cost of roughly a half billion dollars, are critical to our local signal carriage efforts. Lockheed had claimed that it would deliver its satellite by August of 2001 but formally notified me in writing about two weeks ago that it would not be able to provide the satellite by its revised December, 2001 deadline. Loral similarly promised an October, 2001 delivery, but now estimates an April, 2002 delivery. We cannot know whether either company will meet its revised delivery deadlines. Both companies now must pay millions of dollars in penalties under our contracts. To its credit, however, Lockheed Martin contacted Cable Services Bureau Chief Ken Ferree to alert him that Lockheed was entirely responsible for the late delivery of EchoStar's first spot beam satellite. Loral also placed calls to FCC officials.

EchoStar has implemented an interim solution that will allow us to carry all qualified stations without having to drop local service in any of the markets where we currently provide such

¹ All qualified local stations become available January 1, as required by law, and the \$5.99 price becomes effective February 1, 2002.

service. We will place all local channels, including retransmission consent stations and must carry stations, across the 148°, 119°, 110°, and 61.5° W.L. orbital slots. Retransmission consent stations will stay where they are on central satellites. Many must carry stations, including PBS, WB, and UPN affiliates, also will be placed on those satellites, and some must carry stations will be placed on Eastern (61.5°) and Western (148°) satellites.

Subscribers wishing to view certain stations carried on Eastern or Western satellites will need a second dish. EchoStar will provide this equipment free of charge. We are notifying our subscribers by letter that new local channels will be available January 1, 2002, and that certain stations may require additional (free) equipment. EchoStar's website will detail the available stations in each market. Our customer service representatives will guide subscribers through the process of obtaining necessary equipment.

EchoStar's plan complies with the law. By providing any necessary additional equipment free of charge, we meet the statutory and regulatory prohibitions against price discrimination.² By locating must carry and retransmission consent stations together on central satellites, we do not discriminate against stations based on whether they elected must carry or retransmission consent. We have been careful to construct an interim plan that meets the letter and spirit of the law.

Sincerely,



Charles W. Ergen
Chairman and Chief Executive Officer
EchoStar Communications Corporation

cc: Senator Ernest F. Hollings
Senator John McCain
Congressman W.J. "Billy" Tauzin
Congressman John D. Dingell
Congressman Fred Upton
Congressman Edward J. Markey

² See, e.g., 47 U.S.C. § 338(d) (requiring satellite carriers to provide local stations "at a nondiscriminatory price..."); 47 CFR § 76.66(i)(4) (prohibiting satellite carriers from requiring subscribers "to obtain additional equipment at their own expense or for an additional carrier charge" if such equipment is not necessary to receive all local channels).