

January 3, 2002

The Honorable Michael K. Powell
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554
Via facsimile: (202)-693-6763

Dear Chairman Powell:

On behalf of the Small Business Survival Committee (SBSC), I am writing to urge you and the Federal Communications Commission (FCC) to fully support the proposed merger between EchoStar and Hughes' DIRECTV.

The merger of these two leading DBS companies would mean enriched competition for cable companies in the Multi-Channel Video Programming Distribution (MVPD) market. More competition means better and more innovative offers for consumers and small businesses. In terms of offering competitive pricing and driving the rollout of advanced services, the EchoStar/DirectTV merger would do for the MVPD market what the Telecom Act of 1996 is still trying to do for the telecom market.

In weighing the merits of the license transfers, please consider the potential public and economic benefits of this merger in several key areas:

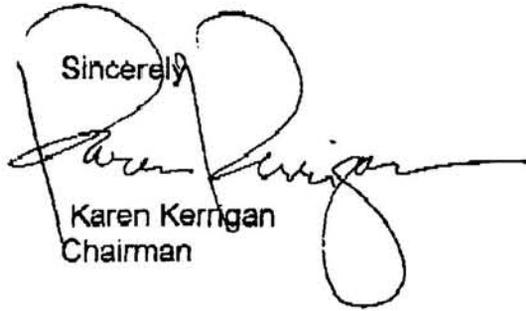
- **Market Share:** These two companies combined represent 15 percent of the total MVPD market, compared to the 80 percent held by a handful of cable companies.
- **Competitive Benefits:** EchoStar and DirectTV are largely responsible for introducing competition to the cable industry. With the critical mass of financial assets and broadcast spectrum that the merger would produce, the new EchoStar would initiate a fresh level of satellite competition with cable, which has the potential to stabilize cable subscriber rates.
- **Digital Divide:** Both companies have a long history of providing satellite video programming to rural areas, many of them not even served by cable companies. The new combined company would be ready to expand its offer to rural America with affordable, satellite-delivered high-speed Internet access, available anywhere in the nation for the same price.
- **Local Channel Coverage:** With its added spectrum, the new EchoStar would be able to carry local channels in 100 markets, compared to the 40 markets where the two companies carry local channels today. In addition to

fully meeting the FCC's new must-carry rules, the new EchoStar's increased local coverage would make it a much more effective competitor for the dominant cable companies.

- **Advanced Services:** In addition to satellite delivered high-speed Internet access, the added spectrum made possible by the merger would allow EchoStar to offer consumers broader choices in pay-per-view and video-on-demand services. The post-merger company could also offer more HDTV channels than both companies can offer currently, thereby providing outlets for more high definition programming and encouraging the purchase of more HDTV equipment by consumers. The added spectrum would also support development of the interactive services long associated with the concept of the "Information Superhighway."

The benefits of this merger go well beyond the advanced/innovative services that small businesses need to keep their firms competitive and efficient. They extend to every American home. I respectfully urge you to support the merger and approve the required license transfers.

Thank you for your consideration.

Sincerely

Karen Kerrigan
Chairman