

March 21, 2002

RECEIVED
MAR 21 2002
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

William F. Caton, Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Room GWB204
Washington, D.C. 20554

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

Dear Mr. Caton:

This letter (the "Interrogatory Response") sets forth the interrogatory responses of Hughes Electronics Corporation ("Hughes"), and General Motors Corporation ("GM") (collectively, the "Hughes Respondents") to the Commission's Initial Information and Document Request dated February 4, 2002 (the "Request"). Where appropriate, the Hughes Respondents incorporate the responses of EchoStar Communications Corporation ("EchoStar", and together with the Hughes Respondents, "Applicants") by reference. The Hughes Respondents have provided and will continue to provide documents responsive to the Request separately.

Certain of the responses below and schedules hereto have been designated as confidential under the Protective Order adopted by the Cable Services Bureau on January 7, 2002. Pursuant to that Order, Applicants are filing today a redacted public version of this Interrogatory Response. The Applicants are filing with the Department of Justice ("DOJ") an unredacted copy of the Interrogatory Response with the DOJ pursuant to the Hart-Scott Radino Act. Limited portions of certain responses are highly confidential and any inadvertent disclosure could cause the Applicants significant competitive harm. Therefore, the Applicants are providing this limited information only to the DOJ. Pursuant to the existing waiver provided to the Commission by the Applicants, the Commission may, of course, review that limited material at the DOJ. The Applicants will continue to work with the Commission to satisfy the Commission's evidentiary needs.

In general, the material requested includes some of the Applicants' most proprietary and competitively sensitive information. In classifying the voluminous materials requested by the Commission as confidential or public, the Applicants have made intense good faith efforts to provide information for the public while also taking into account these sensitivities.

No. of Copies rec'd 021
List A B C D E
1
List A B C D E
No. of Copies rec'd

In addition to the U.S. services discussed in response to the Request, the Hughes Respondents provide the following summary of Hughes's international business operations. Hughes affiliates provide various telecommunications and satellite services outside the United States. DIRECTV Latin America, LLC (formerly Galaxy Latin America) is a multinational company owned by Hughes Electronics Corporation and Darlene Investments, LLC, an affiliate of the Cisneros Group of Companies. DIRECTV Latin America provides direct-to-home satellite television service to 28 countries in Latin America and the Caribbean, including Argentina, Brazil, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Trinidad and Tobago, Uruguay and Venezuela.

Hughes Network Systems's ("HNS's") international business currently consists primarily of VSAT equipment sales and periphery services (maintenance, installation, engineering support) throughout the world. The primary product lines generally all consist of VSAT hub systems and corresponding remote terminals. HNS has two specialty divisions that engage in international sales. MobilSat is an HNS division primarily involved with large-scale satellite programs. The BCN group is an HNS division involved in large-scale cellular telephone systems and point-to-multipoint delivery systems. HNS also conducts business through subsidiaries and affiliates. The primary subsidiaries consist of Hughes Do Brazil, HNS's European subsidiaries, and Hughes Indian subsidiaries. Hughes Do Brazil's scope of operations includes direct support of HNS equipment sales in Brazil and surrounding countries. The HNS European operations have two main areas of business: the resale of HNS equipment and the sale of VSAT services (through the "HOT" subsidiaries) to enterprise customers and third party resellers of consumer services. HNS's Indian companies provide basic telephony services, VSAT services, equipment, software and equipment services in India.

PanAmSat provides video and data services via satellite around the world, including in Europe, Latin America, the Asia-Pacific Region and Africa.

The Hughes Respondents' responses to the Request are set forth below under a restatement of the relevant interrogatory. Narrative answers herein are supplemented by attached paper and electronic schedules where noted.

* * *

I. Corporate and Other Documents

- A. Ergen Pledge Agreement.**
- B. Credit Agreement for Merger Financing.**
- C. Registration Rights Agreement (Hughes, GM, EchoStar & Ergen).**
- D. Stockholders' Agreement.**
- E. GM Registration Statement.**

- F. GM Proxy Statement.**
- G. GM Debt/Equity Exchange Registration Statement.**
- H. Hughes Revised Charter.**
- I. EchoStar Controlling Shareholder Registration Rights Agreement.**
- J. By Laws of New EchoStar.**
- K. Certificate of Incorporation of New EchoStar.**
- L. Documents Regarding the EchoStar-Vivendi Investment:**
 - 1. Investment Agreement together with all appendices, exhibits and all relevant companion documents.**
 - 2. Shareholder Voting Agreement.**
 - 3. The "Commercial Agreements" as defined in the Investment Agreement to the extent that they exist in whatever form they exist now and final versions as soon as possible.**
 - 4. Any other documents relating to the Vivendi investment.**
- M. Any documents filed by the parties in any legal or administrative proceeding which contain evidence or opinion regarding the extent to which EchoStar and DIRECTV compete with each other, with cable operators, with other MVPDs, and/or with other providers of broadband services. Any such documents related to any other issues raised below.**

Applicants are responding to these document requests separately from this response.

II. Vivendi Investment In EchoStar

The Hughes Respondents incorporate by reference EchoStar's response to Interrogatory II, which EchoStar has filed simultaneously in its Interrogatory Response.

III. Exclusive Distribution Relationships/Distribution Channels

- A. Describe all wholesale and retail distribution channels for EchoStar and DIRECTV. Include a list of each company's five largest wholesalers and 20 largest retailers, by units sold in 2001.**

DIRECTV, Inc. ("DIRECTV") is a provider of multichannel video programming services. Most customers purchase such DIRECTV services directly from DIRECTV, or,

depending on where the customer resides, through a “Member” or “Affiliate” of the National Rural Telecommunications Cooperative (“NRTC”), as described below.

In order to receive DIRECTV services, the purchase or lease of DIRECTV System receiving equipment, consisting of a satellite dish antenna and a set-top box, is necessary. Since 1994, DIRECTV has had a rigorous test program for consumer equipment design before making commitments to large-scale production. This test program provides for the development and marketing of DIRECTV set-top boxes and other consumer equipment by multiple manufacturers. DIRECTV consumer equipment (including set-top boxes and integrated high-definition television sets) is manufactured and/or distributed by a wide variety of consumer electronics manufacturers, including: DIRECTV’s affiliate, Hughes Network Systems (“HNS”); Mitsubishi; Panasonic; Philips; Samsung; Sony; Thomson Consumer Electronics; and Zenith.

Virtually all DIRECTV consumer equipment is available at more than 26,000 retail outlets. The channels of distribution include: major national retail outlets such as Circuit City, Best Buy, Radio Shack, and others; mass merchant retailers such as Wal-Mart and K-Mart; independent retailers such as Ken Crane’s, Dow, and others; and specialized satellite TV dealers. DIRECTV subscribers who obtain services through Verizon, SBC (Southwestern Bell), and Pacific Bell have the option of leasing their set-top boxes through those companies. Set-top boxes are also or will be available from Blockbuster, the DIRECTV web site, www.DIRECTV.com, and through e-commerce. In addition, DIRECTV undertakes direct sales of DIRECTV System equipment to consumers. DIRECTV does not sell equipment to wholesalers. Attached as Schedule III.A is a list of the 20 largest DIRECTV System retailers, of which DIRECTV’s own direct sales division is ranked as number [Redacted], by DIRECTV System units activated in 2001. DIRECTV tracks such information by units activated, rather than units sold, in the regular course of business. This method does not allow DIRECTV to track wholesalers.

- B. For all exclusive distribution (resale) relationships or agreements that DIRECTV or EchoStar currently have (i.e., those with Pegasus, NRTC and any others), provide:**
- 1. Copies of business contracts relating to the geographic area covered by the agreement, details of the agreement relating to services offered, prices charged for programming and other services, and equipment prices.**

A copy of a DBS distribution agreement between NRTC and DIRECTV, including attachments and amendment, (the “DBS Distribution Agreement”) is attached hereto as Schedule III.B.1. The DBS Distribution Agreement between NRTC and DIRECTV constitutes the sole arrangement that DIRECTV has with another party regarding the granting of exclusive distribution (or resale) rights for multichannel video programming services that DIRECTV transmits via satellite. The NRTC’s exclusive rights are limited to specified territories in the United States (the “NRTC Territories”).

The DBS Distribution Agreement allows NRTC to provide certain defined direct broadcast satellite television services under its own name and to set its own prices for such services in the NRTC Territories. The NRTC itself does not distribute the programming. Instead, pursuant to the provisions of the DBS Distribution Agreement, NRTC has contracted with NRTC Members and for-profit third parties, such as Pegasus Communications Corporation (“Pegasus”) (such third parties commonly are referred to by NRTC as “Affiliates”), to permit such Members and Affiliates to distribute the services specified in the DBS Distribution Agreement under their own names in the respective portions of the NRTC Territories for which such Members and Affiliates paid to obtain distribution rights.

Over time, Pegasus purchased the rights of other NRTC Members and Affiliates. At this time, Pegasus has purchased the rights to about 85% of the NRTC Territories.

DIRECTV and NRTC are currently in litigation over the interpretation of certain of the DBS Distribution Agreement provisions. In response to the Commission’s request to describe the obligations of the parties under the agreement, DIRECTV refers the Commission to the following provisions:

Section 2(a) of the February 14, 1994 amendment to the DBS Distribution Agreement (the “1994 Amendment”), in conjunction with those portions of Section 5.01 of the DBS Distribution Agreement that are still applicable, defines the scope of the NRTC’s exclusive rights.

Section 3.I.(a) of the 1994 Amendment sets forth the NRTC’s right to set the price of the services. DIRECTV believes that each individual Member or Affiliate sets its prices for the services to its respective customers.

The respective rights and obligations of NRTC and DIRECTV regarding receiving equipment are set forth in Section 2.04 of the DBS Distribution Agreement, and Section 2(e) of the Member Agreement: DIRECTV does not sell equipment directly to NRTC; rather, NRTC and/or its Members and Affiliates purchase such equipment directly from manufacturers for their own account.

Calculation of the payment from the NRTC to DIRECTV for the components of the DBS Distribution Services is set forth in the formulas provided in Section 3 of the DBS Distribution Agreement, as amended by Section III of the 1994 Amendment. Section 3.I.(c) of the 1994 Amendment governs the revenue fee payable by NRTC to DIRECTV for the sale of Standard Services (as defined therein).

2. Number of potential and actual subscribers by zip code and counties covered by each of these arrangements.

DIRECTV provides under separate cover to the DOJ Schedule III.B.2, which is an electronic copy of a list of NRTC (both Member and Affiliate) subscriber accounts by state, county and zip code that DIRECTV has compiled in response to the Commission’s request. The

information represents DIRECTV's good faith attempt to provide the information requested, but variations may exist due to the manner in which this information is maintained and changes in zip code and county boundaries since the DBS Distribution Agreement was signed. DIRECTV has not provided the number of potential subscribers by zip code. DIRECTV does not forecast potential customers at the zip code level.

IV. Services Offered

A. Separately, for EchoStar and DIRECTV, provide a detailed description of each of the video programming and other services that are currently offered and that will likely be offered within the next two years, including:

Using its own satellite fleet, DIRECTV offers consumers nationwide a digital multichannel video and audio programming service. As set forth in greater detail below, DIRECTV's current offerings provide its customers with a wide variety of national video offerings, including premium channels such as HBO and Showtime, similar to those provided by cable operators. Due to capacity constraints, however, DIRECTV is able to offer local-into-local programming in only a portion of the markets in the United States. In general, in the next two years, without the merger, DIRECTV anticipates that additional programming, including HDTV and interactive programming, and additional service offerings will be limited.

1. Each program package or tier of video service (provide the name used for marketing each package, the number of channels, and programming content).

Attached as Schedule IV.A. is a chart listing each program tier of video service currently offered by DIRECTV in the continental United States and Alaska (the "Programming Chart"), organized by the name used for marketing each package. The chart also lists the number of channels and programming content in each program tier. Schedule IV.A. is supplemented by the Hawaii Channel Lineup Chart, which lists the program tiers of video service currently offered to Hawaiian subscribers by DIRECTV, organized by the name used for marketing each package. The Hawaii Channel Lineup Chart also lists the programming content for the program tiers offered.

DIRECTV has a very limited ability to institute significant changes in tiers of video service over the next two years unless the proposed merger is approved. DIRECTV will have limited capacity to add new programming. Any significant additions of new programming will require DIRECTV to consider substituting new programming for existing programming.

2. Local-into-local broadcast service (by market, the number and affiliation of stations offered).

Attached as Schedule IV.A.2(i) is a chart showing DIRECTV local-into-local broadcast service for the time period of 1999 through January 31, 2002. The chart sets forth the local-into-local broadcast service offered by DIRECTV by Designated Market Area ("DMA"),

with the number and affiliation of stations offered in each DMA.¹ DIRECTV may be required to offer local television stations owned and operated by Paxson in certain markets, depending upon the ultimate resolution of a dispute regarding the carriage of Paxson owned and operated local television stations on the DIRECTV system. *See In the Matter of Paxson Communications Corp v. DIRECTV*, CSR 57-31-M (application for review pending); *Memorandum Opinion and Order*, DA 02-441 (granting joint request for extension of deadline for DIRECTV to carry Paxson stations while parties discuss resolution of dispute). This possibility has been accounted for in the projections shown on Schedule IV.A.2(ii).

DIRECTV announced in January that it plans to offer local-into-local broadcast services in three additional DMAs (Hartford, CT, Providence, RI, and Las Vegas, NV) in 2002. DIRECTV also has plans to offer local-into-local broadcast services in seven additional DMAs by the end of 2002. With the addition of these 10 DMAs, DIRECTV will offer local channels in 51 DMAs by the end of 2002. As set forth in the Opposition to Petition to Deny and Reply Comments filed by EchoStar, GM and Hughes on February 25, 2002 (the "Opposition"), it is anticipated that there will be a limited expansion of DIRECTV's ability to offer local channels from 51 to approximately 70 DMAs (at most) if the DIRECTV 7S satellite is successfully launched and positioned in late 2003. Also as set forth in the Opposition and a contemporaneously-filed satellite application to launch and operate a new, state-of-the-art spot beam spacecraft temporarily designated "New EchoStar 1," the Applicants have developed a new "Local Channels, All Americans" plan. The Applicants have shown that if, and only if, the merger is approved, it would be technically feasible and commercially viable to provide local broadcast channels via satellite with digital quality television pictures and sound in every one of the 210 DMAs in the United States.

3. Premium programming (including the premium options offered on a per channel or packaged basis).

The Programming Chart attached as Schedule IV.A. sets forth the premium programming options offered for each tier of programming service.

DIRECTV has a very limited ability to institute significant changes in premium programming over the next two years unless the proposed merger is approved. In the future, DIRECTV will have limited capacity to add new premium programming. Any significant additions of new premium programming will require DIRECTV to consider substituting the new programming for existing programming.

4. Other video service offerings (e.g., a la carte programming, pay-per-view).

The Programming Chart attached as Schedule IV.A. shows a la carte programming and pay-per-view options offered for each tier of programming service. Unless the

¹ A DMA is a market designation determined by Nielsen Media Research. *See* 47 U.S.C. § 338(h)(3); 17 U.S.C. § 122(j)(2). There are 210 DMAs in the United States.

business combination with EchoStar is approved and consummated, DIRECTV anticipates limited changes in these video services offerings in the next two years.

In addition, DIRECTV has partnered with Wink Communications to create a set of interactive services called DIRECTV Interactive. Using DIRECTV Interactive-enabled receivers, DIRECTV Interactive allows customers, via their remote control, to interact with certain television programs, obtain real-time news, weather information, sports scores and stock quotes, as well as purchase products. Channels that currently have interactive features include the Weather Channel, CNN, TBS Superstation, CNBC, USA Network, Bloomberg and E! Entertainment Television. Currently, customers may electronically purchase books from the Barnes & Noble.com channel and music compact discs from the Music Choice channels. DIRECTV's customers are not charged for access to the DIRECTV Interactive service.

Although DIRECTV Interactive utilizes a land-based telephone line to support certain interactive applications such as e-commerce and polling, many applications do not require a telephone line connection and are instead enabled through the transmission of continuous data streams over the satellite. Although DIRECTV would like to grow the number of DIRECTV Interactive services over the next two years, any significant growth in these services will require access to significant additional bandwidth. No such additional bandwidth is expected to become available unless the proposed merger is approved.

Beginning in October 2000, DIRECTV introduced new satellite receivers that incorporated digital video recorder ("DVR") technology. These receivers enable customers to pause live television as well as access video content stored on a hard disk that is contained in each DVR-enabled receiver. In developing its DVR strategy, DIRECTV has contemplated transmitting selected video content over the satellite and storing such content on the DVR device's hard disk where it would be available for viewing by a customer on an "on-demand" basis. In addition to video content, this type of process can create on-demand access to other types of content, such as music and games. Limited versions of these services are planned using DIRECTV's current spectrum resources. Expansion of these services would be enabled through the spectrum efficiencies created through a business combination with EchoStar.

Finally, a very small portion of DIRECTV's video offerings also include the provision of programming to bars and restaurants, multiple dwelling units (*e.g.*, apartment buildings), through a common satellite master antenna television (SMATV) receiving dish, and the delivery of proprietary video content to authorized DIRECTV System receivers. DIRECTV does not anticipate significant changes in these offerings in the next two years.

5. Audio services (number of channels and programming content).

The Programming Chart attached as Schedule IV.A. sets forth the music channels, audio services and number of channels offered for each tier of programming service. The audio programming services offered under DIRECTV's Total Choice Plus package vary slightly from those offered under the Total Choice package. Attached as Schedule IV.A.5. is a list of the audio programming channels for each of the two packages.

6. Broadband services.

Current Satellite Broadband Internet Service

Hughes Network Systems (HNS), a subsidiary of Hughes Electronics Corporation, currently provides two satellite broadband services that are specifically designed to connect end-users to the Internet: DirecPC and DIRECWAY. Both services operate on existing, conventional Ku band Fixed-Satellite Service (FSS) satellites. (These services do not utilize any DIRECTV DBS satellites or bandwidth.) The following information is provided with respect to the DirecPC and DIRECWAY services that are provided to consumers. For the purposes of the responses included in this Interrogatory Response that pertain to broadband services, the term “consumers” means residential users. A variety of other products and communications services are also offered to businesses under the DIRECWAY brand but are not discussed herein because they are not designed primarily for consumer Internet broadband access.

Introduced in 1996, DirecPC is a “dial return” satellite broadband Internet service, in which a customer receives downloads via satellite but sends uploads via a terrestrial standard telephone line. HNS still provides DirecPC service but HNS no longer actively markets it in the U.S.

Introduced in December 2000, DIRECWAY is the second-generation satellite broadband product from HNS. DIRECWAY is provided as a “dial return” or “satellite return” service. “Satellite return” service allows a customer to both download and upload via satellite transmission, thereby eliminating the need to use a terrestrial telephone line and providing “always on” connectivity. DIRECWAY dial return service has upload performance that is similar to DirecPC service. HNS currently markets DIRECWAY primarily as a satellite return service, but dial return service is still available.

Listed on the attached Schedule IV.A.6. are (i) details of the retail service plans offered by HNS directly to consumers for DirecPC and DIRECWAY satellite broadband service during the years 1998 through 2001, and those expected to be continued through 2002 and 2003, and (ii) a list of certain services supportable by the DIRECWAY and DirecPC systems that are offered in addition to basic broadband services (Internet access and e-mail).

Beginning in December 2001, HNS and DIRECTV introduced “DIRECWAY offered through DIRECTV.” Under this service offering, a consumer purchases from HNS the DirecDuo single dish and related equipment for receiving both DBS and DIRECWAY services, but subscribes separately with HNS for DIRECWAY service and with DIRECTV for DBS service. Under the arrangement, HNS and DIRECTV co-brand and market both services, and HNS pays DIRECTV a revenue share for each “DIRECWAY offered through DIRECTV” consumer as consideration for subscriber acquisition and co-branded marketing. However, each of HNS and DIRECTV is responsible for separately billing and providing customer service for their respective services. Schedule IV.A.6 includes further information on the DIRECWAY service offered, including those for the “DIRECWAY offered through DIRECTV” service plan.

Schedule IV.A.6. does not include details on service plans offered to consumers by HNS “Powered By” marketing partners. Starting in 1999, HNS has entered into arrangements with certain third party entities referred to as “Powered By” relationships. A Powered By partner markets HNS’s satellite broadband Internet services to customers under its own brand, and sets its own end-user service, equipment and installation charges. Further, a Powered By partner maintains the primary customer contact and bills its own end-users for service. HNS provides a Powered By customer with basic Internet access, and charges the Powered By partner a negotiated monthly wholesale fee per Powered By customer. In addition, a Powered By partner may contract with HNS for additional services.

Planned Satellite Broadband Internet Service: SPACEWAY

It is currently envisioned that HNS will begin the commercial operation of “SPACEWAY,” a new Ka band satellite system, in 2004. It is expected that the SPACEWAY satellite platform will be used to provide DIRECWAY services to consumers, but will primarily provide services to business customers. The SPACEWAY business plan targets business customers because doing so increases the commercial viability of this \$1.8 billion system and reduces the business risk. The cost of actually marketing SPACEWAY as a ubiquitous consumer service on a broad scale, and equipping consumers to use SPACEWAY-enabled services, most likely would not be economically feasible without the proposed merger.

Due to the SPACEWAY satellites’ on-board processing capability, increased total power, and enhanced spectrum re-use through spot beam technology, SPACEWAY service will support higher speeds than are offered over today’s Ku band broadband Internet services.

DSL Broadband Internet Service

DIRECTV Broadband, Inc. (“DIRECTV Broadband”), a wholly-owned subsidiary of Hughes Electronics Corporation, offers high-speed Internet access through digital subscriber line (DSL) technology under the brand name “DIRECTV DSL.” Formerly Telocity Delaware, Inc., DIRECTV Broadband was acquired by Hughes Electronics Corporation on April 3, 2001. DIRECTV DSL is currently offered in 146 metropolitan areas across the country. DIRECTV Broadband purchases DSL transport at wholesale rates from local exchange carriers for resale to consumers at prices and customer service levels set by DIRECTV DSL. Because the Commission’s Interrogatories focus on satellite broadband Internet service, Hughes has not included information regarding DIRECTV Broadband except where noted.

DSL technology transmits data to and from the user’s computer and the telephone company’s network over a high-frequency portion of the telephone line’s spectrum that is not used for transmitting voice signals. The majority of DIRECTV Broadband’s DSL service is ADSL (asymmetric DSL), since the download speed is faster than the upload speed (typical downloads are [Redacted] and may reach a peak of [Redacted], while uploads are typically [Redacted] kbps). Upload and download speeds vary depending on the distance from the user to the DSL equipment in the phone company’s central office, the quality of the local phone lines, and the condition of the user’s home telephone wiring. Generally, DSL service can be provided

only within approximately 18,000 feet of a phone company's central office (provided that the phone company has installed DSL equipment in the central office).

Basic DIRECTV DSL service includes ISP services as part of its basic offering. DIRECTV DSL service includes the use of a proprietary DSL modem, multiple e-mail accounts, server space for e-mail and web pages, a static IP address, multiple URLs, and remote dial in access. DIRECTV DSL also offers certain value-added services for additional fees. One such service is "Connect & Protect," which provides such advanced features as home networking, firewall security, virus protection, and spam filtering. Several new services are currently under development, including enhanced filtering control for parents and advanced communications applications.

Starting in mid-2001, DIRECTV DSL has been offered with DIRECTV DBS service as a "bundled" offering, under which a consumer receives one bill from DIRECTV listing the charges for both services. However, while there is a single billing point, each of DIRECTV Broadband and DIRECTV is responsible for setting its own prices, and providing its own service, equipment, installation and customer service for its respective offering. In addition, a consumer must maintain separate subscriptions with both DIRECTV Broadband and DIRECTV.

7. Any other relevant services.

Other than the services described above, no other relevant services are currently offered by DIRECTV.

B. Provide information on major changes in each of these service offerings in the last four years.

DIRECTV

DIRECTV has added programming channels from time to time to address and anticipate consumer demand, and as opportunities to add such channels became available. In a few cases, DIRECTV has dropped programming channels that were no longer available or if DIRECTV and the programming provider could not come to terms on renewal of the agreement for a particular channel.

Since 1998, DIRECTV has modified its packaging structure for its video programming, premium video programming, video service offerings and audio services and pricing. For example, in 1999 and 2002, DIRECTV changed the tiers of programming available to consumers. Schedule VI.A.1(a), attached hereto, consists of five charts that set forth the tiers of programming and channels, including pay-per-view and audio programming, that reflect when changes to programming or pricing were updated in DIRECTV's systems.

Satellite Broadband Internet Service

Over the last four years, HNS has provided two generations of satellite broadband Internet service: DirecPC and DIRECWAY. As further discussed above in Section IV.A.6, both services operate on Ku band satellites, but DIRECWAY, the second generation service introduced in December 2000, offers a relatively more advanced “satellite return” service while DirecPC relies on a “dial return” service. The key consumer benefits of the satellite return service are that it provides faster uplink speeds, does not require the use of a telephone line for service, and offers “always on” connectivity.

In addition, Schedule IV.A.6 includes a list of certain additional services available to DIRECWAY and DirecPC users beyond the basic broadband services (Internet access and e-mail), and the date each service was introduced.

DSL Broadband Internet Service

There have been no major changes made to DIRECTV Broadband’s service since the business was acquired on April 3, 2001.

- C. Provide a summary in table format of the key similarities/differences between EchoStar’s and DIRECTV’s program offerings and a corresponding summary of the key similarities/differences between the service offerings of EchoStar and DIRECTV and the offerings of cable and C band providers.**

Comparison of DIRECTV and EchoStar

Attached as Schedule IV.C.1. is a summary in table format providing the key similarities and differences between EchoStar’s and DIRECTV’s program offerings. The table compares national programming services, local programming services, non-English language programming services, and HDTV programming services offered by EchoStar and DIRECTV as of February 1, 2002. Currently, there are approximately 482 redundant programming channels between EchoStar and DIRECTV and, after the launch of EchoStar VII and EchoStar VIII, the number of redundant channels will rise to approximately 561. As discussed in the Applicants’ Opposition and Reply Comments, by eliminating this duplication, the merger would enable the combined company to dramatically increase its program offerings to consumers, including offering (i) more HDTV channels, (ii) new and expanded video on demand (“VOD”) and pay-per-view (“PPV”) services, (iii) additional educational, specialty and foreign language offerings, as well as (iv) local programming to every one of the 210 DMAs in the United States.

Comparison with Cable and C band Providers

Although they all compete in the multichannel video programming distribution (“MVPD”) market, there are identifiable differences between the service offerings of EchoStar and DIRECTV and those of C band and cable operators. The major differences generally fall into the following categories: (i) scope of service; (ii) capacity; and (iii) interactivity.

Scope of Service

DIRECTV, EchoStar and C band operators generally provide a national package of satellite-distributed services to consumers throughout the United States. Satellite providers are able to reach rural communities with approximately the same ease as they do urban areas, but are less able to tailor their offerings to local preferences except via significant expenditures of finite bandwidth. Cable operators, by contrast, operate in geographically distinct regions, and are by their nature local businesses. Cable operators are able to retransmit the signals of all local broadcast stations, wherever located, as well as cable channels serving local interests, such as public access, educational and governmental channels, without having to overcome the capacity constraints encountered by satellite providers.

Historically, the DBS service was disadvantaged as an MVPD competitor by the legal inability, for copyright reasons, to offer subscribers local broadcast programming. In 1999, Congress sought to address this problem in part by enacting the Satellite Home Viewer Improvement Act of 1999 (“SHVIA”), Pub. L. No. 106-113, 113 Stat. 1501A-523. This statute sought to increase competition between cable and satellite television distributors by amending the Copyright Act to create a new statutory compulsory copyright license that allows satellite carriers to retransmit the signals of local broadcast television stations in the stations’ local markets, known as “Designated Market Areas” or “DMAs,” without obtaining authorization from the holders of copyrights in the individual programs carried by those stations. *See* 17 U.S.C. § 122. On the other hand, the new compulsory copyright license came with a heavy price: the SHVIA amended the Communications Act to impose a so-called “must carry” obligation on satellite carriers. *See* 47 U.S.C. § 338. To the extent that local broadcasters do not grant their retransmission consent to satellite carriers and instead elect mandatory carriage, this obligation, which took effect on January 1, 2002, requires satellite carriers that use the new statutory compulsory copyright license to retransmit any local station in a local market to “carry upon request the signals of all television broadcast stations within that local market,” 47 U.S.C. § 338(a)(1), subject to certain limited exceptions. *See, e.g.*, 47 U.S.C. § 338 (b), (c).

Post-SHVIA, EchoStar and DIRECTV have begun to retransmit the signals of local television stations in a number of DMAs, which makes their service offerings more competitive with the offerings of incumbent cable firms in those areas. The limited channel capacity of DBS providers, however, as well as the burdens of the satellite must carry regime, continue to limit the ability of DBS – even with the implementation of spot beam and other new technologies – to offer local programming to many customers. DIRECTV currently serves 41 DMAs with local channels, while EchoStar serves 36 DMAs. As a result, local-into-local service has for now been confined only to the relatively larger metropolitan areas. Because of capacity expansion and efficiencies, the combination of DIRECTV and EchoStar will allow DBS to become a more effective and efficient competitor to cable within the next two years and ultimately offer local programming to all 210 DMAs.

Capacity

The capacity of satellite providers is limited by the number of satellites and transponders available to the provider, which in turn is dictated by the number of frequencies that a provider is licensed by the FCC. The capacity of satellite providers is used to serve all

consumers within the footprints of the satellite beams. Cable currently operates on two standards, analog and digital. On a per subscriber basis, analog cable has less capacity and therefore offers fewer channels than satellite services. Digital cable, however, is more robust and currently offers on a per subscriber basis more capacity than satellite services. This allows digital cable subscribers to receive a large number of audio and video channels, pay-per-view, and high speed Internet access service.

The merger will allow the two companies to mitigate the satellite bandwidth constraint. New EchoStar will be able to offer local channels to U.S. subscribers in all 210 DMAs because only the merger will free up the DBS capacity equivalent of more than 500 programming channels duplicated on the DIRECTV and EchoStar DBS systems; combine and rationalize each company's spectrum and advanced satellite assets in a way that makes such a plan technically feasible; and combine the companies' subscriber bases to make it commercially feasible to serve smaller markets and to construct and launch the additional satellites that are necessary to implement the plan.

Interactivity

In contrast to digital cable systems, where interactive services and applications are enabled through two-way communications between the customer's set-top equipment and the cable operator's head-end servers, digital satellite services create similar interactive experiences through the use of "push-only" techniques. In such a "push" environment, large amounts of data are broadcast repeatedly from the satellite and received through a customer's set-top receiver. These "data carousels" might consist of weather information associated with hundreds of locations, current stock quotes for thousands of companies, or merchandise descriptions (including price and graphics) associated with a particular electronic retailer's catalog. As an example, consider a scenario in which a consumer wishes to obtain a recent stock quote for a particular company through an interactive service offered by their cable or DBS provider. In a two-way cable environment, the consumer's data request would be sent to a cable server which would subsequently transmit the specific requested data to the consumer's cable set-top for display on the television. In the case of a DBS household, software in the satellite receiver would process the customer's request by searching the appropriate data carousel in the set top box (which contains data for thousands of companies), "grab" the requested data, and display it to the consumer.

From a consumer standpoint, each of these provides a similar "interactive" experience. In the DBS case, however, this experience can be achieved only if the DBS operator has sufficient broadcast bandwidth to transmit all of the relevant data which may be requested by its customers. The bandwidth available to a DBS operator to support a particular interactive service controls two of the service's primary characteristics: the service's depth (*e.g.*, the number of companies available in the stock quote service) and the service's latency (*i.e.*, the amount of time between a consumer's request for information and the display of such information). Thus, in order to compete against the "deep" and low latency interactive services offered by a two-way digital cable system, a DBS operator requires significant amounts of bandwidth.

V. SUBSCRIBER INFORMATION

A. Provide separately for EchoStar and DIRECTV, for each of the past four years, total subscribers by zip code, county, state, and DMA.

Attached as Schedule V.A. is a chart setting forth DIRECTV total subscriber data (including both DIRECTV and NRTC subscribers) by state at year end for each of the past four years. A Schedule setting forth DIRECTV total subscriber data by DMA at year end for each of the past four years is provided to the DOJ under separate cover. Total subscriber data by zip code at year end for each of the past four years is provided electronically to the DOJ under separate cover.

Total subscriber information by county is unavailable. DIRECTV does not maintain subscriber information by county in its ordinary course of business. In order to ascertain this data, DIRECTV would need to amalgamate data from several internal databases that were not designed to track this information and the results may not be accurate. DIRECTV estimates that creating such estimated data would take a least several weeks and entail the expenditure of considerable resources.

B. Provide separately for EchoStar and DIRECTV, for each of the past four years, total number of subscribers to each service offering by zip code, county, state, and DMA, including:

1. Each program package or tier of video service.

Attached as Schedule V.B. is a table showing the total number of DIRECTV subscribers by program package and/or tier for each of the past three years. (DIRECTV does not capture take rates for programming packages by NRTC customers.) For the period prior to the acquisition of United States Satellite Broadcasting Company, Inc. ("USSB") in 1999, DIRECTV does not have the requested information.

DIRECTV only collects the requested information on a national level. Total subscriber information disaggregated by zip code, county, state or DMA is not saved in this format. The systems in place to collect and process subscriber information are not built to record subscriber data at geographically disaggregated levels. As subscribers change their programming options, their profile is updated and the historic data is not maintained. DIRECTV does not believe that it could produce the subscriber information requested by the Commission in an accurate and economical manner.

2. Local-into-local broadcast service.

DIRECTV provides under separate cover to the DOJ Schedule V.B.2.(a), which is a table showing the total number of subscribers to local-into-local broadcast service by DMA for monthly intervals for the time period of March 2000 through December 2001. The actual data in the following schedules include NRTC subscribers from July 6, 2001 forward. NRTC data was not captured prior to that date. Attached hereto as Schedule V.B.2.(b) is a table showing the blended total number of subscribers of both DIRECTV and EchoStar for the 35 overlapping

DMA's for 2000 and 2001. Local-into-local broadcast service was not initiated until late 1999. DIRECTV does not collect the requested data by zip code in the ordinary course of business.

3. Premium programming.

Schedule V.B. shows the total number of subscribers (for DIRECTV subscribers only) to certain premium programming services offered by DIRECTV for each of the past three years. For the period prior to the acquisition of USSB in 1999, DIRECTV does not have the requested information, as it is not possible to reconstruct information obtained prior to the upgrade in billing systems, which was undertaken in connection with the acquisition, and coordinate such information with the information collected since such upgrade.

DIRECTV only stores the requested information on a national level. Service tier information disaggregated by zip code, county, state or DMA was not saved by DIRECTV in the past. DIRECTV's systems were not designed to collect or report and process premium programming subscriber information at these geographically disaggregated levels. DIRECTV does not believe that it could produce the subscriber information requested by the Commission in an accurate and economical manner.

4. Other video service offerings (e.g., a la carte programming).

Schedule V.B.4 shows a subscriber analysis of certain video service offerings, including Pay-per-view and interactive services. Hughes has the capacity to generate such information on a national level, but does not keep such information in the regular course of business. DIRECTV's systems were not designed to collect or report and process such subscriber information at the zip code, county, state or DMA level. DIRECTV does not believe that it could produce the subscriber information requested by the Commission in an accurate and economical manner.

5. Audio services.

Audio services are included in all of DIRECTV's programming packages. Schedule V.B. shows the total number of subscribers for each of DIRECTV's programming packages for the past three years. For the period prior to the acquisition of USSB in 1999, DIRECTV does not have the requested information, as it is not possible to reconstruct information obtained prior to the upgrade in billing systems, which was undertaken in connection with the acquisition, and coordinate such information with the information collected since such upgrade.

DIRECTV only stores the requested information on a national level. Service tier information disaggregated by zip code, county, state or DMA was not saved by DIRECTV in the past. DIRECTV's systems were not designed to collect or report and process subscriber information at these geographically disaggregated levels. DIRECTV does not believe that it could produce the subscriber information requested by the Commission in an accurate and economical manner.

6. Broadband services.

Satellite Broadband Service

HNS provides under separate cover to the DOJ Schedule V.B.6(a)(i)(a), which is a table of information detailing the number of current DirecPC and DIRECWAY consumer subscribers, by zip code.

Schedule V.B.6(a)(ii) is a table of information detailing the number of current DirecPC and DIRECWAY consumer subscribers by state. The data provided in those schedules include Powered By partner consumer subscribers. Further information about Powered By arrangements is provided in the response to Interrogatory IV.A.6. HNS provides in Schedule V.D(b) the approximate number of the national consumer subscribers for the years 1998 through 2001.

HNS was unable to find reliable historical consumer subscriber data by zip code or state. In an effort to respond to the request for information about geographic distribution of subscribers before 2002, HNS provides under separate cover to the DOJ Schedule V.B.6(b), which is a table of information detailing certain of installations of DirecPC and DIRECWAY equipment by zip code in each quarter of 2001.

In its ordinary course of business, HNS currently collects consumer subscriber information only by zip code. HNS is working to aggregate the information to show the number of current consumer subscribers by county and DMA and will provide that information once it is available.

DSL Broadband Internet Service

At year end 2001, approximately [Redacted] consumers nationwide were DIRECTV DSL subscribers. DIRECTV Broadband estimates that approximately [Redacted] consumers will be DIRECTV DSL subscribers by the end of 2002. Prior information is not provided because it preceded the acquisition of DIRECTV Broadband by Hughes Electronics Corporation on April 3, 2001.

- C. Provide separately for EchoStar and DIRECTV, for each of the past four years, the annual churn rate for each service offering.**

DIRECTV

Attached as Schedule V.C.(a) is a table showing the DIRECTV average annual monthly churn rate for the time period 1999 through 2001. Monthly churn rates are a standard way of reporting this data in the industry. DIRECTV does not collect and maintain churn rate data by tier of service or by local-into-local service offering and does not have the facilities to accurately estimate such information. DIRECTV continues to examine average monthly churn rate data for 1998 and will supplement its response when it is able to provide further information.

Satellite Broadband Service

Attached as Schedule V.C.(b) is a table showing the average monthly churn rate for DIRECWAY and DirecPC consumers for 1998 through 2001. Monthly churn rates are a standard way of reporting this data in the industry. The consumer churn rates include Powered By partner consumer subscribers.

DSL Broadband Internet Service

The average monthly churn rate for DIRECTV DSL consumers during the last three quarters of 2001 was [Redacted] if including extraordinary churn from the termination of service by certain Competitive Local Exchange Carriers (CLECs) from which DIRECTV Broadband purchased wholesale DSL dial tone access, or [Redacted] if such extraordinary churn is not included. Prior information is not provided because it preceded the acquisition of DIRECTV Broadband by Hughes Electronics Corporation on April 3, 2001.

- D. To the extent that it is available, provide projected subscriber data for the next two years, disaggregated by geographic region as finely as possible.**

DIRECTV

Attached as Schedule V.D(a) is a table showing projections of net customers by programming tier, premium services, a la carte, and local-into-local national projections for the next two years to the extent it is available. DIRECTV does not project subscriber data by DMA for local-into-local offerings.

Satellite Broadband

Attached as Schedule V.D(b) is a table showing the projected number of DIRECWAY and DirecPC consumer subscribers nationwide to the extent it is available.

VI. Prices

A. Service Prices

1. **Separately, for EchoStar and DIRECTV, for each of the past four years, for each distinct service offering, provide the regular monthly charge for the service. To the extent that regular charges vary by geographic region, the regular charges should be reported separately for each relevant geographic region.**

DIRECTV

Attached as Schedule VI.A.1(a) is a table showing the regular monthly charge for each service offering provided by DIRECTV currently and for each of the past four years.

DIRECTV charges the same price for the same content throughout the continental United States and Alaska without regard to the geographical location of the subscriber. Therefore, the charge indicated on Schedule VI.A.1(a) per service offering is applicable to subscribers across the continental United States and Alaska. Due to the technical limitations of its satellites, DIRECTV provides an alternative package of programming for subscribers in Hawaii (see Schedule IV.A.1 – Hawaii Channel Lineup). DIRECTV currently offers Hawaii Choice Plus for \$21.99 per month and Opción Hawaii Plus, DIRECTV’s bi-lingual offering in Hawaii, for \$23.99 per month. As noted in the Opposition, if the merger is approved, technical and economic efficiencies will allow Hawaii to receive the same packages of programming as the rest of the United States.

DIRECTV has moved to a new “a la carte” pricing policy for certain premium channels. As indicated on Schedule VI.A.1(a), a subscriber to the Total Choice Plus or Total Choice programming packages do not automatically receive HBO. Under the new pricing policy that went into effect February 1, 2002, that subscriber can add HBO (or another a la carte service from DIRECTV’s “Pick One through Five” selections) for an additional charge of \$12 per month. A subscriber can add a second selection for an additional \$10, a third for an additional \$9, a fourth for an additional \$8 and a fifth for an additional \$7.

Satellite Broadband Service

Attached as Schedule VI.A.1(b) is a list of the retail rate service plans offered by HNS directly to consumers for DirecPC and DIRECWAY service during the years 1998 through 2001 and those expected to be continued through 2002. HNS’s Powered By partners set their own prices for consumers. Further information regarding Powered By partners is provided in the response to Interrogatory IV.A.6.

DSL Broadband Internet Service

DIRECTV DSL is currently priced at \$49.99 per month, with an activation fee of \$49.99. This price includes the use of a DSL modem, e-mail accounts, and server space for e-mail and web pages. DIRECTV DSL equipment is generally installed by the end-user. The

“Connect and Protect” service is priced at an additional \$9.99 per month. Because DIRECTV Broadband was acquired by Hughes Electronics Corporation in the second quarter of 2001, historical information for the past four years has not been provided. Further information regarding DIRECTV Broadband is provided in the response to Interrogatory IV.A.6.

2. **Separately, for EchoStar and DIRECTV, provide information on all promotional prices, coupons, and all other forms of discounts during the past four years. The time period for which promotional prices, coupons, and discounts are in effect should be specified, as should any specific eligibility requirements (including minimum subscription periods, minimum purchases, geographic restrictions, and “new customer only” restrictions). Include information on rates charged for subscriptions to combinations of services.**

DIRECTV

Based on the information that DIRECTV has been able to gather, attached as Schedule VI.A.2(a) are tables showing information on DIRECTV promotional offers for each of the past four years. Table I lists by region, retailer, offer and date certain programming promotions that DIRECTV has participated in. Table II lists by date, offer, value and eligibility restrictions certain promotions made available for offer through independent dealers. Table III lists by date, offer and eligibility restrictions the national consumer offers provided by DIRECTV.

Information on the rates charged for subscriptions to combinations of services is listed on Schedule VI.A.1(a), which sets forth prices for packages of programming services and add-on services.

Satellite Broadband Service

Attached as Schedule VI.A.2(b) is a list of standard equipment and installation prices, as well as prices and conditions for promotions offered directly to consumers by HNS for the purchase and installation of equipment necessary for the receipt of DirecPC or DIRECWAY services from 1998 through 2002. The Schedule does not include prices charged to consumers by HNS Powered By marketing partners who set their own prices and promotions. Further information on HNS’s Powered By partners is provided in the response to Interrogatory IV.A.6.

DSL Broadband Internet Service

Included in Schedule VI.A.2(b) is a list of prices and conditions for promotions offered directly to consumers by DIRECTV Broadband (since the business was acquired on April 3, 2001) for the purchase and installation of equipment necessary for the receipt of DIRECTV DSL. Further information regarding DIRECTV Broadband is provided in the response to Interrogatory IV.A.6.

B. Other Prices. Separately, for EchoStar and DIRECTV, provide the price charged for each of the following, currently and for each of the past four years:

a. Service initiation or termination, including (but not limited to) equipment installation or removal.

DIRECTV

DIRECTV does not charge customers a fee for service initiation.

Other than described in Section VI.B(c) below pertaining to certain lease customers, DIRECTV generally charges no fee for termination of its services. Starting in August 2001, however, DIRECTV has added to certain of its customer agreements a provision that charges a customer a fee if the customer stops service prior to the end of a one-year term. Under DIRECTV's standard agreement, the customer agrees to pay a termination fee equal to a pro rated portion of his or her annual service fee up to a maximum of [Redacted] if the service is terminated early. Under DIRECTV's lease program, the customer agrees to pay a termination fee equal to a pro rated portion of his or her annual service fee up to a maximum of [Redacted] if the service is terminated early.

DIRECTV has limited involvement in the installation of equipment (see Section VI.B(c) below discussing DIRECTV's leasing program). DIRECTV's Home Installation Services department contracts out installation requests to vendors who install equipment at customer locations. DIRECTV pays an average price per standard installation of [Redacted], depending on the contract with the installer vendor. DIRECTV does not control whether and what amount the vendors charge individual customers for installation services.

DIRECTV has recently started an equipment lease program, which is more fully described in Section VI.B(c) below. DIRECTV charges no fee for primary installation of equipment to lease customers, but does charge fees for installation of certain supplemental equipment. A list of the fees for services under the program is provided on Schedule VI.B(a)(i).

DIRECTV also charges installation fees for installing certain equipment for the former PRIMESTAR subscribers that DIRECTV converted to its service as a result of its acquisition of PRIMESTAR in 1999. A list of the fees for such installations is provided on Schedule VI.B(a)(ii).

Satellite Broadband Service

Attached at Schedule VI.A.2(b) is a list of standard equipment and installation prices, as well as prices and conditions for promotions offered to consumers for the purchase and installation of equipment necessary for the receipt of DirecPC or DIRECWAY services from 1998 through 2002. This schedule does not include prices charged to consumers by HNS's Powered By partners, who set their own prices and promotions. Except as set forth on the schedule, HNS does not charge, and has not charged in the last four years, fees to consumers for the initiation or termination of DIRECWAY or DirecPC service. Further information on Powered By partners is provided in the response to Interrogatory IV.A.6.

DSL Broadband Internet Service

Consumers who subscribe to the basic DIRECTV DSL plan are charged an initiation fee of [Redacted], and a shipping and handling fee of [Redacted] for delivery of the equipment. The promotional plans offered by DIRECTV Broadband, as described in Schedule VI.A.2(b), do not require an initiation fee. The basic DIRECTV DSL plan does not charge termination fees. Promotions which require a one year service contract include an early termination fee as listed on the schedule. DIRECTV Broadband provides the equipment necessary for the use of DIRECTV DSL at no charge to the consumer, but charges a fee of [Redacted] if the equipment is not returned by the consumer upon termination of DIRECTV DSL service. Further information regarding DIRECTV Broadband is provided in the response to Interrogatory IV.A.6.

b. Equipment purchase.

DIRECTV

In addition to DIRECTV System equipment being sold by sales agents, DIRECTV began offering DIRECTV System equipment sales direct to consumers for both new and existing customers in March of 2000. The purpose of establishing this channel was to give consumers a convenient one stop shopping experience in purchasing and scheduling installations of DIRECTV System equipment by simply calling a toll-free number. New residential customers who call 1-800-DIRECTV today are eligible to receive a free DIRECTV System including a professional installation if they commit to a TOTAL CHOICE® package or above for 12 consecutive months. DIRECTV also offers a broad range of offers to existing customers like the "Mover's Program," which aides existing customers in the installation of DIRECTV System equipment at their new homes. Consumers can also take advantage of upgrade offers from DIRECTV which gives customers upgraded hardware that allows them to view international programming and/or local channels in their area. Beginning May of 2002, DIRECTV will also make purchase of DIRECTV System equipment available through www.DIRECTV.com, to both new and existing customers. For the fiscal year 2001, DIRECTV's direct sales division ranked [Redacted] highest in terms of subscribers activated among the various DIRECTV sales agents. (See Schedule III.A.) Schedule VI.B(b) provides a summary of prices DIRECTV's direct sales division charges for equipment purchases.

Satellite Broadband

Equipment purchase prices for each level of satellite broadband service offered by HNS to consumers are set forth above in the Company's response to Interrogatory VI.B(a) and on Schedule VI.A.2(b). Broadband consumer equipment has been subject to reduced promotional prices since the year 2000. This response does not include prices charged to consumers by HNS's Powered By partners, who set their own prices and promotions for equipment and service.

DSL Broadband Internet Service

Included in Schedule VI.A.2(b) is a list of charges to consumers by DIRECTV Broadband for the purchase and initiation of equipment necessary for the receipt of DIRECTV DSL. DIRECTV Broadband provides the equipment necessary for the receipt of DIRECTV DSL at no charge to the consumer, subject to a charge of \$499 if the equipment is not returned by the consumer upon termination of DIRECTV DSL service. Further information regarding DIRECTV Broadband is provided in the response to Interrogatory IV.A.6.

c. Equipment rental.

DIRECTV

In the past year, DIRECTV has begun to offer a rental equipment service to customers under the DIRECTV Lease Plan. Currently, approximately [Redacted] customers lease equipment from DIRECTV under the Lease Plan. DIRECTV leases equipment to certain customers pursuant to the terms of a Programming Commitment and Equipment Lease Addendum to Customer Agreement. Such customers pay a whole house fee of \$7.99 per month for equipment. DIRECTV also charges a service mirroring fee of \$4.99 for service on two or \$9.98 for service on three set-top boxes (no single set-top box service lease is offered). The customer also agrees to subscribe to a minimum tier of programming (the Total Choice tier) for one year. DIRECTV charges no installation fee for primary set up of equipment under the Lease Plan, but does charge an equipment retrieval fee of \$50.

As stated above, DIRECTV charges a maximum "Early Lease/Programming Termination Fee" of [Redacted]. This fee is prorated over the twelve month term of the lease and calculated based on the timing of the customer's early termination. DIRECTV also charges \$150.00 per each DIRECTV System receiver unit that is either lost or not returned; additional fees are charged for a nonreturned access card.

DIRECTV also currently provides equipment rental for approximately [Redacted] converted PRIMESTAR rental customers. These subscribers are charged monthly fees of between \$3 and \$10. DIRECTV also charges a \$50 retrieval fee for converted PRIMESTAR rental customers. As of December 31, 2001, there were [Redacted] PRIMESTAR rental customers. On December 31, 2000, there were [Redacted] PRIMESTAR rental customers.

Satellite Broadband

HNS has not in the past two years, and does not currently, rent or lease equipment to consumers necessary for the receipt of either DirecPC or DIRECWAY service.

DSL Broadband Internet Service

DIRECTV Broadband does not rent or lease equipment necessary for the receipt of DIRECTV DSL. However, a consumer is required to return the equipment upon termination of service. DIRECTV Broadband charges \$499 for equipment which is not returned.

d. Service contracts.

DIRECTV

Starting in 2000, DIRECTV began offering a customer protection plan for a fee of \$59.90 per year or \$5.99 per month. For subscribers to this plan, DIRECTV will send a service person to the customer's home at no additional charge if the customer's problem cannot be initially rectified over the phone. The maintenance crew will then ascertain if the customer's equipment is faulty. If it is, and the customer purchased the equipment from DIRECTV and the equipment remains under warranty, then DIRECTV will replace the equipment. If the equipment was purchased from a third party and it is under warranty, the third party retailer will be obligated to repair the equipment.

DIRECTV Lease Plan customers and converted PRIMESTAR rental customers receive free repair service calls and equipment replacement as part of their rental agreements.

Satellite Broadband

HNS has not in the past two years, and does not currently, offer equipment with a service plan in connection with the provision of DirecPC or DIRECWAY service to consumers.

DSL Broadband Internet Service

DIRECTV Broadband does not offer equipment with a service plan in connection with the provision of DIRECTV DSL satellite broadband service to consumers.

e. Any other relevant products or services.

The products and services referenced in VI.A and VI.B (a) through (d) above constitute the entirety of the relevant consumer service offerings of DIRECTV and HNS.

VII. Revenues. Separately for EchoStar and DIRECTV, for each of the categories listed under Prices Section VI above, provide revenues for each of the past four years.

DIRECTV

Attached as Schedule VII(a) is a table setting forth monthly DIRECTV total revenue by tier for the time period 1998 through 2001. The table details the revenues derived

from the following sources: subscriber revenue (which includes the revenue received from core packages, PPV, a la carte and other programming) and non-subscriber revenue (which includes NRTC revenue share and fees and advertising and access card sales). [Redacted] Therefore no revenue for these categories is listed on Schedule VII(a).

Satellite Broadband

Attached as Schedule VII(b) is a table setting forth 1998 through 2001 annual revenues for DirecPC and DIRECWAY consumer service and equipment sales and installation.

VIII. Costs

Separately, for EchoStar and DIRECTV, for each of the past four years and the next two years, provide for each state, DMA, and for the United States as a whole:

- a. actual or expected costs (total, variable, average total, and average variable cost) of providing MVPD service, excluding (plant, equipment, and other relevant) maintenance costs and programming acquisition costs;**

Attached as Schedule VIII(a) is a chart showing the total variable and average variable cost of providing MVPD services, excluding fixed costs (e.g., programming acquisition, plant and equipment costs) but including maintenance costs for each of the past four years and the next two years.

The costs shown on Schedule VIII(a) were derived from the historical financial statements, Cost of Sales – Customer Related category. The four main components of this category include billing, customer service, CAM card security and replacement cost, and other (including primarily customer remittance processing and customer service calls).

- b. actual or expected costs (total, variable, average total, and average variable cost) to the company of acquiring each new subscriber;**

Attached as Schedule VIII(b) is a chart showing the total subscriber acquisition cost and subscriber acquisition cost per subscriber, for each of the past four years and forecasts for the next two years.

- c. actual or expected maintenance costs (total and average);**

Attached as Schedule VIII(c) is a chart showing the total maintenance cost and average maintenance cost per customer for each of the past two years and estimates for the next two years. DIRECTV's maintenance program did not start until 2000, so actual costs for the time period 1998 through 1999 are unavailable.

The costs shown on Schedule VIII(c) were derived from the historical financial statements. The three main components of this category include service calls, card replacement and warranty service.