☒ Overview

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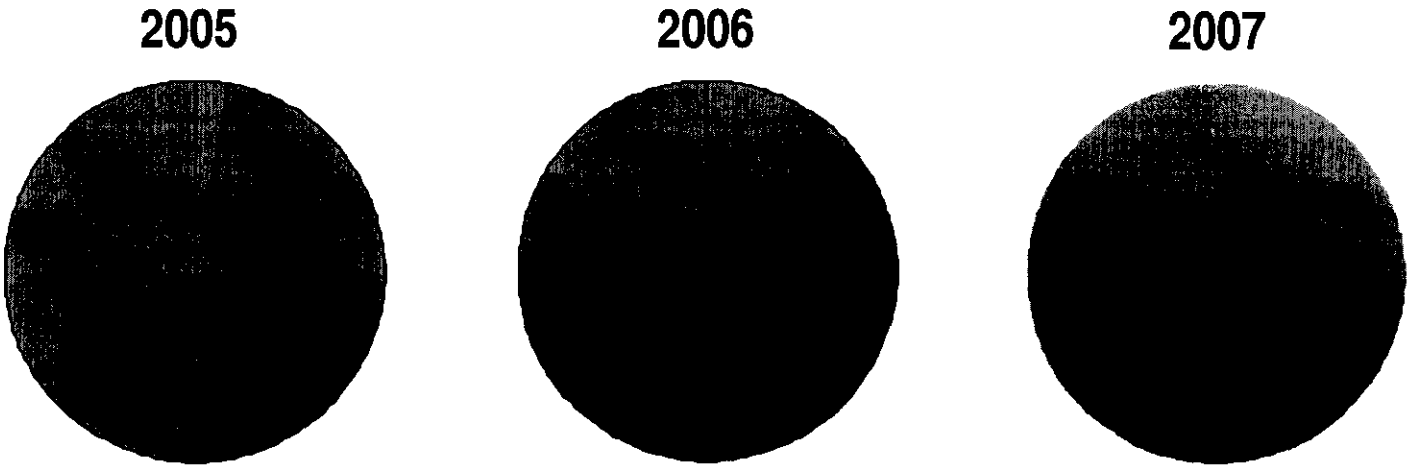
☒ Cost Synergies

☑ Revenue Synergies

☐ Summary

Timing of Revenue Synergy

Cumulative EBITDA from Revenue Synergies by 2007 = [ ]



Present Value of Revenue Synergies ($B)	
Local Markets	[
VOD / PPV	
HDTV	
Ad Sales / Interactive	
Broadband	
Box Swap	]
	[ ]

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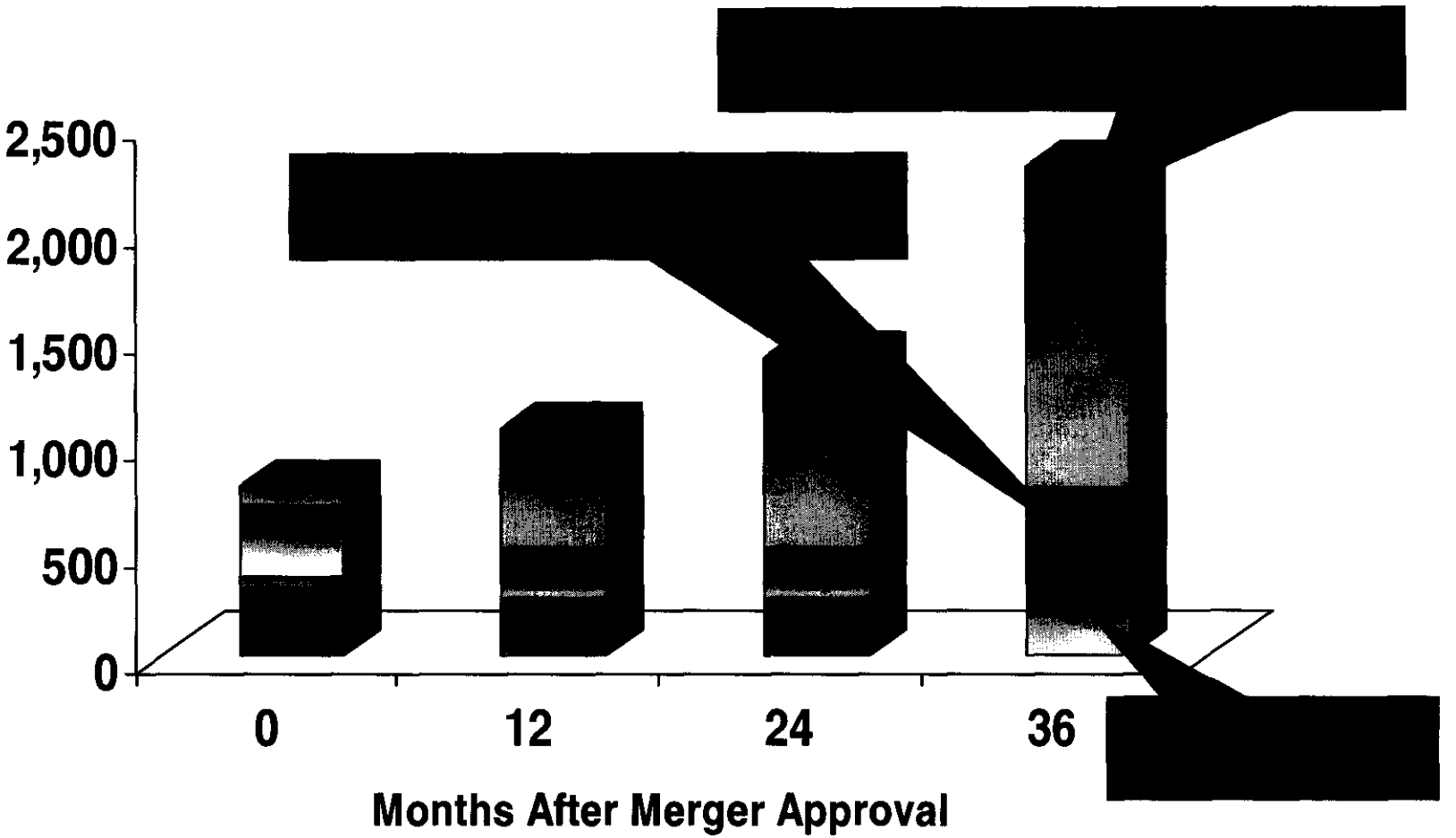
Spectrum Reclamation



- Duplicated Nat'l Channels
- Nonduplicated Nat'l Channels
- Duplicated Local Channels
- Recovered CONUS Channels
- Nonduplicated Local Channels

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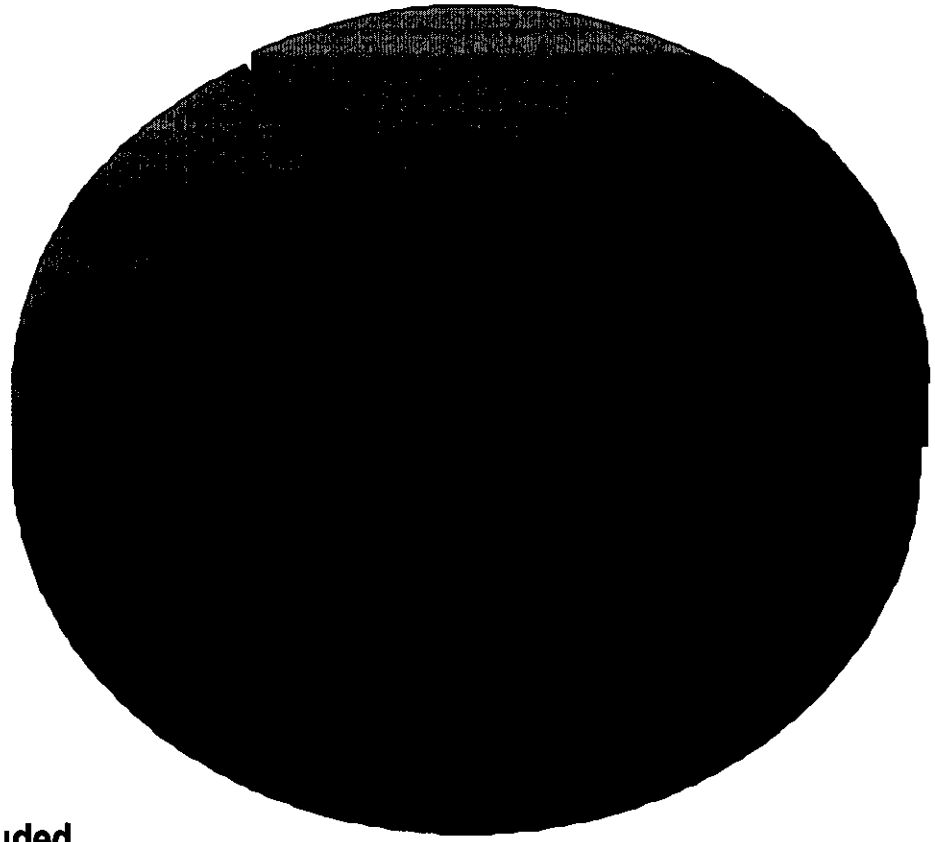
Reclaimed Spectrum: 2003

Estimated Allocation (approx. 3 transponders)

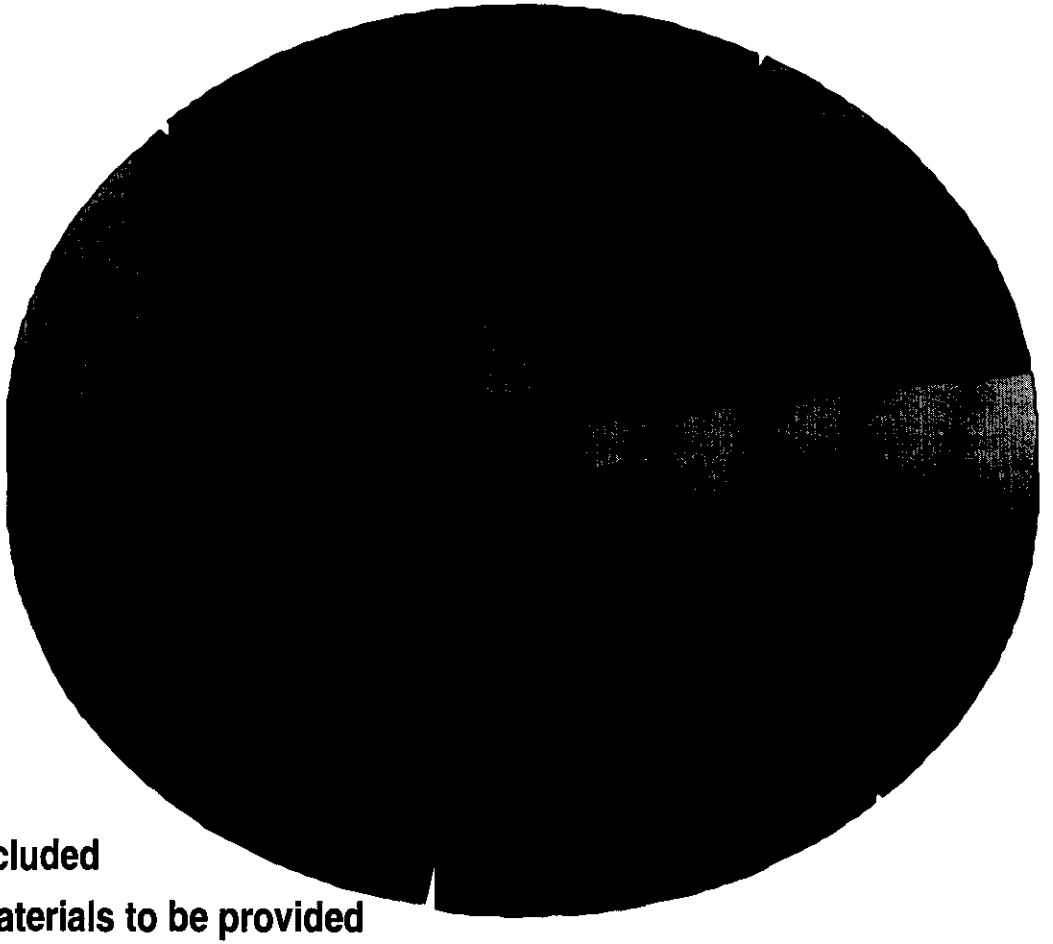


Local Markets not included

Additional backup materials to be provided

Reclaimed Spectrum: 2005

Estimated Allocation (approx. 50 transponders)



Local Markets not included

Additional backup materials to be provided

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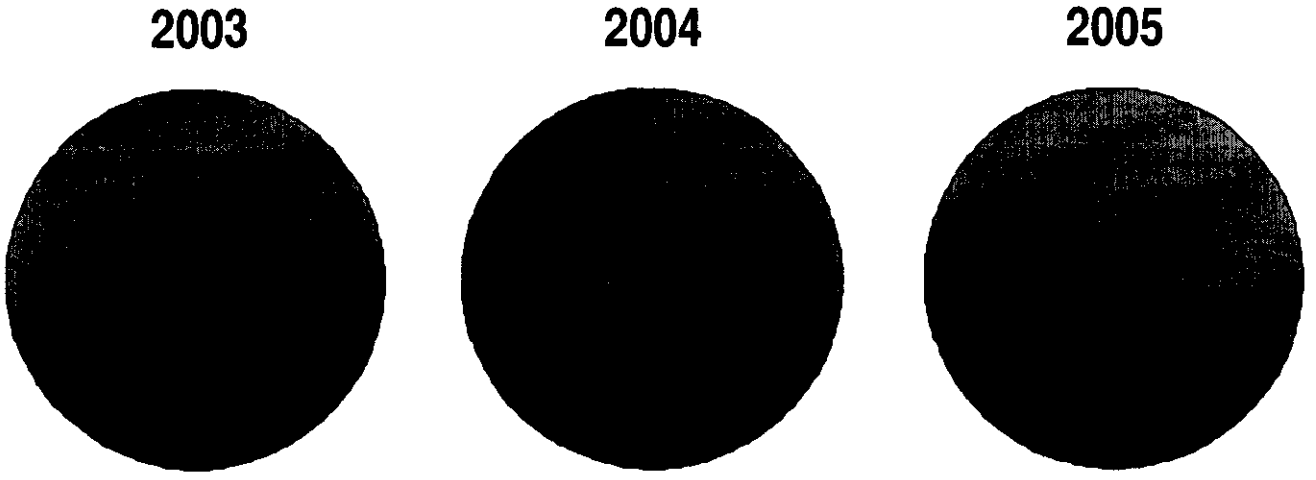
Revenue Synergy: Local Markets

All 210 DMAs served by 2005



DMA Assumptions:

Year	Incremental Local Markets	Cumulative Local Markets	Cumulative % H/Hs Covered
2003	30	100	86%
2004	50	150	96%
2005	60	210	100%

Nielsen Media Research: Estimates for 01-02 TV season which started 9/17/01.

Revenue Synergy: Local Markets

Local Markets = [ ] or [ ] of Revenue Synergies

Financial Assumptions

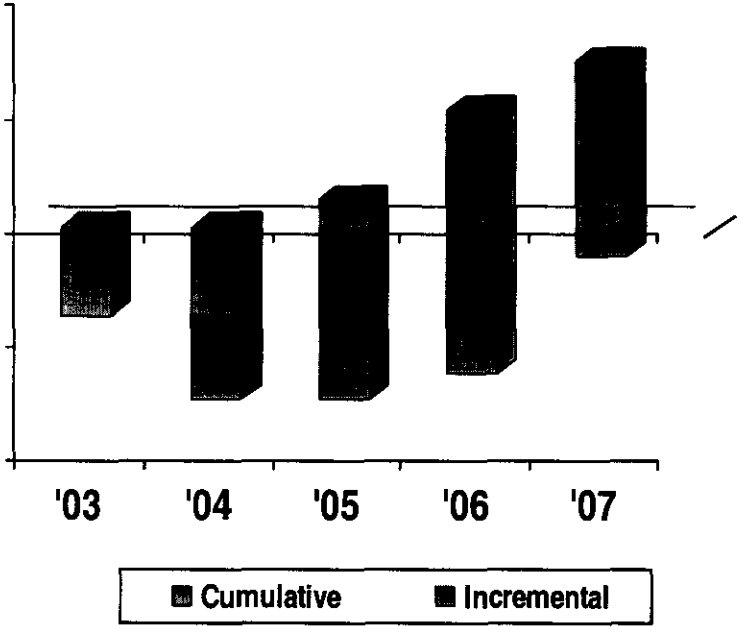
- Expansion into all 210 DMAs by early 2005
- Incremental penetration of [ ] of TV H/Hs in each incremental DMA, achieved over 3 years
- [ ] local penetration assumed for existing subs in incremental DMAs
- Price assumed of $5.99/month; EBITDA Margin of [ ]
- New spot beam satellite of $300 Million; [ ] of capital per new market

Business Assumptions

- Complete access to all local markets is vital to compete with Cable operators
- Key to continued growth and lower subscriber churn
- Universal availability allows more effective marketing of locals

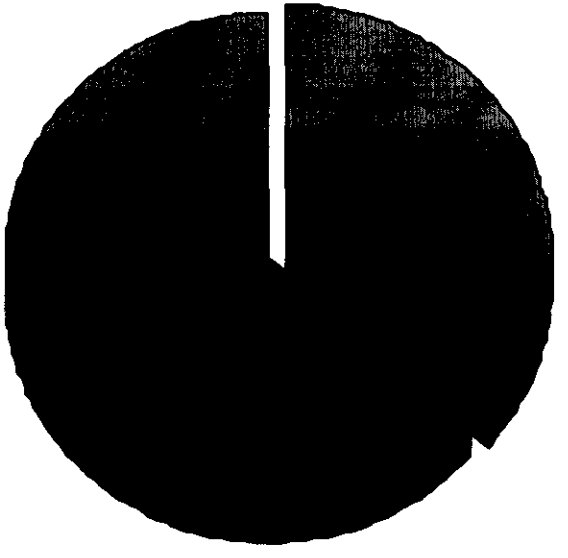
Revenue Synergy: Local Markets

Timing of Cash Flows (B)



- [ ] incremental subscribers
- Cash flow benefits begin in 2005

PV of Revenue Synergies



Discounted Cash Flow ($B):

TV @ [ ] x [

CF ('03 - '07)

]

PV @ [ ] [ ]

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Revenue Synergy: VOD / PPV

VOD / PPV = [ ] or [ ] of Revenue Synergies

Financial Assumptions

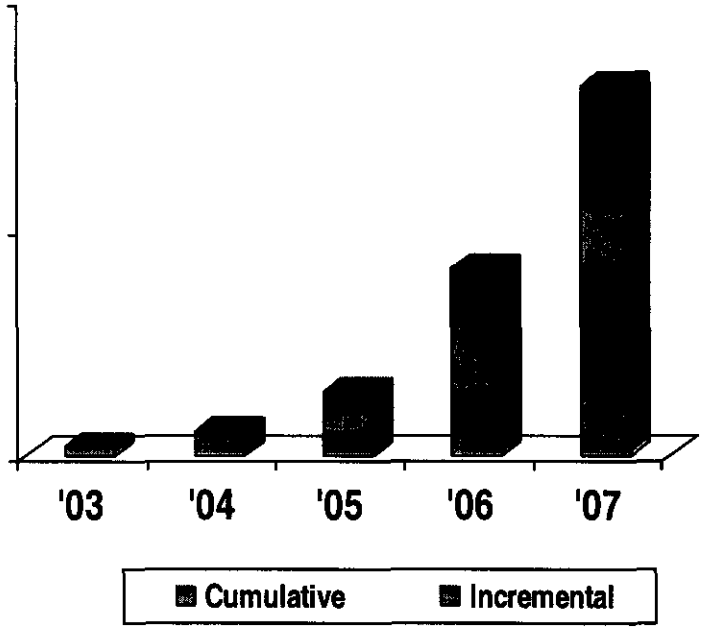
- Incremental program buys of [ ] per year, per customer, in 2003, increasing to [ ] in 2007
- Movies priced at [ ] each; EBITDA Margin of [ ]

Business Assumptions

- Increased channels utilized for PPV and VOD
- Expanded titles and increased frequency of start times
- Incremental penetration of PVRs which is necessary to compete with Cable VOD
- Advanced equipment will contain hard drives for caching VOD
- Increased consumer convenience will increase ARPU and attract new subscribers
- Churn control and customer satisfaction

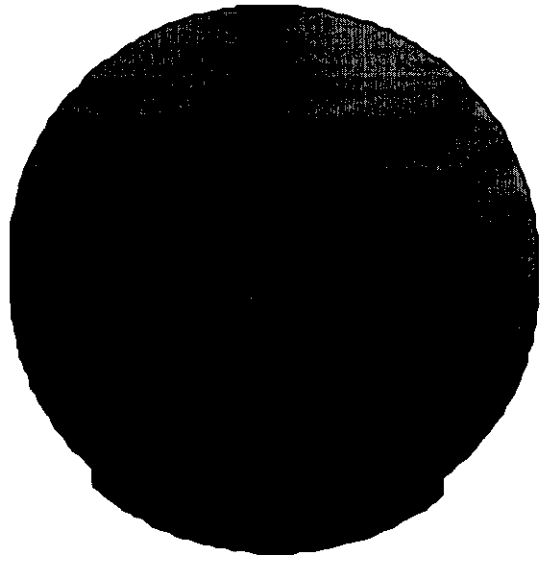
Revenue Synergy: VOD / PPV

Timing of Cash Flows (B)



- [ ] incremental subscribers
- NVOD beefed up before VOD/PVR capabilities are widely deployed

PV of Revenue Synergies



Discounted Cash Flow ($B):

TV @ [ ] x	[
CF ('03 - '07)	]
PV @ [ ]	[ ]

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Revenue Synergy: HDTV

HDTV = [ ] or [ ] of Revenue Synergies

Financial Assumptions

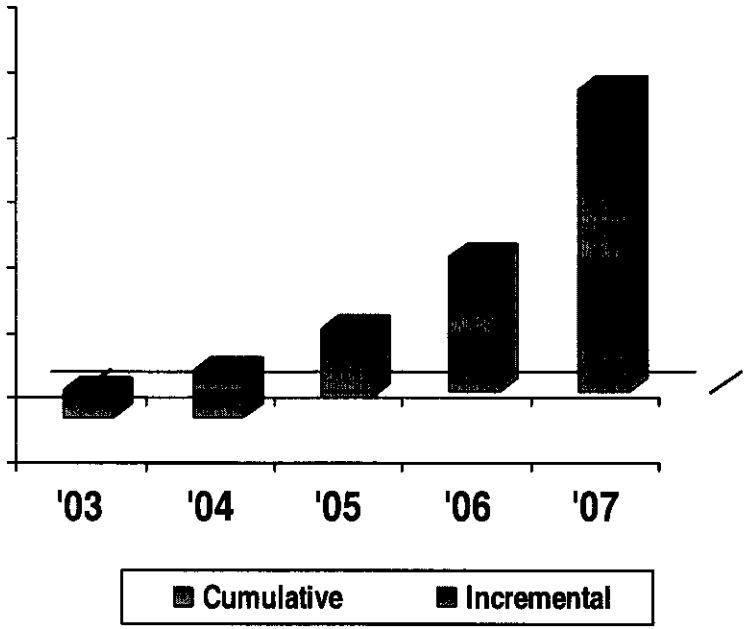
- Consumer Electronics Assoc. (CEA) projections used as a baseline for HDTV universe
- Penetration will increase from [ ] of CEA in 2003 to [ ] of CEA in 2007
- [ ] per month comparable to other premium packages
- EBITDA Margin of [ ]

Business Assumptions

- Increased HDTV offerings from 3 channels to approximately 12 channels
- Enhanced ability to deliver HDTV will drive consumer adoption of equipment
- Consumer adoption will motivate content providers to increase HDTV production
- Robust HDTV offering necessary to differentiate from cable MSOs offerings

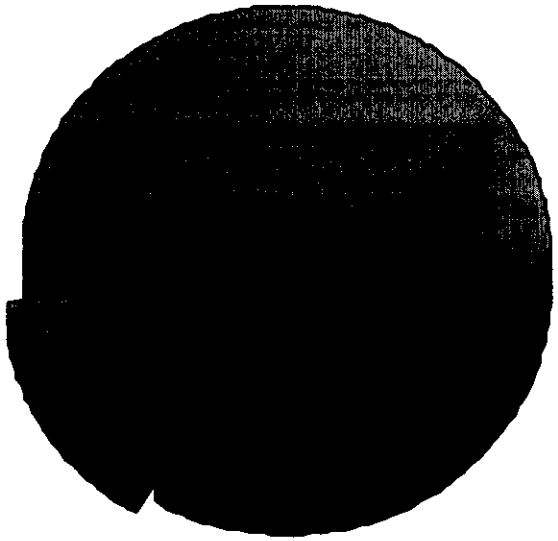
Revenue Synergy: HDTV

Timing of Cash Flows (B)



- [ ] incremental subscribers
- Cash flow benefits begin in 2004

PV of Revenue Synergies



Discounted Cash Flow ($B):

TV @ [ ] x [

CF ('03 - '07)

]

PV @ [ ] [ ]

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Revenue Synergy: Advertising / Interactive

Advertising / Interactive = [ ] or [ ] of Revenue Synergies

Financial Assumptions

- [ ] / month / incremental subscriber; Margin of [ ]
- Benefit ramps at 25% per year for full benefit in YR 4
- Transitioned customers at full interactive benefit
- Existing customers at half of interactive amount

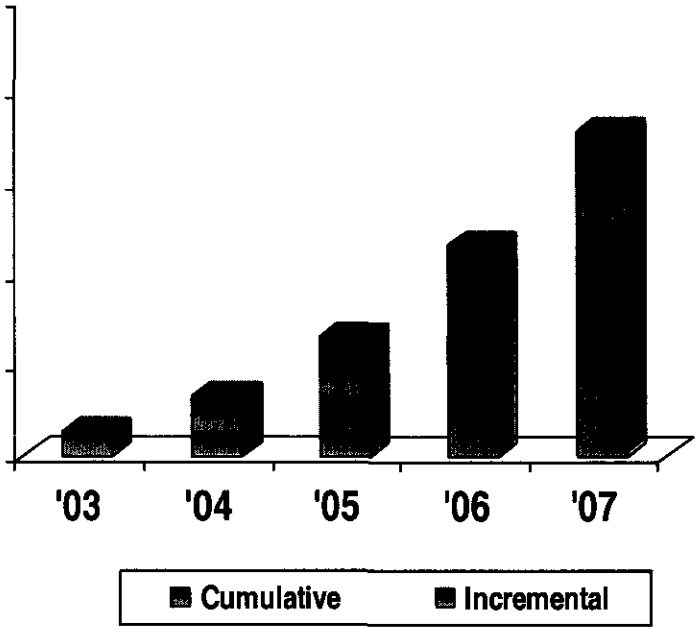
Advertising / Interactive	
Advertising	[
Interactive	]
	[ ]

Business Assumptions

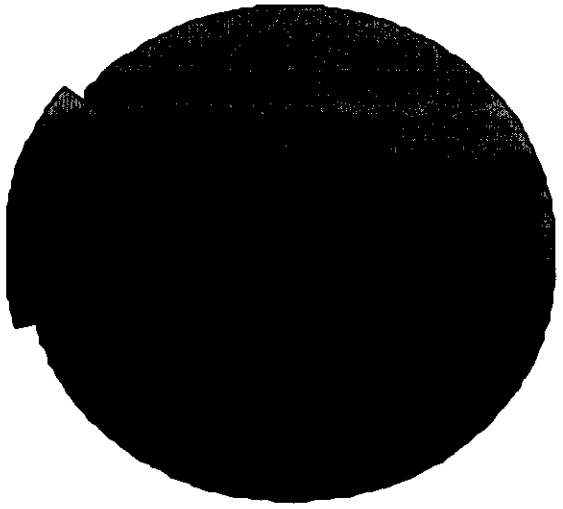
- Leverage combined base to advertisers
- New EchoStar becomes viable path for national and general market TV advertisers
- DBS needs to respond to Cable's interactive capabilities
- Expanded capacity needed for robust interactive applications
- Interactivity will introduce new revenue streams

Revenue Synergy: Advertising / Interactive

Timing of Cash Flows (B)



PV of Revenue Synergies



Discounted Cash Flow ($B):

TV @ [ ] x [

CF ('03 - '07)

]

PV @ [ ] [ ]

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Revenue Synergy: Broadband

Broadband = [ ] or [ ] of Revenue Synergies

Financial Assumptions

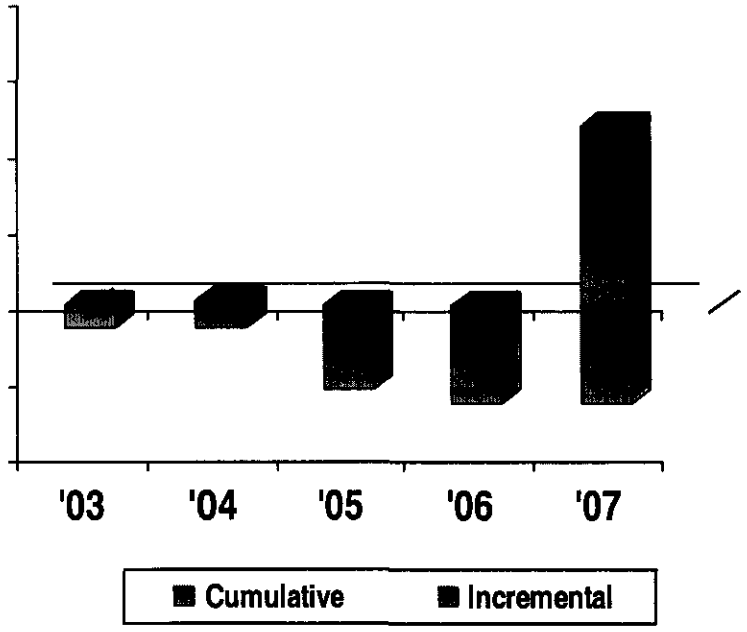
- $50 avg. / month for Broadband only customers
- [ ] discount when bundled with video service
- Avg. EBITDA Margin of [ ]
- Blended SAC per Broadband sub ranges between [ ] and [ ]

Business Assumptions

- Consolidated spectrum and economies of scale justify investment in Broadband
- Combined subscribers provide leverage and reduced risk
- Accelerated growth which is critical to competition with cable modems and DSL
- Discounted bundled product that will be attractive to consumers
- Reduce churn

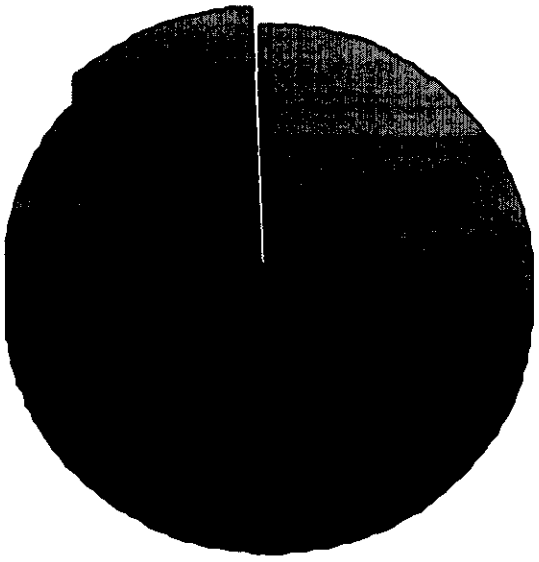
Revenue Synergy: Broadband

Timing of Cash Flows (B)



- [ ] incremental subs
- [ ] Broadband only
- [ ] video and broadband

PV of Revenue Synergies



Discounted Cash Flow ($B):	
TV @ [ ] x	[
CF ('03 - '07)	]
PV @ [ ]	[ ]

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Summary

Total Synergies

Total [ ] (+/- 20%)

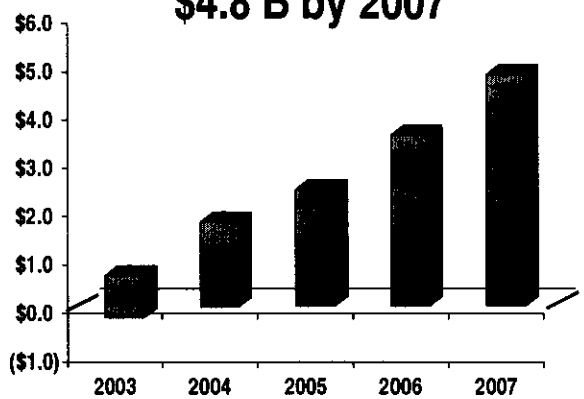
Rev
[ ]

Costs
[ ]

Value Creation

EBITDA Timing

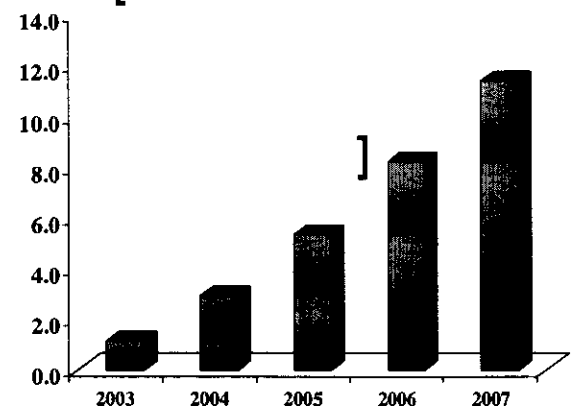
$4.8 B by 2007



Timely Execution

Subscribers (M)

[



]

Beneficial to Consumers

36M Consumers get more choice, better products & competitive prices

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ECHOSTAR

HUGHES

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