

US
Satellite Communications

May 8, 2002

Hughes Electronics

Solid 1Q02 Reinforces DIRECTV Turnaround

Rating Remains

Buy

Price

US\$14.35

Target Price

US\$36.50

Ticker/Code

NYSE: GMH

EBITDA/Share	1Q	2Q	3Q	4Q	FY: (Dec)
2001A	\$0.09	\$0.06	\$0.06	\$0.09	\$0.30
2002E	\$0.10A	\$0.07	\$0.14	\$0.19	\$0.51
2003E					\$1.03

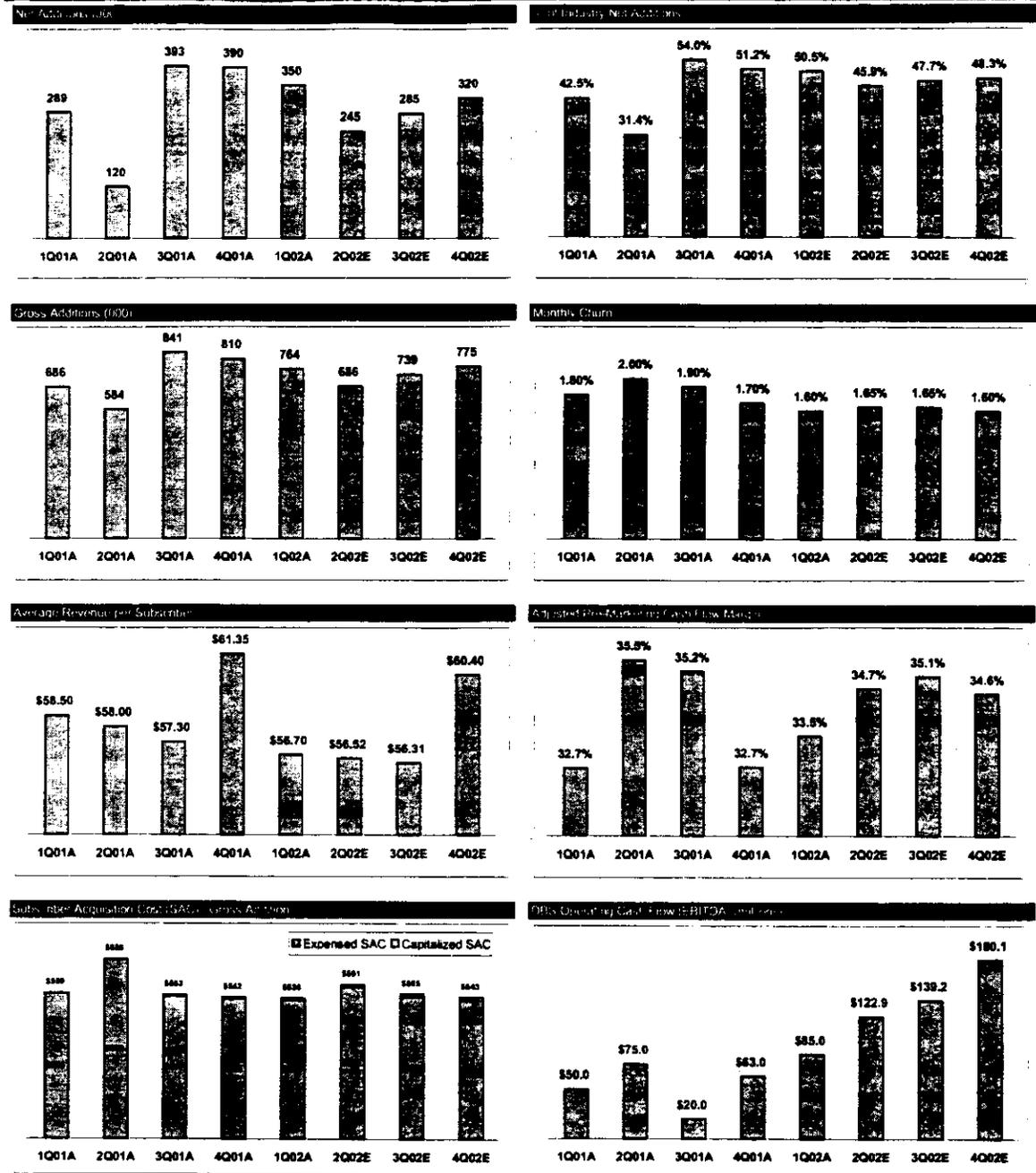
Source: Deutsche Bank Securities estimates and company information

52-Week Range:	\$28-\$12	5-Year EBITDA Growth Rate	38%
Shares Outstanding: (MM)	1,411.5	Adj. Ent. Value/'03 EBITDA	12.5x
Market Cap: (MM)	\$20,524	Avg. Daily Volume: (MM)	2.3
S&P 500:	1049.49	Float: (MM)	805.4

Hughes Electronics reported solid first quarter financial results on April 15 following strong pre-announced DIRECTV subscriber results on March 21. Since its management shake-up, the company has delivered three successive quarters of dramatic turnaround improvement at DIRECTV on nearly every operating metric.

- **For the company's core DIRECTV U.S. business, on an owned-and-operated basis, first quarter results were as follows:** net subscriber additions of 350,000 (up over 20% year-over-year), subscriber churn of 1.6% per month (versus 1.8% in the prior year), subscriber acquisition costs of \$520 per gross addition (versus \$535 in the prior year), total revenue of \$1.466 billion (up 10.7% year-over-year driven by a 3% decline in ARPU to \$56.70), and operating cash flow (EBITDA) of \$85 million (up 70% from \$50 million in the prior year).
- **Management slightly raised its full year guidance at DIRECTV U.S., while lowering guidance at DIRECTV Latin America.** For DIRECTV U.S. management raised its full year subscriber net addition guidance from 1.0-1.2 million (including net additions from franchisees NRTC/Pegasus) to 1.2 million on an owned-and-operated basis (excluding NRTC/Pegasus). Further, the company raised its revenue guidance for DIRECTV U.S. from \$6.0-\$6.2 billion to approximately \$6.2 billion, while usually in contrast to higher subscriber forecasts, management maintained the lower end of its EBITDA guidance of \$525-\$575 million. Meanwhile, at DIRECTV Latin America the company lowered guidance for revenue by \$125 million and for EBITDA by \$100 million to reflect the impact of the devaluation of the Argentinean peso.
- **We view Hughes/DIRECTV's current valuation as attractive.** With reinforcing evidence of improvements in DIRECTV's operating performance following recent management changes, we view Hughes Electronics (GMH) as having an improving downside case under a failed merger scenario, while offering a significant takeout premium under a successful merger with EchoStar (given a current 22% arbitrage spread discount).

Figure 21 DIRECTV—Quarterly DBS Metrics



Source: Deutsche Bank Securities Inc. estimates and company information

Viewpoint

Hughes Electronics reported solid first quarter financial results on April 15 following strong preannounced DIRECTV subscriber results on March 21. Since its management shake-up, the company has now delivered three successive quarters of dramatic turnaround improvement at DIRECTV on nearly every operating metric.

Hughes Electronics reported first quarter revenue of \$2.04 billion, representing a 7.7% increase over the prior year

Consolidated Results—On a consolidated basis, the company reported first quarter revenue of \$2.04 billion, representing a 7.7% increase over the prior year. Operating cash flow (EBITDA) for the quarter was \$134.2 million (including both a one-time gain of \$95 million related to a favorable lawsuit resolution and a charge of \$56 million due to losses associated with a contract dispute) compared to \$113.2 million in the prior year first quarter. Management reiterated its full year 2002 consolidated revenue and EBITDA guidance of \$9.0-\$9.2 billion and \$750-\$850 million, respectively, although modest revisions were outlined for the DIRECTV U.S. and Latin America operating divisions, as discussed below. The company also reaffirmed its cash requirements for the full year of \$1.5-\$1.7 billion. For the second quarter, the company introduced consolidated revenue and EBITDA guidance of \$2.1-\$2.2 billion and \$80-\$110 million, respectively.

In its core DIRECTV operations, the company preannounced very strong first quarter subscriber numbers

DIRECTV U.S.—For its core DIRECTV operations, the company preannounced on March 21 very strong first quarter subscriber numbers of “at least” 325,000 net additions, up from original guidance of 200,000-250,000, while actually reporting 342,000 net additions. On an owned-and-operated (O&O) basis, which excludes the weakening results of DIRECTV’s franchisees NRTC/Pegasus, net additions were 350,000, which was up 21% from the prior year figure of 289,000 net adds. This represented the first quarter of a year-over-year gain of 20%-plus since the third quarter of 2000, by our estimates. Results were boosted by continuing strong gross demand, as on an O&O basis gross additions increased 7% to 764,000, while continued tight churn management resulted in a reduction to 1.6% per month in the quarter, versus 1.8% in the prior year.

Subscriber acquisition costs of \$520 per gross addition (not including \$10 for advanced set-top boxes and \$5 for leased equipment) fell for the first time in several years, by our estimates, reflecting the favorable effects of churn and management’s successful efforts to reverse previously rising manufacturing subsidies. Total DIRECTV U.S. revenue of \$1.466 billion rose 10.7% year-over-year, as subscriber growth was slightly offset by a 3% decline in ARPU to \$56.70 from \$58.50 in the prior year, resulting from a decline of pay-per-view and premium revenue and the absence of rate increases.

Operating cash flow (EBITDA) of \$85 million in the first quarter was up 70% from the prior year

Operating cash flow (EBITDA) of \$85 million in the first quarter was up 70% from \$50 million in the prior year and within management’s previous guidance of \$80-\$100 million, despite the upside surprise in subscriber growth. Overall, new initiatives implemented by new DIRECTV management in the second quarter of last year, including an overhaul of sales and distribution practices (including a requirement for a 12-month service commitment that has been applied to over 90% of new subscribers), cost-

cutting efforts and a crackdown on piracy, appear to be having a sustainable effect.

Management slightly raised its full year guidance at DIRECTV U.S. Specifically, the company raised its full year subscriber net addition guidance from 1.0-1.2 million (including roughly 100,000 net additions from franchisees NRTC/Pegasus) to 1.2 million on an owned-and-operated basis (excluding NRTC/Pegasus). Further, the company raised its revenue guidance for DIRECTV U.S. from \$6.0-\$6.2 billion to approximately \$6.2 billion, while usually in contrast to higher subscriber forecasts, management maintained the lower end of its EBITDA guidance of \$525-\$575 million.

A successful merger with EchoStar offers a significant takeout premium for GMH shares

Valuation/Investment Outlook—We view Hughes/DIRECTV's current valuation as attractive. With reinforcing evidence of improvements in DIRECTV's operating performance following recent management changes, we view Hughes Electronics (GMH) as having an improving downside case under a failed merger scenario, while offering a significant takeout premium under a successful merger with EchoStar (given a current 22% arbitrage spread discount). Our target price for Hughes of \$36.50 per share is based on applying the proposed merger exchange ratio of .73 DISH shares per GMH share to our EchoStar target price of \$50 per share, prompting us to reiterate our Buy rating on GMH shares.

First Quarter 2002 Review

Consolidated Results

Operating cash flow (EBITDA) for the quarter increased 18.6% to \$134.2 million

Overall, Hughes reported consolidated first quarter revenue growth of 7.7% to \$2.04 billion, slightly ahead of our estimate of 6.6% growth to \$2.02 billion. Operating cash flow (EBITDA) for the quarter increased 18.6% to \$134.2 million, which includes multiple one-time gains and charges. These include: a one-time gain of \$95 million related to the success of Hughes lawsuit filed against NASA; a \$56 million charge related to the contract dispute with General Electric Capital Corporation; a \$6 million charge related to reductions in staff at Hughes Network Systems; and a \$32 million charge at DIRECTV Latin America related to the devaluation of the Argentinean peso. Excluding the net unusual EBITDA gain in the first quarter of \$1 million, EBITDA increased 17.7% to \$133.2 million, ahead of our estimate of \$121.1 million.

Management reiterated its full year 2002 consolidated revenue and EBITDA guidance of \$9.0-\$9.2 billion and \$750-\$850 million, respectively. The company also reaffirmed its cash requirements for the full year of \$1.5-\$1.7 billion. The company introduced second quarter 2002 revenue and EBITDA guidance of \$2.1-\$2.2 billion and \$80-\$110 million, respectively. Our second quarter revenue and EBITDA estimates are \$2.17 billion and \$98 million, respectively.

DIRECTV

DIRECTV reported a strong 342,000 first quarter *net additions*, inclusive of its owned and operated subscribers as well as its NRTC franchisees (led by Pegasus), significantly ahead of our estimate and the company's March 21 preannouncement of "at least 325,000". Comparatively, the company added 340,000 in the first quarter of last year, representing flattish growth year-over-year. However, stripping out the results of the NRTC (which DIRECTV estimates lost 8,000 subscribers during the quarter), DIRECTV added 350,000 net subscribers, 21% ahead of the 289,000 reported for last year. These strong results were driven by record first quarter gross additions of 764,000 versus 716,000 last year and monthly churn of only 1.6%, versus 1.8% last year.

Demand for DIRECTV remains extremely strong

Demand for DIRECTV, and satellite television in general, remains extremely strong. Earlier this year, the company simplified its programming packages and now offers a very competitive package vis-à-vis digital cable (and even analog cable). The "Total Choice Plus" package is priced at \$39.99 and offers 130 channels of programming plus local channels. This compares to the standard basic cable package of 60-70 channels for \$40 per month and standard digital cable package that offers 150-200 channels for \$45-\$55 per month. In addition, retailers are often buying down the consumer offer by \$50 so that a one-box DIRECTV system can now be obtained for free and a two-box system costs only \$49 (contingent on the customer making a 12-month service commitment). For the second quarter, DIRECTV anticipates adding 225,000-250,000 owned and operated subscribers and 1.2 million for the full year, which is an increase from the company's previous guidance of 1.0-1.2 million, inclusive of NRTC franchises. We currently estimate the company will

add 245,000 subscribers in the second quarter and 1.2 million subscribers for 2002 on an O&O basis.

Local channels continue to significantly enhance the consumer-selling proposition, with the bulk of new subscribers continuing to come from the country's largest urban markets where it offers local service. Management indicated that about 70% of its gross additions are coming from the 41 markets where it offers local programming, and within these local markets 70% of new subscribers choose the local programming package. (Thus, approximately 50% of new subscribers are taking local programming when blended across the company's total gross additions).

DIRECTV reported total revenue of \$1.47 billion

DIRECTV reported total *revenue* of \$1.47 billion, in line with our \$1.43 billion estimate. *ARPU* was \$56.70 per month during the quarter, down 3.1% from \$58.50 in the first quarter of last year due to weakness in both the premium and pay-per-view categories. Management does not anticipate significant *ARPU* increases during the year and is forecasting full year *ARPU* of \$57-\$58 per month. For the full year, company guidance is for total revenue of \$6.2 billion, which is up from its previous estimate of \$6.0-\$6.2 million.

Pre-marketing cash flow margins were 39% in the first quarter versus 38% last year, largely the result of the company's cost-cutting initiatives that were implemented starting in the second quarter of last year. Pre-marketing cash flow margins are expected to remain relatively flat throughout 2002, as cost savings from the company's reorganization efforts are offset by increased programming costs.

Reported basic *subscriber acquisitions costs (SAC)* for the first quarter were \$520 per gross addition, versus \$560 in the fourth quarter and \$535 in the first quarter of last year. In addition, the company reported an additional \$10 per gross addition, or an estimated \$7.6 million, related to the sales of advanced set-top boxes. For 2002, we estimate basic subscriber *SAC* to average \$525 per gross addition with an additional \$12 per gross addition for advanced set-top boxes.

The company reported \$85 million in *EBITDA* (after further subtracting approximately \$80 million in dealer residuals, retention marketing, and existing subscriber upgrade costs), in line with guidance of \$80-\$100 million, despite better-than-expected subscriber growth, and slightly ahead our estimate of \$82.3 million.

The percentage of leased subscribers continues to be small, representing only 10% of its direct sales channel, which itself only accounts for 10% of the company's sales. With an average of 2.5 boxes per leased household, the company capitalizes approximately \$600 per new leased household, which also includes the capitalization of installation costs. We estimate that the company capitalized \$4.6 million, or approximately \$6 per total gross addition during the quarter.

DIRECTV Latin America

DIRECTV Latin America (DLA) added 32,000 net new subscribers in 1Q02

DIRECTV Latin America (DLA) added 32,000 net new subscribers in the first quarter, below our estimate and company guidance of 40,000. This was despite lower subscriber churn, which has steadily declined from an all-time high of 3.8% per month in the first quarter of 2001 to 3.2% in the just completed quarter, though this was higher than the company's expectation and our estimate of 2.5%. The company stated that it expects churn to decline during the rest of the year to bring the average for 2002 to its previously stated objective of 2.5%. Starting in March 2001, DLA introduced new promotions that incorporate higher upfront consumer costs, credit checks for all new subscribers, incentives for credit card payments, and incentives for dealers relating to lower churn.

Growth in the subscriber base was offset by the devaluation of the Argentinean and Brazilian currencies

Total DLA revenue was flat year-over-year at \$165 million, well below our estimate of \$196 million and company guidance of \$190 million as growth in the subscriber base was offset by the devaluation of the Argentinean and Brazilian currencies. Specifically, the Argentinean peso to U.S. dollar exchange rate was 1.7 in January and is now 2.7, and the company expects this to rise to 5 by the end of year. The company's operating cash flow (EBITDA) loss expanded to \$61 million from \$44 million last year, though \$32 million of this expansion was the result of the devaluation of the Argentinean peso. Excluding this, the EBITDA loss narrowed to \$29 million, which compares to our estimate and company guidance of a loss of \$20 million due to the company's churn management initiatives as well as reduced marketing and administrative costs. On the conference call, management stated it would raise prices by 14% in April and would most likely raise prices again in May, compared to rate increases of 8%-10% for the local multichannel industry, given that approximately 80% of its programming expenses are dollar-denominated.

Management revised its 2002 guidance to account for the currency devaluation

For full year 2002, management revised its guidance to account for the currency devaluation. The company now expects DIRECTV Latin America to gain 150,000-200,000 net additions, revenue of \$800-\$850 million and an EBITDA loss of \$100 million, while we have reduced our estimates to 150,000 net additions, revenue of \$784 million and an EBITDA loss of \$185 million. The company also issued second quarter guidance, incorporating the currency devaluation, net additions of 30,000, revenue of \$225-\$250 million, and an EBITDA loss of \$95 million. We expect net additions in the second quarter of 30,000, revenue of \$234 million and an EBITDA loss of \$95 million.

Hughes Network Systems (HNS)

Revenues at HNS declined 2.2% year-over-year to \$242.8 million

Revenues at HNS declined 2.2% year-over-year to \$242.8 million in the first quarter, slightly below our estimate of a 0.5% increase to \$249.5 million but within company guidance of \$225-\$250 million. The operating cash flow (EBITDA) loss for the quarter was \$33.1 million, in line with our EBITDA loss estimate of \$32 million and company guidance of a loss of \$30-\$40 million. This includes a \$6 million one-time charge related to staffing reductions, while SPACEWAY generated \$6 million in EBITDA losses.

**DIRECTV set-top
revenue grew 33% to
\$68 million**

Revenue growth was driven largely by increased DIRECTV set-top box shipments with the company shipping 430,000 units during the quarter versus 252,000 last year. This drove revenue growth of 33% to \$68 million in DIRECTV set-top revenue, compared to our estimate of \$79 million. Also driving revenue growth was a net gain of 10,000 subscribers at DIRECWAY (HNS' two-way high speed data platform, formerly known as DirecPC), bringing the total DIRECWAY subscriber base to 111,000, up from 62,000 in the prior year period, and driving an 8.1% increase in Satellite Broadband revenue to \$133 million, exactly in line with our estimates. Operating cash flow for the set-top division was \$3 million, slightly ahead of estimate of \$2.4 million, compared to an \$8 million loss in the prior year period, while the EBITDA loss for the Satellite Broadband division was \$19 million, better than our estimate of \$21 million.

Offsetting these revenue gains was a 45.3% decline to \$41 million in revenue at the Carrier division, though this was greater than our expectation of a 49.3% decline to \$38 million. This decline was expected, resulting from the effective completion of the XM Satellite and Thuraya Satellite contracts over the last year. Operating cash flow for the Carrier division declined to a loss of \$2 million in the first quarter from \$4 million in the year-ago period.

Management reiterated its guidance for full year 2002 HNS results, indicating revenue of \$1.3-\$1.4 billion and an EBITDA loss of \$50-\$75 million. The company expects the Satellite Broadband segment to be EBITDA breakeven for the year, with gains from the company's traditional Enterprise VSAT business being offset by the new consumer DIRECWAY two-way service. DIRECWAY anticipates adding between 100,000 and 200,000 net subscribers during the year. In addition, the company issued second quarter guidance for HNS that calls for revenue of \$250-\$270 million and an EBITDA loss of \$25-\$35 million. Our second quarter estimates call for \$257 million in revenue and an EBITDA loss of \$26 million.

PanAmSat

PanAmSat released its first quarter results on April 12, reporting operating lease revenue of \$201.4 million, inclusive of a \$6.4 million early termination fee resulting from a customer with financial difficulties. Excluding this item, total revenue would have been \$195.0 million, versus our estimate of \$195.5 million, implying a 2.3% year-over-year decrease. Total revenue, which includes \$5.8 million of interest from the company's sales-type leases, was \$207.1 million (or \$200.7 million excluding the one-time item).

At the end of the quarter, the company's satellite transponder utilization rate was 70%, equal to that at the end of 2001. Revenue backlog decreased slightly to \$5.72 billion versus \$5.84 billion during the quarter, as PanAmSat's approximate \$200 million quarterly revenue and a \$35 million reduction related to the early termination was only partially offset by new bookings. Pricing continues to hold up well in North America, where PanAmSat has a large presence, particularly in its cable neighborhoods. However, the company continues to see weakness in the Latin American and Pacific Rim markets.

Expenses related to the company's ongoing operations continued to show improvement

Expenses related to the company's ongoing operations continued to show improvement with operating expenses now on a \$220 million per year run-rate, down from \$237 million in the first quarter of last year, as management's back-to-basics strategy has taken hold. PanAmSat employee headcount is now at 700, down from 870 at its peak last year. During the first quarter, the PanAmSat recognized several one-time items that in aggregate offset reported expenses by \$8.9 million in a net gain. These items include a \$11.2 million expense for facilities restructuring, a \$40.1 million gain related to its PAS-7 insurance claim, a \$18.7 million loss on conversion of a sales-type lease to an operating lease, and \$1.3 million in severance costs. In addition, bad debt expenses for the first quarter totaled \$10.0 million versus \$5.9 million in the first quarter of last year.

EBITDA margins, adjusting for the termination fee and one-time expenses would have been 67.6%, down from 68.2% last year. However, if one holds bad debt expenses flat at last year's rate, margins would have shown improvement to 69.4%, in line with the company's target of 70%.

Management reaffirmed its 2002 guidance

The company introduced second quarter guidance and reaffirmed its 2002 guidance. For the second quarter, management anticipates operating lease revenues of \$193-\$203 million, total revenue of \$198-\$208 million, EBITDA of \$141-\$150 million and EPS of \$0.10-\$0.13. For the full year, the company anticipates total revenue of \$790-\$825 million, which is flat to slightly down, no new outright sales or sales-type leases, and expanding EBITDA margins to at least 70%. Driving the margin expansion are the company's cost-containment efforts, which began in the second half of 2001 and include a \$25-\$30 million reduction in operating expenses, driven by the reduction in employee headcount and a less ambitious rollout of the company's Webcast Services (formerly NET-36). PanAmSat also reiterated its full year earnings guidance of \$0.35-\$0.45 per share. For 2002, we estimate total revenue of \$815 million, which implies a year-over-year decline of 6.4%, and EBITDA of \$584 million, which implies a 1.0% increase, with margins expansion to 71.7% from 66.7%.

Figure 22 DIRECTV—Projected DBS Subscriber Model

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
DBS Industry Subscribers																	
Beginning of Period	10,092	14,781	15,200	15,710	16,350	14,781	17,170	17,725	18,280	18,920	17,170	19,645	21,688	23,467	25,015	26,366	27,526
End of Period	14,781	15,200	15,710	16,350	17,170	17,170	17,725	18,280	18,920	19,645	19,645	21,688	23,467	25,015	26,366	27,526	28,517
+ % Change Yr. / Yr.	46.5%	35.4%	25.1%	16.6%	16.2%	16.2%	16.6%	16.4%	15.7%	14.4%	14.4%	10.4%	8.2%	6.6%	5.4%	4.4%	3.6%
Industry Internal Net Additions	3,684	800	510	783	820	2,913	677	555	640	725	2,597	2,043	1,778	1,549	1,351	1,160	991
Total DIRECTV Subs																	
Beginning of Period Subscribers	6,682	9,510	9,480	9,640	9,920	9,510	10,340	10,563	10,818	11,123	10,340	11,473	12,389	13,190	13,887	14,495	15,017
Gross Additions	3,361	840	745	953	910	3,448	849	786	850	896	3,360	3,256	3,336	3,413	3,489	3,553	3,613
+ % Change Yr. / Yr.	23.4%	11.4%	-6.4%	9.1%	-2.9%	2.6%	1.1%	5.5%	-10.8%	-1.6%	-2.0%	-3.7%	2.5%	2.3%	2.2%	1.8%	1.7%
Disconnects	(1,527)	(500)	(585)	(530)	(490)	(2,105)	(507)	(531)	(545)	(546)	(2,128)	(2,337)	(2,536)	(2,716)	(2,861)	(3,031)	(3,167)
+ Monthly Churn	1.56%	1.79%	2.04%	1.82%	1.81%	1.81%	1.83%	1.86%	1.85%	1.81%	1.84%	1.63%	1.65%	1.67%	1.69%	1.71%	1.73%
Net Additions	1,834	340	160	423	420	1,343	342	255	305	350	1,232	919	800	697	608	522	446
+ % Change Yr. / Yr.	14.2%	-16.0%	-64.6%	-6.0%	-20.3%	-26.6%	0.8%	59.4%	-27.9%	-16.7%	-6.8%	-26.6%	-13.0%	-12.9%	-12.8%	-14.1%	-14.6%
+ % of Industry Net Additions	49.8%	42.5%	31.4%	54.0%	51.2%	46.1%	50.5%	45.9%	47.7%	48.3%	48.2%	45.0%	45.0%	45.0%	45.0%	45.0%	45.0%
Conversions / Other	1,005	(370)	0	(143)	0	(513)	(119)	0	0	0	(119)	0	0	0	0	0	0
End of Period Total Subscribers	9,521	9,480	9,640	9,920	10,340	10,340	10,563	10,818	11,123	11,473	11,473	12,389	13,190	13,887	14,495	15,017	15,462
+ % Change Yr. / Yr.	42.5%	26.8%	16.9%	10.3%	8.6%	8.6%	11.4%	12.2%	12.1%	11.0%	11.0%	8.0%	6.5%	5.3%	4.4%	3.6%	3.0%
+ Average DIRECTV Subscribers (1)	7,979	9,310	9,560	9,709	10,130	9,677	10,382	10,601	10,871	11,298	10,836	11,931	12,790	13,538	14,191	14,756	15,240
DIRECTV O&O Subscribers																	
Beginning of Period Subscribers	5,268	7,391	7,680	7,800	8,050	7,391	8,440	8,790	9,035	9,320	8,440	9,640	10,498	11,245	11,896	12,463	12,950
Gross Additions	2,858	686	584	841	810	2,921	764	686	739	775	2,964	2,828	2,900	2,969	3,037	3,095	3,148
+ % Change Yr. / Yr.	35.0%	6.0%	-14.7%	13.5%	3.2%	2.2%	11.4%	17.4%	-12.1%	-4.4%	1.5%	-4.6%	2.5%	2.4%	2.3%	1.9%	1.7%
Disconnects	(1,265)	(397)	(464)	(448)	(420)	(1,729)	(414)	(441)	(454)	(455)	(1,764)	(1,970)	(2,153)	(2,319)	(2,470)	(2,607)	(2,732)
+ Monthly Churn	1.58%	1.80%	2.00%	1.90%	1.70%	1.85%	1.80%	1.85%	1.85%	1.80%	1.83%	1.63%	1.65%	1.67%	1.69%	1.71%	1.73%
Net Additions	1,593	289	120	393	390	1,192	350	245	285	320	1,200	858	747	650	567	487	416
+ % Change Yr. / Yr.	26.3%	-20.4%	-70.1%	2.6%	-12.4%	-25.2%	21.1%	104.2%	-27.5%	-17.9%	0.7%	-28.5%	-13.0%	-12.9%	-12.8%	-14.1%	-14.6%
Conversions / Other	926	(370)	0	(143)	0	(513)	0	0	0	0	0	0	0	0	0	0	0
End of Period O&O Subscribers	7,789	7,680	7,800	8,050	8,440	8,440	8,790	9,035	9,320	9,640	9,640	10,498	11,245	11,896	12,463	12,950	13,366
+ Average DBS Subscribers (1)	6,404	7,544	7,730	7,929	8,248	7,883	8,618	8,898	9,132	9,433	9,013	10,069	10,872	11,570	12,178	12,706	13,158
NRTC Franchisees																	
Beginning of Period Subscribers	1,414	1,749	1,800	1,840	1,870	1,749	1,900	1,770	1,780	1,800	1,900	1,830	1,891	1,945	1,991	2,032	2,066
End of Period Subscribers	1,732	1,800	1,840	1,870	1,900	1,900	1,770	1,780	1,800	1,830	1,830	1,891	1,945	1,991	2,032	2,066	2,098
+ Average NRTC Franchise Subscribers	1,566	1,775	1,820	1,855	1,885	1,834	1,774	1,775	1,780	1,815	1,789	1,861	1,916	1,968	2,011	2,049	2,081
Internal Net Additions		51	40	30	30	151	(8)	10	20	30	52	61	53	46	41	35	30
PrimeStar																	
Beginning of Period Subscribers	1,354	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
End of Period Subscribers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
+ Average PrimeStar subscribers	514	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

(1) 2000 average subscribers adjusted to exclude pending subscribers

Source: Deutsche Bank Securities estimates and company information

Figure 23 DIRECTV—Projected Operating Model

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Revenue																	
DIRECTV O&O	3,498.1	1,075.1	1,080.1	1,107.7	1,252.2	4,529.2	4,529.2	1,195.2	1,226.6	1,413.5	5,090.0	6,435.5	6,445.5	6,996.9	7,490.4	7,924.1	8,296.0
- Revenue / Avg. DIRECTV O&O Sub / Month	\$45.52	\$47.50	\$47.01	\$46.57	\$56.61	\$47.86	\$47.86	\$46.23	\$46.07	\$49.93	\$47.00	\$48.30	\$48.41	\$50.39	\$51.25	\$51.07	\$52.54
- % Change Year-to-Year	...	10.5%	7.8%	6.6%	6.6%	5.4%	5.4%	-2.0%	-1.5%	1.3%	-1.9%	2.6%	2.3%	2.0%	1.7%	1.6%	1.1%
NRIC Franchise Fees	41.0	11.2	11.4	11.5	12.2	45.3	45.3	12.2	12.1	12.6	49.3	52.6	55.5	58.1	60.4	62.4	64.0
- Revenue / Avg. NRIC Sub / Month	\$43.82	\$42.19	\$41.68	\$41.17	\$43.00	\$42.04	\$42.04	\$46.00	\$45.58	\$45.12	\$47.10	\$48.95	\$48.23	\$48.19	\$50.03	\$50.73	\$51.29
- % Change Year-to-Year	...	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Premium Programming	845.3	237.6	243.5	243.6	253.6	819.5	819.5	238.6	238.0	273.9	1,001.5	1,208.3	1,304.6	1,386.4	1,461.5	1,524.8	1,579.0
- Revenue / Avg. DIRECTV Sub / Month	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5	\$103.5
Total Revenue / Avg. DIRECTV O&O Sub / Month	\$48.03	\$47.40	\$47.35	\$47.35	\$56.18	\$47.86	\$47.86	\$46.23	\$46.07	\$49.93	\$47.00	\$48.30	\$48.41	\$50.39	\$51.25	\$51.07	\$52.54
- % Change Year-to-Year	...	9.1%	6.3%	4.0%	-1.7%	3.7%	3.7%	3.1%	-2.5%	-1.7%	-1.5%	2.1%	1.9%	1.8%	1.4%	1.2%	0.9%
Operating Expenses																	
Programming	(\$1,877.2)	(\$489.9)	(\$497.7)	(\$504.3)	(\$561.7)	(\$2,052.5)	(\$2,052.5)	(\$542.4)	(\$556.4)	(\$632.4)	(\$2,302.0)	(\$2,625.7)	(\$2,864.6)	(\$3,073.4)	(\$3,253.4)	(\$3,405.0)	(\$3,528.4)
- % of Total Revenue	40.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%	35.0%
Customer Service, Billing and Other	(\$435.5)	(\$175.4)	(\$178.7)	(\$184.3)	(\$191.6)	(\$731.2)	(\$731.2)	(\$196.2)	(\$200.0)	(\$210.0)	(\$729.2)	(\$806.2)	(\$856.7)	(\$895.0)	(\$1,023.1)	(\$1,041.9)	(\$1,052.7)
- % of Total Revenue	9.3%	12.2%	12.4%	12.4%	12.4%	12.4%	12.4%	13.3%	13.0%	12.7%	13.3%	12.8%	12.3%	11.8%	11.4%	11.0%	10.6%
General and Administrative	(\$305.7)	(\$155.6)	(\$128.6)	(\$124.3)	(\$122.6)	(\$602.1)	(\$602.1)	(\$153.6)	(\$150.9)	(\$151.0)	(\$646.6)	(\$690.5)	(\$721.5)	(\$744.3)	(\$752.4)	(\$747.7)	(\$662.2)
- % of Total Revenue	7.0%	10.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	9.2%	7.7%
Total Operating Expenses	(\$2,618.3)	(\$820.9)	(\$807.0)	(\$813.0)	(\$875.9)	(\$3,385.8)	(\$3,385.8)	(\$892.2)	(\$907.3)	(\$1,043.4)	(\$3,707.8)	(\$4,116.7)	(\$4,452.8)	(\$4,664.7)	(\$4,971.9)	(\$5,205.1)	(\$5,347.3)
- % of Total Revenue	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%
Pre-Marketing Cash Flow																	
- % Change Year-to-Year	44.9%	28.4%	22.2%	19.2%	-1.5%	15.4%	15.4%	13.5%	10.1%	11.1%	18.5%	12.9%	40.7%	40.5%	40.5%	40.5%	39.8%
- Pre-Marketing Cash Flow Margin	39.6%	39.0%	40.6%	40.4%	37.1%	39.0%	39.0%	38.0%	38.4%	38.6%	38.2%	38.2%	41.8%	43.0%	44.2%	45.1%	46.2%
Dealer Residuals																	
- % Change Year-to-Year	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Retention Marketing	(\$164.4)	(\$35.0)	(\$30.5)	(\$35.3)	(\$37.5)	(\$138.3)	(\$138.3)	(\$41.0)	(\$35.0)	(\$37.5)	(\$148.5)	(\$166.5)	(\$168.5)	(\$161.1)	(\$194.7)	(\$206.4)	(\$225.7)
- % of Total Revenue	4.7%	3.2%	2.8%	3.1%	3.0%	3.0%	3.0%	3.4%	3.0%	2.7%	3.3%	2.6%	2.6%	2.3%	2.3%	2.3%	2.2%
Total Other Expenses	(\$328.9)	(\$70.0)	(\$61.0)	(\$70.5)	(\$75.0)	(\$278.5)	(\$278.5)	(\$80.0)	(\$70.0)	(\$75.0)	(\$295.0)	(\$332.9)	(\$332.9)	(\$332.9)	(\$366.4)	(\$412.9)	(\$451.4)
- % of Total Revenue	7.0%	5.3%	4.5%	4.5%	4.8%	5.0%	5.0%	5.5%	4.7%	4.5%	4.7%	4.7%	4.7%	4.8%	4.8%	4.8%	4.5%
Adjusted Pre-Marketing Cash Flow																	
- % Change Year-to-Year	39.5%	27.5%	25.2%	22.2%	10.1%	22.0%	22.0%	15.5%	14.7%	15.0%	23.6%	16.4%	41.1%	41.1%	41.1%	41.1%	40.8%
- Pre-Marketing Cash Flow Margin	32.8%	32.7%	32.2%	32.2%	32.1%	34.0%	34.0%	33.0%	32.1%	32.1%	34.2%	35.8%	37.2%	38.2%	38.9%	40.3%	41.7%
Subscriber Acquisition Costs (SAC)																	
- SAC / Gross Addition	(\$1,303.8)	(\$376.3)	(\$302.0)	(\$454.5)	(\$429.1)	(\$1,651.9)	(\$1,651.9)	(\$399.1)	(\$392.0)	(\$399.0)	(\$1,563.1)	(\$1,406.5)	(\$1,229.4)	(\$1,136.5)	(\$1,125.4)	(\$1,130.0)	(\$1,130.7)
- Reported SAC / Gross Addition	\$496	\$549	\$671	\$641	\$529	\$565	\$565	\$522	\$571	\$530	\$554	\$498	\$474	\$383	\$371	\$365	\$362
- Capitalized SAC / Gross Addition	\$510	\$535	\$575	\$555	\$580	\$586	\$586	\$570	\$563	\$529	\$525	\$478	\$467	\$373	\$365	\$360	\$367
- % Change Year-to-Year	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
- SAC / Gross Addition	\$0	\$0	\$17	\$5	\$5	\$6	\$6	(\$7.8)	(\$7.5)	(\$9.6)	(\$16.4)	(\$43.2)	(\$53.0)	(\$63.2)	(\$73.8)	(\$84.4)	(\$95.3)
- Total SAC / Gross Addition	(\$1,394)	(\$363.1)	(\$402.0)	(\$459.5)	(\$434.0)	(\$1,657.9)	(\$1,657.9)	(\$406.7)	(\$399.5)	(\$408.7)	(\$1,620.5)	(\$1,451.7)	(\$1,282.4)	(\$1,199.7)	(\$1,199.2)	(\$1,215.0)	(\$1,235.0)
- % of Total Revenue	39.6%	33.6%	36.2%	41.5%	34.6%	36.6%	36.6%	34.0%	33.3%	33.2%	34.4%	22.9%	19.8%	17.2%	16.2%	15.7%	15.1%
Operating Cash Flow (EBITDA)																	
- % Change Year-to-Year	9.7%	19.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
- % of Total Revenue	2.2%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Depreciation and Amortization																	
- % Change Year-to-Year	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...	...
Operating Income (Loss)	(\$396.0)	(\$112.0)	(\$116.0)	(\$117.0)	(\$122.0)	(\$487.0)	(\$487.0)	(\$107.0)	(\$111.0)	(\$113.0)	(\$148.0)	(\$448.0)	(\$482.8)	(\$525.0)	(\$567.1)	(\$614.9)	(\$660.4)
- % of Total Revenue	-11.3%	-10.4%	-10.7%	-10.6%	-9.7%	-10.8%	-10.8%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%	-10.7%
Memo: Total Subscriber Acquisition Costs																	
- Expensed Subscriber Acquisition Costs	\$496	\$559	\$686	\$647	\$535	\$575	\$575	\$522	\$571	\$530	\$554	\$498	\$474	\$384	\$371	\$365	\$362
- Capitalized Subscriber Acquisition Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
- Total SAC / Gross Addition	(\$1,394)	(\$363.1)	(\$402.0)	(\$459.5)	(\$434.0)	(\$1,657.9)	(\$1,657.9)	(\$406.7)	(\$399.5)	(\$408.7)	(\$1,620.5)	(\$1,451.7)	(\$1,282.4)	(\$1,199.7)	(\$1,199.2)	(\$1,215.0)	(\$1,235.0)
- % of Total Revenue	39.6%	33.6%	36.2%	41.5%	34.6%	36.6%	36.6%	34.0%	33.3%	33.2%	34.4%	22.9%	19.8%	17.2%	16.2%	15.7%	15.1%
Total DBS SAC	\$496	\$559	\$686	\$647	\$535	\$575	\$575	\$522	\$571	\$530	\$554	\$498	\$474	\$384	\$371	\$365	\$362
- Total SAC / Gross Addition	(\$1,394)	(\$363.1)	(\$402.0)	(\$459.5)	(\$434.0)	(\$1,657.9)	(\$1,657.9)	(\$406.7)	(\$399.5)	(\$408.7)	(\$1,620.5)	(\$1,451.7)	(\$1,282.4)	(\$1,199.7)	(\$1,199.2)	(\$1,215.0)	(\$1,235.0)

Source: Deutsche Bank Securities estimates and company information

Figure 24 DIRECTV— Discounted Cash Flow Valuation

(Dollars in Millions)

	2002E	2003E	2004E	2005E	2006E	2007E	2008E
Operating Cash Flow (EBITDA)	\$527.2	\$1,089.4	\$1,618.0	\$2,041.6	\$2,371.4	\$2,641.7	\$2,905.5
Satellite Capital Expenditures	(335.0)	(175.0)	(160.0)	(150.0)	(150.0)	(150.0)	(150.0)
Capitalized SAC	(28.9)	(152.7)	(352.3)	(454.6)	(478.3)	(493.4)	(501.9)
Corporate and Other Capital Expenditures	(120.0)	(128.4)	(137.4)	(147.0)	(157.3)	(168.3)	(180.1)
Unlevered Free Cash Flow	\$43.2	\$633.3	\$968.3	\$1,290.1	\$1,585.8	\$1,830.0	\$2,073.5
2002 PV of FCF discounted at 10.0%		\$575.8	\$800.3	\$969.3	\$1,083.1	\$1,136.3	\$1,170.4
2003 PV of FCF discounted at 10.0%			880.3	1,066.2	1,191.4	1,249.9	1,287.5
2004 PV of FCF discounted at 10.0%				1,172.8	1,310.6	1,374.9	1,416.2
Terminal Value @ 11.0x EBITDA							\$31,960.0
• Subscriber Multiple							\$2.39x
• Free Cash Flow Multiple							19.5x
Sum of Free Cash Flow at PV	\$5,735.1	\$5,675.3	\$5,274.5				
Plus: Terminal Value (10.0% discount rate)	18,040.6	19,844.6	21,829.1				
Total Enterprise Value	\$23,775.7	\$25,519.9	\$27,103.6				
• EV / DIRECTV O&O Subscriber	\$2,466	\$2,431	\$2,410				
• EV / DBS EBITDA	45.1x	23.4x	16.8x				

Source: Deutsche Bank Securities estimates and company information

Figure 25 DIRECTV Latin America—Projected Operating Model

	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E	2006E	2007E	2008E	2009E	2010E
Beginning of Period Subscribers	1,305	1,406	1,431	1,497	1,305	1,610	1,642	1,672	1,707	1,610	1,760	2,010	2,335	2,735	3,235	3,785	4,385	4,960
Gross Additions	257	165	175	230	827	188	179	172	183	722	759	893	1,042	1,231	1,380	1,531	1,601	1,656
- Change Yr. / Yr.	37.6%	-8.2%	-16.5%	-11.4%	-1.6%	-26.8%	8.6%	-1.8%	-20.3%	-12.6%	5.1%	17.7%	16.6%	18.1%	12.1%	11.0%	4.8%	3.4%
Disconnects	(156)	(140)	(109)	(117)	(522)	(156)	(149)	(137)	(130)	(572)	(509)	(568)	(642)	(731)	(830)	(931)	(1,026)	(1,106)
- Monthly Churn	3.8%	3.3%	2.5%	2.5%	3.0%	3.2%	3.0%	2.7%	2.5%	2.8%	2.3%	2.2%	2.1%	2.0%	2.0%	1.9%	1.8%	1.8%
Net Additions	101	25	66	113	305	32	30	35	53	150	250	325	400	500	550	600	575	550
- Change Yr. / Yr.	-3.8%	-75.2%	47.8%	-33.1%	-39.1%	-68.3%	20.0%	47.0%	53.1%	-50.8%	86.7%	30.0%	23.1%	25.0%	10.0%	9.1%	-4.2%	-4.3%
End of Period Subscribers	1,406	1,431	1,497	1,610	1,610	1,642	1,672	1,707	1,760	1,760	2,010	2,335	2,735	3,235	3,785	4,385	4,960	5,510
- Average Subscribers	1,356	1,419	1,464	1,554	1,448	1,626	1,657	1,690	1,734	1,677	1,985	2,173	2,535	2,985	3,510	4,085	4,673	5,235
Revenue																		
Programming	\$146.4	\$153.2	\$153.7	\$163.1	\$616.4	\$148.3	\$213.8	\$167.3	\$176.8	\$704.2	\$791.7	\$919.0	\$1,079.9	\$1,280.6	\$1,516.3	\$1,777.0	\$2,046.6	\$2,308.6
- Revenue / Avg. Sub / Month	\$38.00	\$36.00	\$35.00	\$35.00	\$35.48	\$30.00	\$43.00	\$33.00	\$34.00	\$35.00	\$35.00	\$35.25	\$35.50	\$35.75	\$36.00	\$36.25	\$36.50	\$36.75
Other (Box Rental / Activation Payments)	18.6	21.8	47.3	22.9	110.6	16.7	19.9	20.3	20.8	79.6	96.1	111.1	130.1	153.6	181.2	211.5	242.6	272.6
- Revenue / Avg. Sub / Month	\$4.58	\$5.12	\$10.77	\$4.91	\$8.36	\$3.83	\$4.00	\$4.00	\$4.00	\$3.96	\$4.25	\$4.26	\$4.28	\$4.29	\$4.30	\$4.31	\$4.33	\$4.34
Total Revenue	\$165.0	\$175.0	\$201.0	\$186.0	\$727.0	\$165.0	\$233.6	\$187.5	\$197.6	\$783.8	\$887.8	\$1,030.1	\$1,210.0	\$1,434.2	\$1,697.5	\$1,988.5	\$2,289.2	\$2,581.3
- % Change Yr. / Yr.	44.7%	43.4%	47.8%	10.1%	34.4%	0.0%	33.5%	-8.7%	6.2%	7.6%	13.3%	18.0%	17.5%	18.5%	16.4%	17.1%	15.1%	12.8%
- Revenue / Avg. Sub / Month	\$40.58	\$41.12	\$45.77	\$39.91	\$41.84	\$33.83	\$47.00	\$37.00	\$38.00	\$38.98	\$39.25	\$39.51	\$39.78	\$40.04	\$40.30	\$40.56	\$40.83	\$41.09
Operating Expenses																		
Programming	(\$73.2)	(\$76.6)	(\$76.9)	(\$81.6)	(\$308.2)	(\$73.2)	(\$138.9)	(\$83.6)	(\$88.4)	(\$384.1)	(\$395.9)	(\$453.1)	(\$524.8)	(\$613.4)	(\$715.7)	(\$826.3)	(\$937.3)	(\$1,041.2)
- % of Programming Revenue	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	65.0%	50.0%	50.0%	54.6%	50.0%	49.3%	48.6%	47.9%	47.2%	46.5%	45.8%	45.1%
Transponder Lease/Broadcast Center	(32.0)	(32.0)	(32.0)	(32.0)	(128.0)	(32.0)	(32.0)	(32.0)	(32.0)	(128.0)	(131.8)	(135.8)	(139.9)	(144.1)	(148.4)	(152.8)	(157.4)	(162.1)
SG&A	(40.8)	(61.0)	(56.3)	(23.2)	(181.3)	(74.7)	(113.8)	(53.2)	(37.7)	(279.4)	(222.0)	(238.9)	(242.0)	(258.2)	(271.6)	(298.3)	(320.9)	(335.6)
- % of Total Revenue	24.8%	34.8%	28.0%	12.5%	24.9%	45.3%	48.7%	28.3%	19.1%	35.6%	25.0%	23.0%	20.0%	18.0%	16.0%	15.0%	14.0%	13.0%
Total Operating Expenses	(\$146.0)	(\$169.6)	(\$165.1)	(\$136.8)	(\$617.3)	(\$179.9)	(\$284.8)	(\$168.8)	(\$158.1)	(\$791.3)	(\$749.6)	(\$825.8)	(\$906.7)	(\$1,015.6)	(\$1,135.7)	(\$1,277.4)	(\$1,415.2)	(\$1,538.9)
- % Change Yr. / Yr.	37.5%	43.8%	23.8%	-7.9%	22.0%	23.2%	87.9%	2.2%	15.6%	28.2%	-5.3%	10.2%	9.8%	12.0%	11.8%	12.5%	10.8%	8.7%
- % of Total Revenue	88.5%	96.9%	82.2%	73.5%	84.9%	109.0%	121.9%	90.0%	80.0%	101.0%	84.4%	80.2%	74.9%	70.8%	68.0%	64.2%	61.6%	59.6%
Pre-Marketing Cash Flow	\$19.0	\$5.4	\$35.9	\$49.2	\$109.3	(\$14.9)	(\$51.1)	\$18.8	\$39.5	(\$7.8)	\$136.2	\$204.3	\$303.3	\$418.6	\$561.8	\$711.1	\$873.9	\$1,042.4
- % Change Yr. / Yr.	144.1%	34.1%	1291.1%	140.5%	214.1%	-176.7%	-104.2%	-47.7%	-19.7%	-107.1%	188.5%	47.9%	48.4%	38.0%	34.2%	26.6%	22.9%	19.3%
- Pre-Marketing Cash Flow Margin	11.5%	3.1%	17.8%	26.5%	15.1%	-8.0%	-21.0%	10.6%	20.0%	-1.0%	15.6%	19.8%	25.1%	29.2%	33.1%	35.8%	38.2%	40.4%
Subscriber Acquisition Costs (SAC)																		
Expensed SAC	(\$63.0)	(\$40.4)	(\$42.9)	(\$56.2)	(\$202.5)	(\$48.1)	(\$43.9)	(\$42.1)	(\$44.8)	(\$178.9)	(\$185.9)	(\$218.9)	(\$255.3)	(\$301.5)	(\$338.0)	(\$375.2)	(\$392.3)	(\$405.6)
- Gross SAC / Gross Add	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245	\$245
Memo:																		
Capitalized Installation	(\$14.1)	(\$9.1)	(\$9.6)	(\$12.6)	(\$45.5)	(\$10.3)	(\$9.9)	(\$9.5)	(\$10.1)	(\$39.7)	(\$41.7)	(\$49.1)	(\$57.3)	(\$67.7)	(\$75.9)	(\$84.2)	(\$88.1)	(\$91.1)
- Capitalized SAC / Gross Add	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55	\$55
Capitalized Equipment	(\$4.3)	(\$4.1)	(\$3.6)	(\$7.4)	(\$26.6)	(\$7.0)	(\$3.0)	(\$4.2)	(\$4.0)	(\$17.4)	(\$17.6)	(\$17.7)	(\$20.2)	(\$24.8)	(\$27.7)	(\$27.3)	(\$27.3)	(\$27.1)
- Capitalized SAC / Gross Add	\$250	\$250	\$250	\$250	\$250	\$250	\$240	\$240	\$235	\$241	\$231	\$221	\$211	\$201	\$191	\$181	\$171	\$161
Total DLA SAC	(\$14.1)	(\$9.0)	(\$9.3)	(\$12.2)	(\$45.5)	(\$10.3)	(\$9.7)	(\$9.2)	(\$9.9)	(\$39.1)	(\$40.3)	(\$46.7)	(\$53.7)	(\$61.0)	(\$67.9)	(\$73.1)	(\$75.6)	(\$78.8)
- Total SAC / Gross Add	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)	(\$50)
Operating Cash Flow (EBITDA)	(\$44.0)	(\$35.0)	(\$7.0)	(\$7.0)	(\$93.0)	(\$61.0)	(\$95.0)	(\$23.3)	(\$8.3)	(\$184.7)	(\$47.6)	(\$14.9)	\$48.6	\$117.0	\$223.8	\$335.9	\$481.7	\$636.7
- % Change Yr. / Yr.	15.8%	-12.5%	-80.0%	-83.7%	-45.6%	38.6%	171.4%	233.8%	-24.1%	98.8%	-74.1%	-69.6%	-430.3%	143.7%	91.2%	50.1%	43.4%	32.2%
- EBITDA Margin	-26.7%	-20.0%	-3.5%	-3.8%	-12.8%	-37.0%	-40.7%	-12.5%	-2.7%	-23.6%	-5.4%	-1.4%	4.0%	8.2%	13.2%	18.9%	21.0%	24.7%
Depreciation and Amortization	(58.0)	(65.0)	(45.4)	(40.0)	(208.3)	(43.0)	(45.0)	(47.0)	(49.0)	(184.0)	(196.9)	(210.7)	(225.4)	(241.2)	(258.1)	(276.1)	(295.5)	(316.1)
Operating Loss	(\$102.0)	(\$100.0)	(\$52.4)	(\$47.0)	(\$301.3)	(\$104.0)	(\$140.0)	(\$70.3)	(\$57.3)	(\$368.7)	(\$244.6)	(\$225.2)	(\$177.4)	(\$124.1)	(\$34.3)	\$59.7	\$186.2	\$320.6

Source: Deutsche Bank Securities estimates and company information

Table 26 DIRECTV Latin America—Discounted Cash Flow Valuation

	2002E	2003E	2004E	2005E	2006E	2007E	2008E	2009E	2010E
Operating Cash Flow (EBITDA)	(\$184.7)	(\$47.8)	(\$14.5)	\$48.0	\$117.0	\$223.8	\$335.9	\$481.7	\$636.7
Capital Expenditures	(100.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)	(75.0)
Capitalized Installation	(39.7)	(41.7)	(49.1)	(57.3)	(67.7)	(75.9)	(84.2)	(88.1)	(91.1)
Capitalized Equipment	(174.3)	(175.6)	(197.7)	(220.2)	(247.8)	(264.0)	(277.7)	(274.3)	(267.1)
Unlevered Free Cash Flow	(\$498.6)	(\$340.1)	(\$336.4)	(\$304.5)	(\$273.4)	(\$191.1)	(\$101.1)	\$44.3	\$203.6
2002 PV of FCF discounted at 12.5%		(302.3)	(265.8)	(213.8)	(170.7)	(106.1)	(49.8)	19.4	79.3
2003 PV of FCF discounted at 12.5%			(299.0)	(240.6)	(192.0)	(119.3)	(56.1)	21.8	89.3
2004 PV of FCF discounted at 12.5%				(270.6)	(216.1)	(134.2)	(63.1)	24.6	100.4
Terminal Value @ 11.0x EBITDA									\$7,004.1
Sum of Free Cash Flow at PV	(\$1,009.8)	(\$795.9)	(\$559.0)						
Plus: Terminal Value (12.5% discount rate)	2,729.8	3,071.1	3,454.9						
Total Enterprise Value	\$1,720.0	\$2,275.1	\$2,895.9						
• EV / Subscriber	\$977	\$1,132	\$1,240						
• EV / Pre-Marketing Cash Flow	(221.9x)	16.5x	14.2x						
Less: DLA Debt	(911.6)	(1,286.5)	(1,664.5)						
Less: SurFin Minority Interest (25%)	(59.7)	(72.1)	(83.3)						
Less: SurFin Debt (75%)	(429.5)	(429.5)	(429.5)						
Net Asset Value	\$319.3	\$487.1	\$718.6						
GMH Interest	74.7%	74.7%	74.7%						
GMH Attributed Net Asset Value	\$238.5	\$363.8	\$536.8						

Source: Deutsche Bank Securities estimates and company information

Figure 27 Hughes Network Systems—Projected Operating Model
(Dollars in Millions)

	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E
Revenue												
Enterprise	\$111.0	\$136.0	\$145.0	\$166.0	\$560.0	\$117.6	\$138.0	\$153.7	\$176.0	\$505.5	\$614.8	\$645.5
- % Change Year-to-Year	0.9%	8.2%	10.7%	3.1%	5.3%	6.1%	0.0%	6.0%	6.0%	4.8%	5.0%	5.0%
DIRECWAY Consumer	\$5.5	\$6.4	\$7.5	\$9.0	\$28.4	\$10.2	\$11.5	\$13.7	\$17.2	\$52.6	\$106.0	\$192.4
- % Change Year-to-Year	—	280.0%	865.0%	187.7%	556.7%	91.0%	78.4%	79.9%	82.0%	85.4%	101.5%	81.5%
- Subscribers (000)	61	73	86	101	101	111	128	158	201	201	351	651
- Average Subscribers	56	67	80	84	74	106	120	143	180	137	278	501
- Net Additions	11	12	13	15	51	10	17	30	43	100	156	300
- Revenue / Avg. Sub / Month	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00	\$32.00
DIRECWAY Consumer Equipment	\$6.7	\$14.6	\$4.4	\$8.0	\$33.8	\$5.0	\$6.5	\$15.0	\$21.5	\$50.0	\$67.5	\$90.0
- \$ / Net Addition	\$807	\$1,214	\$338	\$535	\$659	\$500	\$500	\$500	\$500	\$500	\$490	\$300
Satellite Broadband	\$123.0	\$159.0	\$157.0	\$183.0	\$622.0	\$133.0	\$158.0	\$182.4	\$214.7	\$688.1	\$788.2	\$927.9
Carrier	\$75.0	\$70.0	\$97.0	\$96.0	\$336.0	\$41.0	\$30.0	\$50.0	\$50.0	\$171.0	\$128.3	\$102.6
- % Change Year-to-Year	102.7%	34.6%	64.4%	-10.3%	32.5%	-45.3%	-57.1%	-48.5%	-47.9%	-49.4%	-25.0%	-20.0%
Set-Top Boxes	\$51.0	\$73.0	\$86.0	\$157.0	\$367.0	\$68.0	\$69.8	\$100.8	\$124.0	\$362.5	\$325.2	\$280.8
- % Change Year-to-Year	-75.5%	-58.5%	6.2%	53.9%	-35.3%	33.3%	-4.5%	17.2%	-21.0%	-1.2%	-10.3%	-13.6%
- Terminals (000)	252	413	500	814	1,979	430	450	650	800	2,330	2,200	2,000
- \$ / Terminals	\$202	\$177	\$172	\$193	\$185	\$158	\$155	\$155	\$155	\$156	\$148	\$140
- % Change Year-to-Year	-4.6%	-8.3%	-0.2%	26.6%	-0.5%	-21.9%	-12.3%	-6.9%	-19.8%	-16.1%	-5.0%	-5.0%
SpaceWay	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
- % Change Year-to-Year	—	—	—	—	—	—	—	—	—	—	—	—
Other	(\$0.8)	\$0.2	(\$0.3)	(\$0.3)	(\$1.2)	\$0.8	\$0.0	\$0.0	\$0.0	\$0.8	\$0.0	\$0.0
Total Revenue	\$248.2	\$302.2	\$339.7	\$435.7	\$1,325.8	\$242.8	\$287.7	\$333.2	\$388.7	\$1,222.4	\$1,241.7	\$1,311.3
- % Change Year-to-Year	-31.9%	-18.7%	19.6%	11.9%	-6.0%	-2.2%	-14.7%	-1.9%	-10.8%	-7.8%	1.6%	5.6%
EBITDA												
Enterprise	\$12.0	\$16.0	\$20.0	\$21.6	\$69.6	\$14.7	\$17.3	\$19.2	\$22.0	\$73.2	\$76.8	\$80.7
- % Change Year-to-Year	20.0%	-11.1%	0.0%	7.9%	2.3%	22.7%	7.8%	-3.8%	1.9%	5.2%	5.0%	5.0%
- EBITDA Margin	10.8%	11.8%	13.8%	13.0%	12.4%	12.5%	12.8%	12.5%	12.5%	12.5%	12.5%	12.5%
DIRECWAY	(\$8.0)	(\$7.0)	(\$8.0)	(\$4.6)	(\$14.6)	(\$3.7)	(\$2.0)	(\$2.0)	(\$1.0)	(\$10.7)	(\$6.0)	(\$30.0)
Satellite Broadband	(\$16.0)	(\$21.0)	(\$18.0)	(\$22.0)	(\$77.0)	(\$19.0)	(\$10.8)	(\$1.8)	\$4.0	(\$27.5)	\$11.8	\$50.7
Carrier	\$4.0	\$2.0	\$7.0	\$9.0	\$22.0	(\$2.0)	(\$1.5)	(\$1.5)	\$2.5	(\$2.5)	\$3.2	\$2.6
- % Change Year-to-Year	-166.7%	-125.0%	-73.1%	-55.0%	-31.3%	-150.0%	-175.0%	-121.4%	-72.2%	-111.4%	-228.3%	-20.0%
- EBITDA Margin	5.3%	2.9%	7.2%	9.4%	6.5%	-4.9%	-5.0%	-3.0%	5.0%	-1.5%	2.5%	2.5%
Set-Top Boxes	(\$8.0)	(\$5.0)	(\$4.0)	\$8.0	(\$9.0)	\$3.0	\$0.0	\$3.0	\$6.1	\$14.1	\$11.4	\$9.8
- % Change Year-to-Year	-124.2%	-127.8%	300.0%	-129.8%	-139.1%	-137.5%	-100.0%	-175.8%	0.8%	-256.5%	-19.2%	-13.6%
- EBITDA Margin	-15.7%	-6.8%	-4.7%	5.1%	-2.5%	4.4%	0.0%	3.0%	6.5%	3.9%	3.5%	3.5%
SpaceWay	(\$5.0)	(\$7.0)	(\$6.0)	(\$7.0)	(\$25.0)	(\$6.0)	(\$10.0)	(\$13.0)	(\$20.0)	(\$49.0)	(\$100.0)	(\$125.0)
- % Change Year-to-Year	66.7%	133.3%	200.0%	250.0%	150.0%	20.0%	42.8%	116.7%	185.7%	96.0%	104.1%	25.0%
Other	(\$13.3)	(\$5.8)	(\$1.6)	(\$2.1)	(\$22.8)	(\$9.0)	(\$4.0)	(\$4.0)	(\$4.0)	(\$21.0)	(\$16.0)	(\$15.0)
Total EBITDA	(\$36.3)	(\$36.8)	(\$22.6)	(\$14.1)	(\$111.8)	(\$33.0)	(\$26.3)	(\$17.3)	(\$8.4)	(\$66.6)	(\$91.6)	(\$76.9)
- % Change Year-to-Year	-328.0%	-4700.0%	-234.5%	-56.8%	—	-13.8%	-28.7%	-23.8%	-33.0%	-23.1%	6.8%	-16.0%
- EBITDA Margin	-15.4%	-12.2%	-6.7%	-3.2%	-8.4%	-13.6%	-10.2%	-5.2%	-2.4%	-5.4%	-7.4%	-5.9%
Depreciation and Amortization	(14.3)	(19.7)	(12.5)	(13.5)	(60.0)	(18.0)	(18.3)	(18.5)	(19.0)	(73.0)	(79.0)	(84.5)
Operating Loss	(\$52.6)	(\$56.5)	(\$35.1)	(\$27.6)	(\$171.8)	(\$51.0)	(\$44.6)	(\$35.8)	(\$28.4)	(\$159.8)	(\$170.5)	(\$161.4)

Source: Deutsche Bank Securities estimates and company information

Figure 28 Hughes Network Systems—Sum-of-the-Parts Valuation
(Dollars in Millions)

	Revenue			Revenue Multiple			EBITDA			EBITDA Multiple			Enterprise Value			
	2002E	2003E	2004E	2002E	2003E	2004E	2002E	2003E	2004E	2002E	2003E	2004E	2002E	2003E	2004E	
Enterprise	\$585.5	\$614.8	\$645.5	—	—	—	\$73.2	\$76.6	\$80.7	10.0x	10.0x	10.0x	\$731.9	\$768.4	\$806.9	Multiple of EBITDA
Carrier	171.0	128.3	102.6	1.0x	1.0x	1.0x	(2.5)	3.2	2.6	—	—	—	171.0	128.3	102.6	Multiple of Revenue
Sat-Top Box	362.5	325.2	280.8	1.0x	1.0x	1.0x	14.1	11.4	9.8	—	—	—	362.5	325.2	280.8	Multiple of Revenue
DIRECWAY	52.6	106.0	192.4	—	—	—	(100.7)	(65.0)	(30.0)	—	—	—	320.3	385.3	415.3	Investment
SPACEWAY	0.0	0.0	0.0	—	—	—	(49.0)	(100.0)	(125.0)	—	—	—	707.1	932.1	994.6	0.5x Investment
Other	0.8	0.0	0.0	—	—	—	(21.0)	(18.0)	(15.0)	—	—	—	—	—	—	
Total	\$1,172.4	\$1,174.2	\$1,221.3				(\$66.0)	(\$91.6)	(\$76.9)				\$2,292.8	\$2,530.3	\$2,600.2	

Source: Deutsche Bank Securities estimates and company information

Figure 23 PanAmSat — Income Statement

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E
Revenue														
Operating Leases, Satellite Services and Other	\$780.3	\$199.5	\$202.9	\$202.0	\$197.7	\$802.2	\$201.4	\$198.3	\$199.0	\$198.0	\$794.6	\$822.4	\$859.4	\$902.4
- % Change Year-to-Year	-0.9%	-0.3%	5.3%	5.9%	0.5%	2.8%	0.9%	-2.3%	-1.5%	-0.9%	-0.9%	3.5%	4.5%	5.0%
Outright Sales and Sales Type Leases	243.3	5.7	5.3	51.0	5.9	67.9	5.8	5.0	5.0	5.0	20.8	20.0	20.0	20.0
- % Change Year-to-Year	952.9%	-94.2%	-85.9%	497.5%	-3.7%	-72.1%	0.8%	-5.5%	-90.2%	-15.6%	-69.4%	-3.7%	0.0%	0.0%
- % of Total Revenue	23.6%	2.8%	2.5%	20.1%	2.9%	7.8%	2.8%	2.5%	2.5%	2.5%	2.5%	2.4%	2.3%	2.2%
Total Revenue	\$1,023.6	\$205.2	\$208.2	\$253.0	\$203.7	\$870.1	\$207.1	\$203.3	\$204.0	\$201.0	\$815.4	\$842.4	\$879.4	\$922.4
- % Change Year-to-Year	26.3%	-31.4%	-35.4%	26.9%	0.4%	-15.0%	0.9%	-2.4%	-19.4%	-1.3%	-6.3%	3.3%	4.4%	4.8%
Memo:														
Converted Lease Metric	\$828.0	\$211.0	\$213.0	\$213.0	\$209.0	\$846.0	\$213.0	\$209.6	\$210.3	\$207.3	\$840.1	\$867.9	\$904.9	\$947.9
- % Change Year-to-Year	-0.6%	0.0%	3.4%	4.9%	0.5%	2.2%	0.9%	-1.6%	-1.3%	-0.8%	-0.7%	3.3%	4.3%	4.7%
- Operating Leases	\$780.3	\$199.5	\$202.9	\$202.0	\$197.7	\$802.2	\$201.4	\$198.3	\$199.0	\$198.0	\$794.6	\$822.4	\$859.4	\$902.4
- Sales and Sales Type Leases	\$47.7	\$11.5	\$10.1	\$11.0	\$11.3	\$43.8	\$11.6	\$11.3	\$11.3	\$11.3	\$45.5	\$45.5	\$45.5	\$45.5
Backlog (billion)	\$6.0	\$6.2	\$6.0	\$5.9	\$5.8	\$5.8	\$5.7	-----	-----	-----	-----	-----	-----	-----
Utilization	72.0%	68.0%	68.0%	68.0%	70.0%	70.0%	70.0%	-----	-----	-----	-----	-----	-----	-----
Costs and Expenses														
Direct Operating	(\$149.7)	(\$37.5)	(\$43.5)	(\$33.4)	(\$38.5)	(\$152.9)	(\$32.5)	(\$33.0)	(\$33.2)	(\$33.5)	(\$132.2)	(\$137.3)	(\$141.8)	(\$144.4)
- % Change Year-to-Year	44.0%	17.5%	17.9%	-17.0%	-5.3%	2.1%	-13.3%	-24.2%	-0.6%	-13.0%	-13.5%	3.9%	3.2%	1.8%
- % of Operating Lease Revenue	19.2%	18.8%	21.4%	16.5%	19.5%	19.1%	16.1%	16.6%	16.7%	17.1%	16.8%	16.7%	16.5%	16.0%
Selling, General and Administrative	(97.5)	(27.7)	(30.3)	(33.6)	(24.5)	(116.1)	(32.5)	(25.0)	(25.3)	(25.5)	(108.3)	(106.9)	(107.4)	(108.3)
- % Change Year-to-Year	34.6%	31.9%	29.3%	42.5%	-16.7%	19.2%	17.2%	-17.4%	-24.8%	4.0%	-6.8%	-1.3%	0.5%	0.8%
- % of Operating Lease Revenue	12.5%	13.9%	14.9%	16.6%	12.4%	14.5%	16.1%	12.6%	12.7%	13.0%	13.6%	13.0%	12.5%	12.0%
Cost of Outright Sales and Sales Type Leases	(\$85.8)	0.0	0.0	(12.8)	0.0	(12.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- % of Sales Type Lease Revenue	35.3%	0.0%	0.0%	25.0%	0.0%	18.8%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other	3.4	0.0	0.0	(6.9)	(1.3)	(8.2)	8.9	0.0	0.0	0.0	8.9	0.0	0.0	0.0
Total Costs and Expenses	(\$329.6)	(\$65.2)	(\$73.8)	(\$66.7)	(\$64.4)	(\$290.0)	(\$56.1)	(\$58.0)	(\$58.5)	(\$59.0)	(\$231.6)	(\$244.3)	(\$249.2)	(\$252.7)
- % of Total Revenue	32.2%	31.8%	35.4%	34.3%	31.6%	33.3%	27.1%	28.5%	28.7%	29.4%	28.4%	29.0%	28.3%	27.4%
Total Operating Cash Flow (EBITDA)	\$694.0	\$140.0	\$134.4	\$186.3	\$139.3	\$586.1	\$151.0	\$145.3	\$145.5	\$142.0	\$583.7	\$596.1	\$630.2	\$669.7
- % Change Year-to-Year	12.1%	-30.3%	-39.3%	22.7%	2.3%	-16.4%	7.8%	8.1%	-12.5%	1.9%	0.6%	2.5%	5.4%	6.3%
- % EBITDA Margin	67.8%	68.2%	64.6%	65.7%	68.4%	66.7%	72.9%	71.5%	71.3%	70.6%	71.6%	71.0%	71.7%	72.6%
Depreciation and Amortization	(\$337.5)	(\$98.9)	(\$101.7)	(\$104.1)	(\$110.0)	(\$414.7)	(\$94.0)	(\$94.3)	(\$94.6)	(\$95.0)	(\$377.9)	(\$388.9)	(\$399.9)	(\$410.9)
Operating Income	\$356.6	\$41.2	\$32.7	\$62.2	\$29.3	\$165.3	\$57.1	\$51.0	\$50.9	\$47.0	\$205.9	\$209.3	\$230.3	\$258.9
Other Income / (Expense)														
Interest Expense, Net	(\$128.2)	(\$32.3)	(\$27.5)	(\$27.6)	(\$23.7)	(\$111.2)	(\$25.7)	(\$31.6)	(\$33.2)	(\$32.8)	(\$123.3)	(\$133.4)	(\$118.2)	(\$100.3)
Other Income / (Expense)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income Before Taxes and Min. Interest	\$228.4	\$8.8	\$5.2	\$34.5	\$5.6	\$54.2	\$31.3	\$19.4	\$17.7	\$14.2	\$82.6	\$75.9	\$112.2	\$158.5
Income Tax Expense	(\$102.8)	(\$3.8)	(\$2.3)	(\$15.0)	(\$2.4)	(\$23.6)	(\$7.8)	(\$4.8)	(\$4.4)	(\$3.6)	(\$20.6)	(\$19.0)	(\$28.0)	(\$39.6)
- % Effective Tax Rate	45.0%	43.5%	43.5%	43.5%	43.5%	43.5%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net Income	\$125.6	\$5.0	\$2.9	\$19.5	\$3.2	\$30.6	\$23.5	\$14.5	\$13.2	\$10.7	\$61.9	\$56.9	\$84.1	\$118.9
Extraordinary Item	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	(\$2.5)	\$0.0	\$0.0	\$0.0	(\$2.5)	\$0.0	\$0.0	\$0.0
Net Income Applicable to Common	\$125.6	\$5.0	\$2.9	\$19.5	\$3.2	\$30.6	\$21.0	\$14.5	\$13.2	\$10.7	\$59.4	\$56.9	\$84.1	\$118.9
Average Common Shares	149.5	149.7	149.8	149.8	149.9	149.8	149.9	149.9	149.9	149.9	149.9	149.9	149.9	149.9
Earnings Per Share	\$0.84	\$0.03	\$0.02	\$0.13	\$0.02	\$0.20	\$0.14	\$0.10	\$0.09	\$0.07	\$0.40	\$0.38	\$0.56	\$0.79

Source: Deutsche Bank Securities Inc. estimates and company information

Figure 30 PanAmSat—Sources and Uses Statement

(Dollars in Millions)

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E
Net Income	\$125.6	\$5.0	\$2.9	\$19.5	\$3.2	\$30.6	\$21.0	\$14.5	\$13.2	\$10.7	\$59.4	\$56.9	\$84.1	\$118.9
Gross Profit on Sales and Sales-type leases	(136.4)	0.0	0.0	(32.7)	0.0	(32.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Depreciation and Amortization	337.5	98.9	101.7	104.1	110.0	414.7	94.0	94.3	94.6	95.0	377.9	388.9	399.9	410.9
Deferred Income Taxes	73.2	11.6	2.0	10.0	(12.8)	10.8	6.8	4.8	4.4	3.6	19.6	19.0	28.0	39.6
Amort. Of Debt Issuance Costs	6.1	1.5	1.5	1.5	1.6	6.1	2.1	1.5	1.5	1.5	6.6	6.0	6.0	6.0
Change in Working Capital	16.0	(5.8)	(3.2)	70.6	33.9	95.5	(1.5)	5.0	5.0	5.0	13.5	20.0	20.0	20.0
Other	(3.2)	5.9	7.2	(41.3)	43.5	15.3	2.3	0.0	0.0	0.0	2.3	0.0	0.0	0.0
Cash Flow From Operations	\$418.7	\$117.1	\$112.2	\$131.8	\$179.3	\$540.4	\$124.7	\$120.2	\$118.8	\$115.7	\$479.3	\$490.7	\$538.0	\$595.4
Satellite Capital Expenditures	(\$393.5)	(\$57.9)	(\$87.7)	(\$76.6)	(\$92.6)	(\$314.9)	(\$68.6)	(\$110.0)	(\$73.0)	(\$57.0)	(\$308.6)	(\$200.0)	(\$200.0)	(\$200.0)
Capitalized Interest	(56.1)	(9.3)	(6.5)	(3.6)	(3.9)	(23.3)	(5.4)	(10.0)	(8.0)	(8.0)	(31.4)	(20.0)	(20.0)	(20.0)
Total Capital Expenditures	(\$449.6)	(\$67.2)	(\$94.2)	(\$80.2)	(\$96.5)	(\$338.2)	(\$74.0)	(\$120.0)	(\$81.0)	(\$65.0)	(\$340.0)	(\$220.0)	(\$220.0)	(\$220.0)
						Guidance: (\$110)-(\$140) mil.		Guidance: (\$310)-(\$340) 4/12/02					Guidance: (\$210) mil. 10k	
Free Cash Flow	(\$30.8)	\$49.9	\$17.9	\$51.8	\$82.8	\$202.2	\$50.7	\$0.2	\$37.8	\$50.7	\$139.3	\$270.7	\$318.0	\$375.4
Debt Issuance	0.0	0.0	0.0	0.0	0.0	0.0	1,761.6	0.0	0.0	0.0	1,761.6	0.0	0.0	0.0
Repayment of Debt	(56.4)	(21.2)	0.0	0.0	0.0	(21.2)	(1,771.5)	0.0	0.0	0.0	(1,771.5)	(200.0)	(60.0)	(357.0)
Repayment of Incentive Obligation	(6.8)	(2.0)	(2.0)	(2.4)	(2.3)	(8.7)	(2.3)	(2.3)	(2.3)	(2.3)	(9.2)	(10.0)	(10.0)	(10.0)
Insurance Proceeds	0.0	132.4	0.0	0.0	0.0	132.4	173.7	41.3	0.0	0.0	215.0	0.0	0.0	0.0
Other	234.7	22.8	2.6	1.3	3.7	30.5	(28.0)	0.0	0.0	0.0	(28.0)	0.0	0.0	0.0
Balance Available	\$140.6	\$181.9	\$18.5	\$50.5	\$84.2	\$335.1	\$184.2	\$39.2	\$35.5	\$48.4	\$307.2	\$60.7	\$248.0	\$8.4

Source: Deutsche Bank Securities Inc. estimates and company information



Figure 31 PanAmSat—Balance Sheet
 (Dollars in Millions)

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E	2005E
Long Term Debt														
6% Notes Due 2003	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	(\$200.0)	\$0.0	\$0.0	\$0.0
6 1/8% Notes Due 2005	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	(275.0)	0.0
6 3/8% Notes Due 2008	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)	(150.0)
6 7/8% Notes Due 2028	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)	(125.0)
8 1/2% Senior Notes due 2/1/12	0.0	0.0	0.0	0.0	0.0	0.0	(800.0)	(800.0)	(800.0)	(800.0)	(800.0)	(800.0)	(800.0)	(800.0)
Term Loan A (LIBOR +3%)	0.0	0.0	0.0	0.0	0.0	0.0	(300.0)	(300.0)	(300.0)	(300.0)	(300.0)	(300.0)	(240.0)	(165.0)
Term Loan B (LIBOR +3.5%)	0.0	0.0	0.0	0.0	0.0	0.0	(700.0)	(700.0)	(700.0)	(700.0)	(700.0)	(700.0)	(700.0)	(693.0)
Galaxy III R Notes	(67.8)	(46.5)	(46.5)	(46.5)	(46.5)	(46.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Debt	(\$817.8)	(\$796.5)	(\$796.5)	(\$796.5)	(\$796.5)	(\$796.5)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,350.0)	(\$2,290.0)	(\$1,933.0)
Cash Interest Expense	(49.2)	(12.1)	(12.1)	(12.1)	(12.1)	(48.4)	(22.7)	(44.6)	(44.6)	(44.6)	(156.5)	(172.5)	(164.7)	(152.0)
Due to Affiliates (Hughes Intercompany Loan)														
Beginning of Period	(\$1,797.2)	(\$1,725.0)	(\$1,725.0)	(\$1,725.0)	(\$1,725.0)	(\$1,725.0)	(\$1,725.0)	\$0.0	\$0.0	\$0.0	(\$1,725.0)	\$0.0	\$0.0	\$0.0
End of Period	(1,725.0)	(1,725.0)	(1,725.0)	(1,725.0)	(1,725.0)	(1,725.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Average Subordinated Merger Debt	(1,804.1)	(1,725.0)	(1,725.0)	(1,725.0)	(1,725.0)	(1,725.0)	(862.5)	0.0	0.0	0.0	(215.6)	0.0	0.0	0.0
- Interest Rate	7.5%	7.3%	7.0%	2.5%	2.3%	4.8%	2.0%	0.0%	0.0%	0.0%	---	0.0%	0.0%	0.0%
Interest	(128.5)	(31.5)	(30.2)	(10.8)	(10.0)	(82.4)	(7.2)	0.0	0.0	0.0	(7.2)	0.0	0.0	0.0
Cash and Cash Equivalents														
Beginning of Period	\$117.3	\$129.3	\$290.1	\$308.6	\$359.1	\$129.3	\$443.3	\$655.9	\$695.1	\$730.5	\$443.3	\$778.9	\$839.6	\$1,087.7
End of Period	129.3	290.1	308.6	359.1	443.3	443.3	655.9	695.1	730.5	778.9	778.9	839.6	1,087.7	1,096.0
- Average Cash	104.4	209.7	299.3	333.8	401.2	311.0	549.8	675.5	712.8	754.7	673.1	809.3	963.6	1,091.8
- Interest Rate	6.5%	4.3%	4.3%	4.3%	4.4%	4.3%	2.5%	4.3%	4.3%	4.3%	3.9%	4.0%	4.0%	4.0%
Interest Income	6.8	2.3	3.2	3.6	4.4	13.5	3.4	7.3	7.7	8.1	26.5	32.4	38.5	43.7
Total Beginning of Period Debt, Net	(\$2,554.0)	(\$2,413.4)	(\$2,231.5)	(\$2,212.9)	(\$2,162.5)	(\$2,413.4)	(\$2,078.3)	(\$1,894.1)	(\$1,854.9)	(\$1,819.5)	(\$2,078.3)	(\$1,771.1)	(\$1,510.4)	(\$1,202.3)
Total End of Period Debt, Net	(2,413.4)	(2,231.5)	(2,212.9)	(2,162.5)	(2,078.3)	(2,078.3)	(1,894.1)	(1,854.9)	(1,819.5)	(1,771.1)	(1,771.1)	(1,510.4)	(1,202.3)	(837.0)
Debt Issuance Costs														
Beginning of Period	16.3	11.3	10.1	8.8	7.6	11.3	6.3	5.1	3.8	2.6	6.3	1.3	0.0	0.0
- Additions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
- Interest amortization	(5.0)	(1.3)	(1.3)	(1.3)	(1.3)	(5.0)	(1.3)	(1.3)	(1.3)	(1.3)	(5.0)	(1.3)	0.0	0.0
End of Period	11.3	10.1	8.8	7.6	6.3	6.3	5.1	3.8	2.6	1.3	1.3	0.0	0.0	0.0
Book Interest Expense:														
Cash Interest Expense	(\$177.8)	(\$43.6)	(\$42.3)	(\$22.9)	(\$22.0)	(\$130.8)	(\$29.9)	(\$44.6)	(\$44.6)	(\$44.6)	(\$163.7)	(\$172.5)	(\$164.7)	(\$152.0)
Less: Amortization of Debt Issuance Costs	(5.0)	(1.3)	(1.3)	(1.3)	(1.3)	(5.0)	(1.3)	(1.3)	(1.3)	(1.3)	(5.0)	(1.3)	0.0	0.0
Plus: Interest Income	6.8	2.3	3.2	3.6	4.4	13.5	3.4	7.3	7.7	8.1	26.5	32.4	38.5	43.7
Plus: Capitalized Interest	56.1	9.3	6.5	3.8	3.9	23.3	5.4	10.0	8.0	6.0	31.4	20.0	20.0	20.0
Other	(8.3)	1.0	6.2	(10.7)	(8.8)	(12.2)	(3.4)	(3.0)	(3.0)	(3.0)	(12.4)	(12.0)	(12.0)	(12.0)
Total Book Interest Expense, Net	(\$128.2)	(\$32.3)	(\$27.5)	(\$27.6)	(\$23.7)	(\$111.2)	(\$25.7)	(\$31.6)	(\$33.2)	(\$32.8)	(\$123.3)	(\$133.4)	(\$118.2)	(\$100.3)

Source: Deutsche Bank Securities Inc. estimates and company information

Figure 32 PanAmSat—Discounted Cash Flow Valuation
(Dollars and Shares in Millions)

	2002E	2003E	2004E	2005E
Free Cash Flow	139.3	270.7	318.0	375.4
Plus: Cash Interest Expense	163.7	172.5	164.7	152.0
Less: Tax Credit	(57.3)	(60.4)	(57.6)	(53.2)
Unlevered Free Cash Flow	245.7	382.8	425.1	474.2
2002 PV of FCF discounted at 9.5%		\$349.6	\$354.5	\$361.2
2003 PV of FCF discounted at 9.5%			388.2	395.5
2004 PV of FCF discounted at 9.5%				433.0
Terminal Value @ 8.0x EBITDA				\$5,357.7
Sum of Free Cash Flow at PV	\$1,065.3	\$783.7	\$433.0	
Add: Terminal Value (11% discount rate)	4,080.7	4,468.3	4,892.8	
Total Value	\$5,146.0	\$5,252.0	\$5,325.9	
Less: End of Year Debt, Net	(1,771.1)	(1,510.4)	(1,202.3)	
Plus: Option Proceeds	3.1	3.1	3.1	
Net Asset Value	\$3,378.0	\$3,744.8	\$4,126.7	
Primary Shares Outstanding	149.9	149.9	149.9	
Options	0.1	0.1	0.1	
Fully Diluted Shares Outstanding	150.0	150.0	150.0	
Private Market Value Per Share	\$22.51	\$24.96	\$27.50	
Target Discount to Net Asset Value	0.0%	0.0%	0.0%	
Target Price Per Share	\$22.51	\$24.96	\$27.50	
Closing Price on : 5/7/02	\$23.41	\$23.41	\$23.41	
Upside to Target Price Per Share	-3.8%	6.6%	17.5%	
Memo:				
GMH Shares	120.8	120.8	120.8	
GMH Attributed Net Asset Value	\$2,720	\$3,015	\$3,323	
GMH Attributed Public Market Value	\$2,828	\$2,828	\$2,828	

Source: Deutsche Bank Securities Inc. estimates and company information

Figure 33 Hughes Electronics—Projected Consolidated Operating Model
(Dollars in Millions)

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E
Revenues													
Domestic DIRECTV	\$4,693.0	\$1,324.0	\$1,345.0	\$1,383.0	\$1,518.0	\$5,550.0	\$1,488.0	\$1,503.8	\$1,542.7	\$1,709.3	\$6,221.7	\$7,096.4	\$7,805.6
- % Change Yr / Yr	37.8%	25.0%	19.1%	18.1%	12.4%	18.3%	10.7%	11.8%	13.2%	12.8%	12.1%	14.1%	10.0%
DIRECTV Latin America (DLA)	541.0	165.0	175.0	201.0	186.0	1,325.8	165.0	233.6	187.5	197.6	783.8	887.8	1,030.1
- % Change Yr / Yr	71.2%	44.7%	43.4%	47.8%	10.1%	34.4%	0.0%	33.9%	-4.7%	4.2%	7.8%	13.3%	16.0%
Other DTH Broadcast / DIRECTV Broadcast	4.0	0.9	7.7	9.0	11.0	28.6	14.0	17.0	20.2	24.0	75.2	145.5	247.8
- % Change Yr / Yr	-93.8%	—	—	—	—	—	—	—	—	—	—	—	70.4%
Satellite Services (PanAmSat)	1,023.6	205.2	208.2	253.0	203.7	870.1	207.1	203.3	204.0	201.0	815.4	842.4	876.4
- % Change Yr / Yr	26.3%	-31.4%	-35.4%	26.9%	0.4%	-19.9%	0.9%	-2.4%	-1.9%	-1.9%	4.3%	3.3%	4.4%
Network Systems (HNS)	1,409.8	248.2	302.2	339.7	435.7	1,325.8	242.8	257.7	333.2	386.7	1,222.4	1,241.7	1,311.3
- % Change Yr / Yr	1.8%	-31.8%	-19.7%	18.8%	11.9%	-8.9%	-3.2%	14.7%	11.8%	10.8%	7.8%	1.6%	5.6%
Intercompany Eliminations and Other	(383.8)	(50.3)	(53.0)	(82.4)	(73.8)	(238.5)	(98.7)	(50.0)	(50.0)	(50.0)	(206.7)	(200.0)	(200.0)
- % of Total Revenue	5.3%	2.7%	2.7%	3.0%	3.2%	2.8%	2.8%	2.3%	2.2%	2.8%	2.3%	2.6%	1.8%
Total Revenues	\$7,287.6	\$1,893.0	\$1,885.1	\$2,103.3	\$2,290.8	\$4,262.0	\$2,038.2	\$2,188.4	\$2,237.5	\$2,470.8	\$6,911.7	\$10,913.7	\$11,874.2
- % Change Yr / Yr	31.1%	11.2%	8.1%	24.8%	10.8%	13.4%	7.7%	8.1%	8.2%	8.3%	7.8%	12.4%	10.6%
Operating Cash Flow (EBITDA)													
Domestic DIRECTV	\$152.0	\$50.0	\$75.0	(\$28.0)	\$83.0	\$180.0	\$29.0	\$122.9	\$139.2	\$180.1	\$471.2	\$1,089.4	\$1,818.0
- % Change Yr / Yr	0.7%	61.3%	188.5%	-17.6%	8.8%	5.3%	-42.0%	63.8%	-67.0%	18.6%	194.5%	131.2%	48.5%
- % EBITDA Margin	3.2%	3.6%	5.6%	-2.1%	4.2%	2.9%	2.0%	8.2%	9.0%	10.5%	7.6%	15.4%	20.7%
DIRECTV Latin America (DLA)	(171.0)	(44.0)	(35.0)	(7.0)	(36.0)	(122.0)	(61.0)	(95.0)	(23.3)	(5.3)	(184.7)	(47.8)	(14.5)
- % Change Yr / Yr	94.4%	15.8%	-12.5%	-86.0%	-18.3%	-28.7%	38.8%	171.4%	233.6%	-85.2%	51.4%	—	—
- % EBITDA Margin	-31.8%	-26.7%	-20.0%	-3.5%	-16.4%	-16.9%	-37.0%	-40.7%	-12.9%	-2.7%	-23.0%	-5.4%	-1.4%
Other DTH Broadcast / DIRECTV Broadcast	(5.5)	0.0	(41.3)	(33.0)	(32.0)	(106.3)	(30.0)	(27.0)	(24.0)	(21.0)	(102.0)	(49.7)	19.3
- % Change Yr / Yr	-78.2%	—	—	—	—	—	—	—	—	—	—	—	—
- % EBITDA Margin	-137.5%	—	—	—	—	—	—	—	—	—	—	—	—
Satellite Services (PanAmSat)	654.0	140.0	134.4	165.3	130.3	580.1	151.0	145.3	145.5	142.0	583.7	580.1	630.2
- % Change Yr / Yr	12.1%	-30.3%	-36.3%	23.7%	2.3%	-16.4%	7.8%	8.1%	-12.9%	1.9%	8.8%	2.9%	5.4%
- % EBITDA Margin	87.8%	86.2%	84.8%	85.7%	84.4%	86.7%	72.9%	71.9%	71.3%	70.8%	71.9%	71.0%	71.7%
Network Systems (HNS)	0.1	(38.3)	(36.8)	(22.8)	(14.1)	(111.8)	(33.0)	(26.3)	(17.3)	(9.4)	(86.0)	(91.6)	(78.9)
- % Change Yr / Yr	-100.1%	-328.0%	-4700.0%	-234.8%	-68.9%	—	-13.8%	-28.7%	-23.8%	-33.0%	—	6.8%	-16.0%
- % EBITDA Margin	0.0%	-15.4%	-12.2%	-4.7%	-3.2%	-4.4%	-13.8%	-10.2%	-5.2%	-2.4%	-7.0%	-7.4%	-5.8%
Intercompany Eliminations and Other	(86.1)	5.5	(14.3)	0.8	(2.0)	(10.1)	78.2	(25.0)	(25.0)	(25.0)	3.2	(75.0)	(75.0)
- % EBITDA Margin	-22.4%	-10.8%	27.1%	-1.3%	2.7%	2.8%	-137.8%	30.0%	50.0%	50.0%	-0.5%	5.3%	3.8%
Total Operating Cash Flow (EBITDA)	\$583.5	\$113.2	\$82.0	\$76.5	\$118.2	\$389.9	\$134.2	\$89.8	\$198.8	\$261.3	\$688.5	\$1,423.6	\$2,191.1
- % of Revenue	19.2%	20.4%	5.4%	3.9%	5.2%	9.1%	6.6%	4.1%	8.7%	10.8%	7.7%	16.7%	47.8%
- % EBITDA Margin	8.0%	6.0%	4.1%	3.6%	5.2%	4.7%	6.6%	4.4%	8.7%	10.8%	7.7%	14.2%	18.0%
Depreciation and Amortization													
Domestic DIRECTV	(\$396.0)	(\$112.0)	(\$116.0)	(\$117.0)	(\$122.0)	(\$487.0)	(\$107.0)	(\$111.0)	(\$113.0)	(\$115.0)	(\$446.0)	(\$482.8)	(\$522.0)
- % Change Yr / Yr	58.4%	19.7%	24.7%	18.4%	11.9%	17.9%	-4.9%	-4.3%	-3.4%	-3.7%	-4.3%	8.2%	8.2%
DIRECTV Latin America (DLA)	(138.0)	(58.0)	(65.0)	(45.4)	(40.0)	(208.3)	(43.0)	(45.0)	(47.0)	(49.0)	(184.0)	(196.9)	(210.7)
- % Change Yr / Yr	112.3%	180.0%	132.1%	28.8%	-27.4%	80.8%	-25.9%	-36.8%	3.8%	22.7%	-11.7%	7.0%	7.0%
Other DTH Broadcast / DIRECTV Broadcast	0.6	18.5	(0.6)	(8.9)	(8.9)	0.2	(2.0)	(2.0)	(2.0)	(2.0)	(8.0)	(15.0)	(20.0)
- % Change Yr / Yr	-40.0%	—	—	—	—	—	—	—	—	—	—	—	—
Satellite Services (PanAmSat)	(337.5)	(98.9)	(101.7)	(104.1)	(110.0)	(414.7)	(94.0)	(94.3)	(94.6)	(95.0)	(377.8)	(388.9)	(399.9)
- % Change Yr / Yr	20.3%	34.2%	24.8%	24.6%	11.5%	22.9%	-3.0%	-7.3%	-0.1%	-13.8%	-8.9%	2.9%	2.8%
Network Systems (HNS)	(63.6)	(14.3)	(19.7)	(12.5)	(13.5)	(60.0)	(18.0)	(18.3)	(18.5)	(19.0)	(73.8)	(79.0)	(84.5)
- % Change Yr / Yr	-17.8%	-14.4%	10.1%	-17.8%	-2.2%	-3.7%	28.9%	-7.1%	48.0%	40.7%	23.0%	7.0%	7.0%
Intercompany Eliminations and Other	(8.2)	(1.0)	(2.0)	7.8	(2.5)	2.1	2.0	0.0	0.0	0.0	2.0	0.0	0.0
- % of Revenue	0.1%	0.1%	0.1%	0.4%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Depreciation and Amortization	(\$842.8)	(\$285.7)	(\$305.8)	(\$296.2)	(\$296.8)	(\$1,147.7)	(\$262.8)	(\$278.6)	(\$275.1)	(\$280.6)	(\$1,087.7)	(\$1,182.4)	(\$1,237.9)
- % Change Yr / Yr	40.3%	29.8%	35.8%	17.6%	7.9%	21.9%	-1.4%	-11.3%	-1.8%	-3.7%	-6.2%	6.9%	6.5%
Operating Profit													
Domestic DIRECTV	(\$244.0)	(\$62.0)	(\$41.0)	(\$145.0)	(\$59.0)	(\$307.0)	(\$78.0)	\$11.9	\$26.2	\$65.1	\$25.2	\$806.8	\$1,095.2
- % Change Yr / Yr	146.5%	-4.6%	-38.8%	133.9%	18.0%	25.8%	25.8%	-128.1%	-118.0%	-210.3%	-108.2%	2310.1%	60.8%
- % Operating Profit Margin	-5.2%	-4.7%	-3.0%	-10.8%	-3.9%	-5.9%	-3.9%	0.6%	1.7%	3.9%	0.4%	8.8%	14.0%
DIRECTV Latin America (DLA)	(309.0)	(102.0)	(100.0)	(52.4)	(76.0)	(330.3)	(104.0)	(140.0)	(70.3)	(54.3)	(368.7)	(244.8)	(225.2)
- % Change Yr / Yr	82.8%	73.9%	47.1%	-38.4%	-22.5%	6.9%	2.0%	40.0%	34.4%	-28.9%	11.8%	-33.8%	-7.9%
- % Operating Profit Margin	—	—	—	—	—	—	—	—	—	—	—	—	—
Other DTH Broadcast / DIRECTV Broadcast	(4.9)	18.5	(41.9)	(41.9)	(40.9)	(100.1)	(32.0)	(29.0)	(26.0)	(23.0)	(110.0)	(84.7)	(0.7)
- % Change Yr / Yr	—	—	—	—	—	—	—	—	—	—	—	—	—
- % Operating Profit Margin	—	—	—	—	—	—	—	—	—	—	—	—	—
Satellite Services (PanAmSat)	356.6	41.2	32.7	62.2	29.3	165.3	57.1	51.0	50.9	47.0	205.9	209.3	230.3
- % Change Yr / Yr	5.4%	-47.7%	-76.6%	19.6%	-21.9%	-53.6%	38.7%	56.8%	-18.2%	60.2%	24.9%	1.7%	10.0%
- % Operating Profit Margin	34.8%	20.1%	18.7%	24.8%	14.4%	19.0%	27.9%	23.1%	24.9%	23.4%	29.9%	24.8%	28.2%
Network Systems (HNS)	(63.5)	(52.8)	(55.5)	(35.1)	(27.8)	(171.8)	(51.0)	(44.8)	(35.8)	(28.4)	(158.8)	(170.5)	(181.4)
- % Change Yr / Yr	-72.9%	-52700.0%	230.4%	-2283.8%	-42.6%	170.8%	-3.0%	-21.2%	1.9%	3.1%	-7.0%	6.7%	-6.3%
- % Operating Profit Margin	-4.9%	-21.2%	-18.7%	-13.3%	-6.3%	-13.0%	-21.0%	-17.9%	-10.7%	-7.3%	-13.1%	-13.7%	-12.3%
Intercompany Eliminations and Other	(94.3)	4.4	(16.3)	8.4	(4.5)	(7.9)	80.1	(25.0)	(25.0)	(25.0)	5.1	(75.0)	(75.0)
- % of Revenue	1.3%	0.2%	0.9%	0.4%	0.2%	0.2%	4.0%	-1.1%	-1.0%	-1.0%	0.1%	-0.7%	-0.6%
Total Operating Profit	(\$359.1)	(\$152.5)	(\$223.8)	(\$263.7)	(\$178.8)	(\$737.8)	(\$127.8)	(\$178.6)	(\$80.1)	(\$18.7)	(\$482.2)	(\$291.3)	\$863.2
- % Change Yr / Yr	-15.1%	144.0%	388.8%	86.2%	47.4%	111.0%	-16.2%	-21.2%	-62.7%	-88.5%	-65.9%	-188.0%	230.4%
- % Operating Profit Margin	-4.9%	-8.1%	-11.2%	-9.7%	-7.8%	-8.2%	-6.3%	-8.1%	-3.6%	-0.8%	-6.9%	2.9%	7.8%

Source: Deutsche Bank Securities estimates and company information

Figure 34 Hughes Electronics—Projected Income Statement
(in \$ mil. / \$ mil. / share)

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E
Revenue													
DBS Leasing and Other Services	\$6,262.2	\$1,698.2	\$1,738.6	\$1,800.9	\$1,934.8	\$7,202.3	\$1,858.0	\$1,883.9	\$1,946.7	\$2,149.4	\$7,837.9	\$8,711.9	\$9,634.6
- % Change Yr / Yr	27.1%	15.3%	11.1%	23.3%	11.2%	19.5%	8.6%	8.6%	6.3%	11.1%	8.8%	11.2%	10.8%
- % of Total Revenues	85.4%	80.7%	87.6%	87.9%	84.8%	87.2%	91.2%	87.0%	87.0%	87.0%	88.0%	87.0%	87.0%
Product Sales	\$1,025.4	\$194.8	\$248.5	\$272.4	\$348.0	\$1,069.7	\$180.2	\$281.5	\$290.9	\$321.2	\$1,073.8	\$1,301.8	\$1,439.6
- % Change Yr / Yr	3.1%	-15.8%	-9.2%	34.2%	8.1%	3.3%	-7.8%	14.2%	8.8%	-7.2%	1.3%	21.2%	10.8%
- % of Total Revenues	14.1%	10.3%	12.4%	13.0%	15.2%	12.8%	8.8%	13.0%	13.0%	13.0%	12.0%	13.0%	13.0%
Total Revenue	\$7,287.6	\$1,893.0	\$1,987.1	\$2,103.3	\$2,282.8	\$8,272.0	\$2,038.2	\$2,165.4	\$2,237.5	\$2,470.6	\$8,911.7	\$10,013.7	\$11,074.2
- % Change Yr / Yr	31.1%	11.2%	8.1%	24.8%	10.8%	13.4%	7.7%	8.1%	6.4%	8.3%	7.8%	12.4%	10.6%
Operating Costs and Expenses													
Broadcast Programming and Other	(\$2,812.8)	(\$738.7)	(\$786.6)	(\$830.1)	(\$888.8)	(\$3,254.2)	(\$903.2)	(\$866.8)	(\$895.5)	(\$968.7)	(\$3,654.0)	(\$4,007.5)	(\$4,431.9)
- % of DBS Leasing and Other Serv. Rev.	44.9%	43.5%	45.2%	45.3%	46.2%	45.2%	48.6%	46.0%	46.0%	46.0%	48.8%	46.0%	46.0%
Cost of Products Sold	(826.4)	(154.5)	(189.2)	(246.7)	(308.8)	(900.2)	(173.0)	(244.9)	(253.1)	(257.7)	(895.7)	(1,132.6)	(1,223.7)
- % of Product sales	80.6%	79.3%	76.8%	80.8%	89.3%	84.8%	86.0%	87.0%	87.0%	8.0%	84.8%	87.0%	85.0%
Selling, General and Administrative	(3,054.4)	(886.5)	(927.3)	(960.0)	(983.8)	(3,717.7)	(827.8)	(958.8)	(994.0)	(1,184.9)	(3,875.8)	(3,450.1)	(3,317.5)
- % of Total Revenues	41.9%	46.8%	46.7%	45.2%	41.8%	45.0%	40.6%	44.3%	40.0%	48.4%	43.5%	34.9%	30.0%
Total Op. Costs and Expenses	(\$5,893.6)	(\$1,779.8)	(\$1,903.1)	(\$2,026.8)	(\$2,182.4)	(\$7,872.1)	(\$1,904.8)	(\$2,070.4)	(\$2,042.5)	(\$2,209.3)	(\$8,226.2)	(\$9,590.2)	(\$10,373.1)
- % Change Yr / Yr	25.9%	14.8%	14.8%	28.2%	13.5%	17.8%	7.0%	8.8%	0.8%	2.2%	4.5%	4.4%	4.5%
Operating Cash Flow (EBITDA)	\$994.0	\$113.2	\$82.0	\$76.5	\$118.2	\$388.8	\$134.2	\$86.0	\$198.0	\$261.3	\$685.5	\$1,423.6	\$2,191.1
- % Change Yr / Yr	143.5%	-29.9%	-54.3%	-29.1%	-23.1%	-34.4%	18.0%	15.8%	184.8%	121.1%	78.8%	107.7%	47.6%
- % EBITDA Margin	8.7%	6.0%	4.1%	3.8%	5.2%	4.7%	8.6%	4.4%	8.7%	10.6%	7.7%	14.2%	19.0%
EBITDA / Share	\$0.46	\$0.05	\$0.05	\$0.05	\$0.09	\$0.30	\$0.10	\$0.07	\$0.14	\$0.18	\$0.51	\$1.03	\$1.57
Depreciation and Amortization	(931.2)	(264.9)	(304.2)	(279.3)	(286.0)	(1,144.4)	(262.0)	(289.8)	(274.3)	(279.2)	(1,085.3)	(1,158.5)	(1,234.4)
Amort. of GM Purchase Acq. Adj.	(16.9)	(0.8)	(0.8)	(0.9)	(0.8)	(3.3)	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(3.5)	(3.5)
Operating Income	(\$384.1)	(\$152.8)	(\$223.0)	(\$283.7)	(\$178.8)	(675.7)	(\$128.6)	(\$178.6)	(\$89.1)	(\$18.7)	(\$463.0)	\$281.3	\$683.2
Interest Income	49.3	23.8	19.0	9.4	4.5	56.7	4.3	11.0	5.8	3.0	24.2	10.0	11.3
Interest Expense	(218.2)	(50.5)	(42.8)	(40.5)	(61.9)	(185.9)	(76.4)	(54.8)	(56.3)	(58.1)	(245.8)	(228.7)	(235.8)
Other, Net	(292.6)	7.2	(10.9)	(86.3)	(2.7)	(92.7)	(41.8)	(5.0)	(5.0)	(5.0)	(56.6)	(50.0)	(50.0)
Pretax Income	(\$815.8)	(\$172.1)	(\$257.7)	(\$321.2)	(\$236.7)	(\$989.7)	(\$242.3)	(\$224.5)	(\$133.5)	(\$78.8)	(\$691.1)	(\$7.4)	\$688.7
Income Taxes	408.1	49.9	74.8	93.1	107.8	325.6	91.8	80.2	46.3	28.5	248.8	2.7	(213.3)
- Effective Tax Rate	49.8%	29.0%	29.0%	29.0%	48.2%	32.9%	37.9%	36.7%	34.2%	36.2%	36.2%	36.2%	36.2%
Minority Int. in Net Losses of Subs.	54.1	24.3	26.4	0.9	(1.7)	48.9	(6.7)	25.0	25.0	25.0	68.3	50.0	50.0
Income from Continuing Operations before Extra. Items	(\$355.4)	(\$97.9)	(\$156.5)	(\$227.2)	(\$132.6)	(\$614.2)	(\$157.2)	(\$119.3)	(\$64.2)	(\$25.2)	(\$366.0)	\$45.3	\$425.4
Income (Loss) from Discont. Ops. Income before Extraordinary Item	36.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Effect of Accounting Change	0.0	(7.4)	0.0	0.0	0.0	(7.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income	\$813.9	(\$195.3)	(\$156.5)	(\$227.2)	(\$132.6)	(\$621.6)	(\$197.2)	(\$119.3)	(\$64.2)	(\$25.2)	(\$366.0)	\$48.3	\$425.4
Preferred Dividends	(97.0)	(24.1)	(24.1)	(24.1)	(24.1)	(96.4)	(24.1)	(24.1)	0.0	0.0	(48.2)	0.0	0.0
Net Income Applicable to Common	\$716.9	(\$129.4)	(\$180.6)	(\$251.3)	(\$158.7)	(\$718.0)	(\$173.1)	(\$143.4)	(\$64.2)	(\$25.2)	(\$414.2)	\$48.3	\$425.4
Adj. to Exclude GM Purchase Acq. Avail. Separate Cons. Net Inc.	16.9	0.6	0.6	0.9	0.8	3.3	0.8	0.8	0.8	0.8	3.2	3.5	3.5
PF Avail. Separate Cons. Net Inc.	\$384.9	(\$86.7)	(\$121.2)	(\$168.8)	(\$168.1)	(\$481.8)	(\$121.7)	(\$86.4)	(\$44.0)	(\$18.8)	(\$381.3)	\$53.8	\$293.6
- % of Net Earnings	52.5%	57.4%	57.4%	57.4%	57.4%	57.4%	57.4%	57.4%	59.3%	59.3%	60.4%	60.3%	60.4%
Avg. GMH Common Stock Outstanding	661.2	875.4	875.9	876.8	877.3	876.4	877.6	882.9	957.6	957.6	918.9	957.6	918.9
Avg. Class H Dividend Base	1,297.0	1,299.1	1,299.6	1,300.5	1,300.9	1,300.0	1,301.2	1,308.5	1,361.2	1,361.2	1,342.5	1,361.2	1,342.5
Earnings Per Class H Share	\$0.57	(\$0.18)	(\$0.14)	(\$0.19)	(\$0.12)	(\$0.55)	(\$0.14)	(\$0.11)	(\$0.06)	(\$0.02)	(\$0.31)	\$0.44	\$0.32

Source: Deutsche Bank Securities estimates and company information

Figure 35 Hughes Electronics—Projected Sources / Uses Statement
(Dollars in Millions)

	2000A	1Q01A	2Q01A	3Q01A	4Q01A	2001A	1Q02A	2Q02E	3Q02E	4Q02E	2002E	2003E	2004E
Net Income From Continuing Ops	(\$355.4)	(\$97.9)	(\$156.5)	(\$227.2)	(\$132.6)	(\$614.2)	(\$157.2)	(\$119.3)	(\$64.2)	(\$25.2)	(\$366.0)	\$45.3	\$425.4
Depreciation and Amortization	931.2	264.9	304.2	279.3	296.0	1,144.4	262.0	269.8	274.3	279.2	1,085.3	1,156.8	1,234.4
Deferred Income Taxes	(406.1)	(49.9)	(74.8)	(93.1)	(107.8)	(325.6)	(91.8)	(80.2)	(46.3)	(28.5)	(246.8)	(2.7)	213.3
Gross Profit on Sales-type Leases	(136.4)	0.0	0.0	(32.7)	0.0	(32.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Loss on Discontinued	128.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Working Capital	(56.0)	(250.0)	(17.0)	60.0	(322.8)	(529.8)	(100.0)	(100.0)	(100.0)	(100.0)	(400.0)	(200.0)	(200.0)
Other	987.0	(11.7)	(6.8)	(34.7)	603.4	548.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow From Operations	\$1,090.7	(\$144.6)	\$47.1	(\$48.4)	\$336.2	\$190.3	(\$67.0)	(\$29.7)	\$63.8	\$125.4	\$72.5	\$1,001.4	\$1,673.1
Capital Expenditures	(\$1,715.1)	(\$351.2)	(\$510.0)	(\$386.0)	(\$516.1)	(\$1,743.3)	(\$360.8)	(\$454.1)	(\$426.5)	(\$417.8)	(\$1,859.3)	(\$1,443.5)	(\$1,620.0)
- DTH Broadcast	(813.8)	(127.6)	(229.3)	(168.6)	(211.8)	(734.3)	(139.5)	(207.1)	(218.3)	(222.8)	(788.0)	(613.5)	(1,086.0)
- Satellite Services	(448.8)	(67.2)	(94.2)	(80.3)	(96.5)	(336.2)	(74.0)	(120.0)	(61.0)	(65.0)	(340.0)	(220.0)	(220.0)
- Network Systems	(398.5)	(178.2)	(187.1)	(121.9)	(197.4)	(664.6)	(128.3)	(127.0)	(127.0)	(130.0)	(512.3)	(410.0)	(335.0)
- Emissions and Other	13.7	21.8	(22.8)	4.8	(10.4)	(6.4)	(19.0)	0.0	0.0	0.0	(19.0)	0.0	0.0
Preferred Stock Dividends	(97.0)	(24.1)	(24.1)	(24.1)	(24.1)	(96.4)	(24.1)	(24.1)	0.0	0.0	(48.2)	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	(\$724.4)	(\$519.9)	(\$487.0)	(\$438.5)	(\$204.0)	(\$1,646.4)	(\$471.9)	(\$507.9)	(\$362.7)	(\$292.4)	(\$1,633.0)	(\$442.2)	\$53.0
Investments in Companies	(\$181.2)	\$0.0	(\$209.4)	\$132.0	(\$210.4)	(\$287.8)	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Proceeds from disposal of property / sale of investments	3,781.6	0.0	66.0	0.0	136.9	204.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Proceeds from Insurance Claims	36.2	0.0	132.4	0.0	0.0	132.4	173.7	41.3	0.0	0.0	216.0	0.0	0.0
Stock Options Exercised	70.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	(890.6)	156.9	(144.8)	1.0	(554.9)	(538.6)	(28.2)	0.0	0.0	0.0	(28.2)	0.0	0.0
Balance Available	\$3,103.9	(\$360.0)	(\$640.8)	(\$305.5)	(\$832.4)	(\$2,136.7)	(\$326.4)	(\$486.8)	(\$362.7)	(\$292.4)	(\$1,448.1)	(\$442.2)	\$53.0
Short-Term Debt													
Floating Rate Notes	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
364-day revolving credit facility	0.0	(333.0)	(450.0)	(376.0)	(450.0)	(450.0)	(450.0)	(450.0)	(450.0)	(450.0)	(450.0)	(450.0)	(450.0)
Commercial Paper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Debt	(3.4)	(3.4)	(3.4)	(9.7)	(16.4)	(16.4)	(32.6)	(32.6)	(32.6)	(53.5)	(53.5)	(975.7)	(975.7)
Total Short-Term Debt	(\$3.4)	(\$336.4)	(\$453.4)	(\$385.7)	(\$466.4)	(\$466.4)	(\$775.6)	(\$775.6)	(\$775.6)	(\$883.5)	(\$883.5)	(\$1,425.7)	(\$1,425.7)
- Interest Expense	(\$51.7)	(\$3.8)	(\$6.9)	(\$7.3)	(\$7.5)	(\$24.7)	(\$10.9)	(\$13.8)	(\$13.8)	(\$15.4)	(\$53.4)	(\$84.3)	(\$86.8)
Long-Term Debt													
Notes Payable (PanAmSat)	(\$817.7)	(\$796.5)	(\$796.5)	(\$796.5)	(\$796.5)	(\$796.5)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,550.0)	(\$2,350.0)	(\$2,290.0)
Revolving Credit Facilities	(484.9)	(536.1)	(563.3)	(588.2)	(1,322.6)	(1,322.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Commercial Paper	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Debt	(30.6)	(27.1)	(28.4)	(42.9)	(61.8)	(61.8)	(61.8)	(61.8)	(61.8)	(61.8)	(61.8)	(61.8)	(61.8)
Total Long-Term Debt	(\$1,313.2)	(\$1,359.7)	(\$1,408.2)	(\$1,427.6)	(\$2,160.9)	(\$2,180.9)	(\$2,611.6)	(\$2,611.6)	(\$2,611.6)	(\$2,611.6)	(\$2,611.6)	(\$2,411.8)	(\$2,351.8)
- Interest Expense	(\$121.8)	(\$22.4)	(\$23.2)	(\$23.9)	(\$30.7)	(\$100.1)	(\$40.0)	(\$42.7)	(\$42.7)	(\$42.7)	(\$108.1)	(\$104.4)	(\$104.0)
Cash & Cash Equivalents	\$1,508.1	\$1,527.6	\$1,052.3	\$698.5	\$700.1	\$700.1	\$1,113.6	\$647.2	\$284.4	\$200.0	\$200.0	\$200.0	\$253.0
- Interest Income	\$19.5	\$23.8	\$19.0	\$6.4	\$4.5	\$66.7	\$11.3	\$11.0	\$5.8	\$3.0	\$31.2	\$10.0	\$11.3
Total Consolidated Debt, Net	\$181.5	(\$168.5)	(\$699.3)	(\$1,114.8)	(\$1,947.2)	(\$1,947.2)	(\$2,273.6)	(\$2,748.2)	(\$3,163.0)	(\$3,395.3)	(\$3,395.3)	(\$3,637.8)	(\$3,784.8)
Memo: Consolidated Debt Breakout													
PanAmSat Debt, Net (Excl. Interco Loan)	(688.4)	(506.5)	(487.9)	(437.5)	(353.3)	(353.3)	(1,894.1)	(1,854.9)	(1,818.5)	(1,771.1)	(1,771.1)	(1,510.4)	(1,202.3)
DLA Debt	0.0	(333.0)	(450.0)	(428.6)	(450.0)	(450.0)	(568.0)	(713.0)	(819.9)	(911.6)	(911.6)	(1,286.5)	(1,864.5)
SurFin Debt	(464.9)	(536.1)	(563.3)	(588.2)	(1,322.6)	(1,322.6)	(572.6)	(572.6)	(572.6)	(572.6)	(572.6)	(572.6)	(572.6)
DIRECTV, HNS and Corporate Debt, Net	1,344.8	1,207.1	711.9	339.5	(571.3)	(571.3)	761.1	400.4	109.0	(140.1)	(140.1)	(488.0)	(345.0)
Total Consolidated Debt, Net	\$181.5	(\$168.5)	(\$699.3)	(\$1,114.8)	(\$1,947.2)	(\$1,947.2)	(\$2,273.6)	(\$2,748.2)	(\$3,163.0)	(\$3,395.3)	(\$3,395.3)	(\$3,637.8)	(\$3,784.8)

Source: Deutsche Bank Securities estimates and company information

Figure 30 Hughes Electronics – Sum-of-the-Parts Valuation
(Dollars and shares in Millions)

				Per Share			Valuation Methodology
	2002E	2003E	2004E	2002E	2003E	2004E	
Domestic DIRECTV	\$23,775.7	\$25,519.9	\$27,103.6	\$16.84	\$18.08	\$19.20	DCF Analysis
Hughes Network Systems (HNS)	2,292.8	2,539.3	2,600.2	1.62	1.80	1.84	Multiple Analysis
PanAmSat (81%)	2,857.2	2,857.2	2,857.2	2.02	2.02	2.02	Public Market
DIRECTV Latin America	238.5	363.8	536.8	0.17	0.26	0.38	DCF Analysis
Subtotal	\$29,164.2	\$31,280.2	\$33,087.8	\$20.66	\$22.16	\$23.45	
Less: DIRECTV, HNS and Corporate Debt, Net	(\$140.1)	(\$468.0)	(\$345.0)	(\$0.10)	(\$0.33)	(\$0.24)	
Plus: Note Receivable from PanAmSat	0.0	0.0	0.0	0.00	0.00	0.00	
Plus: Public Investments	634.3	692.7	757.0	0.45	0.49	0.54	Public Market
Plus: Option Proceeds	372.4	372.4	372.4	\$0.26	\$0.26	\$0.26	
GMH Net Asset Value	\$30,030.7	\$31,877.3	\$33,882.1	\$21.28	\$22.58	\$24.00	
GM Class H Shares	1,301.2	1,301.2	1,301.2				
AOL 6.25% Convertible	80.0	80.0	80.0				
Options	30.3	30.3	30.3				
Fully Diluted GMH Shares Outstanding	1,411.5	1,411.5	1,411.5				
Private Market Value Per Share	\$21.28	\$22.58	\$24.00				
Discount to Private Market Value	0.0%	0.0%	0.0%				
Public Market Value per Share	\$21.28	\$22.58	\$24.00				
Closing Price on: 5/7/02	\$14.35	\$14.35	\$14.35				
Upside to Target Price Per Share	48.3%	57.4%	67.3%				

Source: Deutsche Bank Securities estimates and company information

Figure 37 Hughes Electronics—Valuation Multiple Analysis

(Dollars and Shares in Millions)

	2002E	2003E	2004E
Closing Price on: 5/7/02	\$14.35	\$14.35	\$14.35
Fully Diluted Shares (1)	1,411.5	1,411.5	1,411.5
Total Market Capitalization	\$20,255.4	\$20,255.4	\$20,255.4
Plus: End of Year DIRECTV Net Debt	\$140.1	\$468.0	\$345.0
Less: Option Proceeds (1)	(372.4)	(372.4)	(372.4)
Total GMH Enterprise Value	\$20,023.1	\$20,351.1	\$20,228.0
Less: Non-DIRECTV Assets at 90% of Private Market Value			
Hughes Network Systems	(\$2,063.5)	(\$2,285.3)	(\$2,340.2)
PanAmSat (81%)	(3,142.9)	(3,457.2)	(3,802.9)
DIRECTV Latin America	(214.7)	(327.4)	(483.1)
Public Investments	(570.8)	(623.4)	(681.3)
Implied DIRECTV Enterprise Value	\$14,031.2	\$13,657.7	\$12,920.5
Year-End DIRECTV O&O Subscribers	9,640	10,498	11,245
Enterprise Value Per Subscriber	\$1,456	\$1,301	\$1,149
DIRECTV Operating Cash Flow (EBITDA)	\$527.2	\$1,089.4	\$1,618.0
EBITDA Multiple	26.6X	12.5X	8.0X
Total Company Free Cash Flow	(\$1,635.0)	(\$442.2)	\$53.0
FCF Multiple	---	---	---
Earnings per Share	(\$0.31)	\$0.04	\$0.32
P/E Multiple	---	---	44.9X

(1) Fully Diluted Shares and Option Proceeds include only in-the-money options

Source: Deutsche Bank Securities estimates and company information

Additional Information Available Upon Request

Disclosure Checklist			
Company	Ticker	Price (5/7/02)	Disclosure
EchoStar Communications	DISH	\$25.50	1, 2, 4, 8
Hughes Electronics	GMH	\$14.35	2, 8
PanAmSat	SPOT	\$23.65	1, 2

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