ECHOSTAR COMMUNICATIONS CORP
Form PRER14C
May 29, 2002

AMENDMENT NO. 1 TO

SCHEDULE 14C

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the Securities

Exchange Act of 1934

Check the appropriate box:

x Preliminary Information Statement
o Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
o Definitive Information Statement

ECHOSTAR COMMUNICATIONS CORPORATION

(Name of Registrant as Specified In Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required
o Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any State in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such State.

PRELIMINARY DRAFT DATED MAY 29, 2002, SUBJECT TO COMPLETION

Solicitation of Written Consent of General Motors Corporation Common Stockholders

Information Statement for EchoStar Communications Corporation Common Stockholders

Prospectus of HEC Holdings, Inc. for

Class A Common Stock and Class C Common Stock, par value $0.01 per share

The Separation of Hughes from GM and the Hughes/EchoStar Merger

GM is asking GM $1 2/3 par value common stockholders and GM Class H common stockholders to approve certain matters relating to the following transactions:

- **the separation of the business of Hughes Electronics from GM by means of a split-off of HEC Holdings, Inc., a newly formed company that will hold all of the outstanding stock of Hughes and will be the issuer of the Class C common stock distributed in the split-off; and**

- **the combination of the businesses of Hughes and EchoStar Communications by a merger of HEC Holdings and EchoStar immediately after the separation. The combined company will be renamed EchoStar Communications Corporation and will be the issuer of the Class A common stock distributed in the merger.**

The Hughes/EchoStar merger has already been approved by the stockholders of EchoStar. Therefore, EchoStar is not asking its stockholders to take any further action.

As a result of these transactions, GM Class H common stockholders will receive one share of Class C common stock of the new EchoStar in exchange for each share of GM Class H common stock they own and EchoStar Class A common stockholders will receive about 1.3699 shares of Class A common stock of the new EchoStar in exchange for each share of EchoStar Class A common stock they own.

The Class A common stock and Class C common stock offered by this document will be listed on either the New York Stock Exchange or the Nasdaq Stock Market under the symbols and , respectively.

WE URGE YOU TO READ THIS DOCUMENT CAREFULLY, INCLUDING

THE SECTION ENTITLED RISK FACTORS THAT BEGINS ON PAGE 48.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these transactions or the securities to be issued in connection with these transactions. In addition, neither the Securities and Exchange Commission nor any state securities commission has passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This document, which is dated , 2002, is a combined Consent Solicitation Statement of GM and Information Statement of EchoStar, as well as a Prospectus of HEC Holdings, and is first being mailed to the stockholders of General Motors and EchoStar on or about , 2002.

To the GM $1 2/3 par value common stockholders and the GM Class H common stockholders:

General Motors is proposing to separate the business of its Hughes Electronics subsidiary by means of a split-off of HEC Holdings, a newly formed company that will hold all of the outstanding stock of Hughes immediately prior to the split-off, to its GM Class H common stockholders. Immediately after the split-off of HEC Holdings from GM, the businesses of Hughes and EchoStar will be combined pursuant to a merger of HEC Holdings and EchoStar and the surviving corporation of that merger will be named EchoStar Communications Corporation. The new EchoStar formed by the merger will continue to provide multi-channel subscription television service under the DIRECTV brand name. The Hughes/ EchoStar merger will create one of the nation s largest subscription television platforms, with about 17.5 million subscribers based upon the combined number of subscribers of Hughes and EchoStar as of March 31, 2002.

GM Class H common stockholders will receive as part of the transactions one share of the new EchoStar Class C common stock in exchange for each share of GM Class H common stock they own. Upon the completion of the transactions, based on assumptions described in this document, the former GM Class H common stockholders would hold about % of the outstanding common stock of the new EchoStar, representing about % of the new EchoStar s total voting power. As a result of the transactions, the GM Class H common stock will be eliminated and GM will no longer have tracking stock. The GM $1 2/3 par value common stock will remain outstanding and will be GM s only class of common stock after the transactions.

Immediately before the split-off of Hughes, GM will receive a dividend from Hughes of up to $4.2 billion, and GM s retained economic interest in the financial performance of Hughes, which is currently about %, will be reduced by an amount that reflects the dividend. If GM continues to hold any retained economic interest in Hughes after the dividend, it will receive shares of the new EchoStar Class C common stock as part of the transactions. Upon the completion of the transactions, based on assumptions described in this document, GM (and/or the GM $1 2/3 par value common stockholders under certain circumstances) would hold about % of the outstanding common stock of the new EchoStar, representing about % of the new EchoStar s total voting power.

THE BOARD OF DIRECTORS OF GENERAL MOTORS HAS UNANIMOUSLY APPROVED THE TRANSACTIONS AND RECOMMENDS THAT YOU VOTE TO APPROVE EACH OF THE PROPOSALS RELATING TO THE TRANSACTIONS BY EXECUTING AND RETURNING THE ENCLOSED CONSENT CARD AS SOON AS POSSIBLE.

GM has already approved this merger as the sole stockholder of both Hughes and HEC Holdings. However, other aspects of the transactions require GM common stockholder approval and, accordingly, none of the transactions will be completed unless such approval is obtained. If the GM $1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, do not approve the transactions, Hughes will remain a wholly owned subsidiary of GM and neither the Hughes/ EchoStar merger nor the GM/ Hughes separation transactions will occur. Therefore, your vote on these matters is very important. This document contains important information about the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. **We urge you to read this document carefully, including the section entitled Risk Factors that begins on page 48.**

We strongly support the separation of Hughes from GM and the combination of the Hughes and EchoStar businesses, and we join with the board of directors of General Motors in enthusiastically recommending that you vote in favor of the transactions.

G. Richard Wagoner, Jr.
President and Chief Executive Officer
General Motors Corporation

Jack A. Shaw
President and Chief Executive Officer
Hughes Electronics Corporation

To the common stockholders of EchoStar Communications Corporation:

We intend to combine our business with the business of Hughes Electronics pursuant to a merger that will be completed immediately following the separation of the business of Hughes from its current parent company, General Motors, by means of a split-off of HEC Holdings, a newly formed company that will hold all of the outstanding stock of Hughes immediately prior to the split-off, to the GM Class H common stockholders. Immediately after the split-off of HEC Holdings from GM, the businesses of Hughes and EchoStar will be combined pursuant to a merger of HEC Holdings and EchoStar. The surviving corporation in the merger will be named EchoStar Communications Corporation and will be the issuer of the shares of Class A common stock and Class B common stock that EchoStar common stockholders will receive in the merger. The new EchoStar formed by the merger will continue to provide multi-channel subscription television service under the DIRECTV brand name. The Hughes/ EchoStar merger will create one of the nation s largest subscription television platforms, with about 17.5 million subscribers based upon the combined number of subscribers of Hughes and EchoStar as of March 31, 2002.

In connection with the Hughes/ EchoStar merger, each of you who holds EchoStar Class A common stock will receive about 1.3699 shares of the new EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock you own and EchoStar Class B common stockholders will receive about 1.3699 shares of the new EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. You should understand that a trust which I control currently owns all of the outstanding shares of EchoStar Class B common stock. You should also understand that you will not receive any fractional share of common stock in the new EchoStar. Instead, you will receive a cash payment for your fractional share. Upon the completion of the Hughes/ EchoStar merger, based on assumptions described in this document:

the new EchoStar Class A common stock would represent about % of the outstanding common stock of new EchoStar, representing about % of the total voting power of new EchoStar;

the new EchoStar Class B common stock would represent about % of the outstanding common stock of new EchoStar, representing about % of the total voting power of new EchoStar; and

the new EchoStar Class C common stock would represent about % of the outstanding common stock of new EchoStar, representing about % of the total voting power of new EchoStar.

As the holder of all of the outstanding shares of EchoStar Class B common stock, the trust which I control will hold about % of the total voting power of new EchoStar.

The boards of directors of EchoStar, Hughes and HEC Holdings have already approved the Hughes/ EchoStar merger. In addition, General Motors, as the sole stockholder of both Hughes and HEC Holdings, and a trust controlled by me, as the holder of EchoStar Class B common stock representing about 90% of the voting power of EchoStar, have already approved the Hughes/ EchoStar merger. As a result, no further action on your part is required to approve the Hughes/ EchoStar merger. However, we believe that it is important for you to be informed about the Hughes/ EchoStar merger. Thus, this document is being sent to you for your information only.

THE HUGHES/ ECHOSTAR MERGER HAS ALREADY BEEN APPROVED BY THE STOCKHOLDERS OF ECHOSTAR. AS A RESULT, WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

This document contains important information about the Hughes/ EchoStar merger. **We urge you to read this document carefully, including the section entitled Risk Factors that begins on page 48.**

I am excited about the opportunities that the Hughes/ EchoStar merger will create for us, for you and for our customers.

Charles W. Ergen
Chairman of the Board of Directors and
Chief Executive Officer
EchoStar Communications Corporation

ADDITIONAL INFORMATION

This document incorporates important business and financial information about GM, Hughes, PanAmSat Corporation (which is currently approximately 81% owned by certain subsidiaries of Hughes) and EchoStar from other documents that are not included in or delivered with this document. You may obtain these documents at the SEC s website, www.sec.gov , and you may also obtain certain of these documents at the following websites:

GM: Documents relating to GM are available at GM s website, www.gm.com by selecting Investor Information, then selecting Financial Data and finally selecting SEC Filings;

Hughes: Documents relating to Hughes are available at Hughes website, www.hughes.com by selecting Investor Relations and then selecting SEC Filings;

PanAmSat: Documents relating to PanAmSat are available at PanAmSat s website, www.panamsat.com by selecting Investor Relations and then selecting SEC Filings/ Annual Report; and

EchoStar: Documents relating to EchoStar are available at EchoStar s website, www.echostar.com by selecting about us, then selecting Investor Relations and finally selecting SEC Filings.

We are not incorporating the contents of the websites of the SEC, GM, Hughes, PanAmSat, EchoStar or any other person into this document. We are only providing information about how you can obtain certain documents which are incorporated into this document by reference at these websites.

This information is available to you without charge upon your written or oral request as described below. Written and telephone requests by GM common stockholders for any of the documents about GM, Hughes, PanAmSat or EchoStar should be directed to GM as indicated below:

GM Fulfillment Center

MC 480-000-FC1
30200 Stephenson Hwy.
Madison Heights, Michigan 48071
Telephone: ( ) -

Written and telephone requests by EchoStar common stockholders for any of the documents about EchoStar, GM, Hughes or PanAmSat should be directed to EchoStar as indicated below:

EchoStar Communications Corporation

5701 South Santa Fe Drive
Littleton, Colorado 80120
Attention: Kim Culig
Telephone: ( ) -

If you would like to request copies of any documents, please do so no later than , 2002 in order to ensure timely delivery. This date is five business days prior to the end of the minimum 20 business day consent solicitation period required by the SEC because certain information has been incorporated into this document by reference.

For additional information about where to obtain copies of documents, see Where You Can Find More Information beginning on page 343.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q1. What are the GM/ Hughes separation transactions?

A1. The GM/Hughes separation transactions are a series of proposed transactions involving General Motors and Hughes that are generally designed to prepare Hughes to complete the proposed combination with EchoStar by separating the Hughes business from GM. This will be accomplished by means of a split-off of HEC Holdings, a newly formed company that will hold all of the outstanding stock of Hughes immediately prior to the split-off, to GM Class H common stockholders. As a result of the split-off, the GM Class H common stockholders and GM (and/or the GM $1 2/3 par value common stockholders as described in the answer to Question 3 below) will become stockholders of HEC Holdings. There are two principal components to the GM/Hughes separation transactions:

Hughes Recapitalization. Currently, GM has a retained economic interest of about % in the financial performance of Hughes. The remaining about % represents the economic interest of GM Class H common stockholders in Hughes. Immediately before the separation of Hughes from GM, Hughes will distribute to General Motors a dividend of up to $4.2 billion and GM s retained economic interest in Hughes will be reduced by an amount that reflects the dividend. After the payment of the dividend, an internal reorganization will occur so that HEC Holdings will own all of the outstanding stock of Hughes.

Hughes Split-Off. Immediately after the Hughes recapitalization, HEC Holdings will be separated from General Motors by means of a split-off and, as a result, will become an independent, publicly owned company. The answers to Question 3 and Question 4 below describe what General Motors and its common stockholders will receive in the Hughes split-off.

After the GM/Hughes separation transactions, HEC Holdings will complete the proposed merger with EchoStar as described in the answer to Question 2 below.

For more information, see pages 9, 77 and 204.

Q2. What is the Hughes/ EchoStar merger?

A2. The Hughes/EchoStar merger is the proposed transaction that will combine the businesses of Hughes and EchoStar. Immediately after the completion of the GM/Hughes separation transactions, EchoStar will merge with HEC Holdings, which will be the surviving corporation and will be the issuer of the Class A common stock and Class B common stock in the merger. HEC Holdings will then be renamed EchoStar Communications Corporation, which we sometimes refer to as the new EchoStar. The answer to Question 3 below describes what EchoStar common stockholders will receive in the merger.

For more information, see pages 11, 84 and 211.

Q3. What will I receive if the transactions occur?

A3. *GM Class H Common Stockholders*. As part of the GM/ Hughes separation transactions, GM Class H common stockholders will receive one share of Class C common stock of HEC Holdings in exchange for each share of GM Class H common stock they own, and all outstanding shares of GM Class H common stock will be redeemed and canceled. After the Hughes/ EchoStar merger, the shares of Class C common stock of HEC Holdings will remain outstanding and will then be shares of Class C common stock of the new EchoStar. Therefore, as a result of the transactions, GM Class H common stockholders will no longer be holders of the Class H tracking stock of General Motors, which is a stock of GM designed to provide holders with financial returns based on the financial performance of Hughes. Instead, the former GM Class H common stockholders will be holders of a more conventional common stock of the new EchoStar.

GM $1 2/3 Par Value Common Stockholders. GM $1 2/3 par value common stockholders will not receive any shares of HEC Holdings or the new EchoStar unless, as a result of the terms of the Internal Revenue Service ruling which GM is seeking in connection with the transactions, GM is required to make a distribution to the GM $1 2/3 par value common stockholders in accordance with the transaction agreements. In that event, GM $1 2/3 par value common stockholders would receive a pro rata distribution of shares of Class C common stock of HEC Holdings.

Whether or not they receive a distribution of Class C common stock of HEC Holdings, GM $1 2/3 par value common stockholders will retain their shares of GM $1 2/3 par value common stock after the transactions. As a result of these transactions, the GM $1 2/3 par value common stock will be GM s only class of common stock, and GM will be a company primarily focused on its core automotive and related businesses. Unless they receive a distribution of Class C common stock of HEC Holdings, GM $1 2/3 par value common stockholders will only have an indirect interest in the financial performance of Hughes to the extent of any ownership interest of GM in the new EchoStar after the transactions as described in the answer to Question 4 below.

EchoStar Common Stockholders. Common stockholders of EchoStar will receive the following in the Hughes/ EchoStar merger:

EchoStar Class A common stockholders will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock they own; and

EchoStar Class B common stockholders will receive 1/0.73, or about 1.3699, shares of the new EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, currently owns all of the outstanding shares of EchoStar Class B common stock.

For more information, see pages 9, 10, 80, 84 and 166.

Q4. What will GM receive if the transactions occur?

A4. The transactions are expected to provide significant value to GM and its common stockholders. The transactions offer a significant premium to GM and its common stockholders for their economic interests in Hughes, as described in greater detail elsewhere in this document. The transactions are also designed to provide significant liquidity to GM in respect of GM s current retained economic interest in Hughes. If the transactions occur:

GM will receive a dividend from Hughes of up to $4.2 billion as part of the Hughes recapitalization;

GM may receive shares of Class C common stock of HEC Holdings as part of the Hughes split-off, which would remain outstanding after the Hughes/ EchoStar merger and would then be shares of Class C common stock of the new EchoStar. The number of shares of Class C common stock of HEC Holdings that GM will receive will be determined based on GM s retained economic interest in Hughes at the time of the Hughes split-off, as reduced to reflect the dividend from Hughes as part of the Hughes recapitalization. Therefore, only if GM s retained economic interest in Hughes at that time is more than the amount of the dividend from Hughes will GM receive any shares of Class C common stock of HEC Holdings in the Hughes split-off; and

GM may benefit from debt reduction through its right to exchange up to an aggregate of 100 million shares of GM Class H common stock and the Class C common stock of HEC Holdings, if any, that GM receives in the Hughes split-off for GM s outstanding liabilities to certain of its creditors in GM debt-for-equity exchanges between now and six months following the completion of the transactions.

As described in greater detail elsewhere in this document, the exact amount of the dividend from Hughes and the exact number of shares of Class C common stock of HEC Holdings that GM would receive will not be known until the time of the completion of the transactions because each will depend upon certain factors that will not be known until that time.

Any portion of the Class C common stock of the new EchoStar that is received by GM and that is not subject to GM debt-for-equity exchanges would be retained by General Motors, unless as a result of the terms of the IRS ruling, GM is required to distribute those shares. If those shares of Class C common stock of the new EchoStar must be distributed, then GM will distribute the shares of Class C common stock of HEC Holdings which it receives as part of the GM/ Hughes separation transactions to the GM $1 2/3 par value common stockholders at the time of the Hughes split-off on a pro rata basis to the extent required by the transaction agreements.

For more information, see pages 19 and 75.

Q5. When will the transactions be completed?

A5. We are working diligently to complete the transactions as soon as reasonably possible. However, we will not complete the transactions unless certain important conditions are satisfied. These conditions include, among other things, the requisite GM common stockholder approval of the transactions and the receipt of important antitrust and other regulatory approvals of the transactions. Assuming that all of the conditions are satisfied within the time frame we currently anticipate, we expect to complete the transactions during the second half of 2002.

For more information, see page 73.

Q6. What are GM common stockholders being asked to approve?

A6. GM $1 2/3 par value common stockholders and GM Class H common stockholders, each voting separately as a class and voting together as a single class based on their respective per share voting power, are being asked to approve the following two proposals relating to the transactions:

Proposal (1): Approval of GM Charter Amendment. This proposal consists of the approval of an amendment to Article Fourth of the GM restated certificate of incorporation. The amendment would, among other things:

add a provision which will permit the GM board of directors to reduce GM s retained economic interest in Hughes by an amount that reflects the Hughes dividend in connection with the Hughes recapitalization;

add a redemption feature to the terms of the GM Class H common stock that will make the GM Class H common stock redeemable in exchange for shares of HEC Holdings Class C common stock, on a share-for-share basis, to effect the Hughes split-off; and

add a provision to expressly provide that the completion of the GM/ Hughes separation transactions as described in this document will not result in a recapitalization of the GM Class H common stock into GM $1 2/3 par value common stock at a 120% exchange rate, as currently provided for under certain circumstances pursuant to provisions of the GM restated certificate of incorporation.

This amendment is required so that GM can complete the GM/Hughes separation transactions as proposed. In its current form, the GM restated certificate of incorporation would not allow GM to complete the transactions as they are described in this document.

Proposal (2): Ratification of All Other Aspects of the Transactions. This proposal consists of the ratification of all other aspects of the transactions, including, among other things, the Hughes recapitalization and the dividend from Hughes to GM, the Hughes split-off, the Hughes/ EchoStar merger and other related transactions. Ratification refers to the process of seeking GM common stockholder approval of matters which do not, as matter of corporation law, require such approval. Even though it is not required to do so, GM is submitting these matters to GM common stockholders because GM believes that it is appropriate to give its common stockholders an opportunity to consider and approve these matters that will affect their investment in GM in significant ways. This ratification is also important because it will strengthen GM s ability to defend the transactions against any subsequent challenge in litigation.

By approving these proposals, GM common stockholders will be approving a transaction that does not give rise to the right of GM Class H common stockholders to have their shares of GM Class H common stock exchanged for shares of GM $1 2/3 par value common stock at a 120% exchange rate as currently provided for under certain circumstances pursuant to provisions of the GM restated certificate of incorporation. In addition, GM common stockholders will be approving and consenting to an asset transfer consisting of the dividend from Hughes to GM without the further distribution of a portion of that dividend from GM to the GM Class H common stockholders that is currently provided for under certain circumstances pursuant to a policy statement of the GM board of directors.

Although proposal (1) and proposal (2) are separate matters to be voted upon by GM common stockholders, these proposals are expressly conditioned on each other. This means that BOTH of these proposals must be approved by GM $1 2/3 par value common stockholders and GM Class H common stockholders in order for GM to obtain the requisite GM common stockholder approval of the transactions.

You should understand that the completion of the Hughes/ EchoStar merger is conditioned upon the completion of the GM/ Hughes separation transactions. This means that if GM s common stockholders do not approve proposal (1) and proposal (2), neither the Hughes/ EchoStar merger nor the GM/ Hughes separation transactions will occur.

Proposal (3): Approval of the Second GM Charter Amendment. This proposal consists of a further amendment to the GM restated certificate of incorporation to eliminate certain provisions relating to the GM Class H common stock that will no longer be necessary after the completion of the transactions.

You should understand that the completion of the transactions is NOT conditioned upon the approval by GM common stockholders of proposal (3). Further, you should understand that proposal (3) will not be implemented unless proposal (1) and proposal (2) are both approved and the transactions are completed.

The GM board of directors has unanimously approved the GM/ Hughes separation transactions and the Hughes/ EchoStar merger and recommends that GM $1 2/3 par value common stockholders and GM Class H common stockholders vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

For more information, see pages 163 and 325.

Q7. Which GM common stockholders are entitled to vote on the transactions?

A7. Only GM $1 2/3 par value common stockholders and GM Class H common stockholders who held shares on the record date, , 2002, are entitled to vote on the transactions.

For more information, see page 328.

Q8. Why are EchoStar common stockholders not being asked to vote on the proposed transactions?

A8. Approval of the Hughes/ EchoStar merger by EchoStar requires the approval of a majority of the voting power of all outstanding shares of EchoStar common stock. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, as the holder of all of the outstanding shares of EchoStar Class B common stock, which represents about 90% of the voting power of all outstanding shares of EchoStar common stock, has already executed a written consent approving the Hughes/ EchoStar merger. This action alone was sufficient to obtain the vote of the EchoStar common stockholders necessary to approve the Hughes/ EchoStar merger. As a result, no further action is required on the part of any EchoStar stockholder, and the EchoStar stockholders are not being asked to vote on the Hughes/ EchoStar merger or any other matters, submit a proxy or take any other action. This document is being sent to EchoStar common stockholders for their information only.

For more information, see pages 173 and 335.

Q9. What should I do now?

A9. *GM Common Stockholders.* GM $1 2/3 par value common stockholders and GM Class H common stockholders whose shares are not held in street name through a broker should complete, date, sign and return the enclosed consent card as directed in this document and in the related materials as soon as possible.

If you are a GM $1 2/3 par value common stockholder or GM Class H common stockholder and you participate in certain employee savings plans identified elsewhere in this document, your consent card will serve as a voting instruction for the plan trustees, plan committees or independent fiduciaries of those plans, who will vote your shares in accordance with your instructions.

If your shares of GM $1 2/3 par value common stock and/or GM Class H common stock are held in street name by a broker, your broker will vote your shares only if you provide instructions to your broker on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without your instructions, your shares of GM common stock will not be voted in connection with the transactions, which will have the same effect as voting against the transactions.

Before returning the consent card and related materials or instructing your broker on how to vote, we urge all GM common stockholders to review and carefully consider the information contained in and incorporated by reference into this document, including the factors described in the section entitled Risk Factors beginning on page 48.

EchoStar Common Stockholders. EchoStar common stockholders do not need to take any action because, as explained in the answer to Question 8 above, the required EchoStar stockholder approval of the transactions has already been received. Accordingly, this document is being sent to EchoStar common stockholders for their information only. Nevertheless, this document contains important information about the Hughes/ EchoStar merger and we therefore urge EchoStar common stockholders to review it carefully.

For more information, see pages 325 and 335.

Q10. What happens if a GM common stockholder does not send in the consent card?

A10. If a GM $1 2/3 par value common stockholder or a GM Class H common stockholder does not send in the consent card, it will have the same effect as a vote against the proposals relating to the transactions, which approval is a condition to the completion of the transactions. Therefore, we urge all GM $1 2/3 par value common stockholders and GM Class H common stockholders to please complete, date, sign and return the enclosed consent card as soon as possible. Your vote is important regardless of the number of shares that you own.

If you are a GM $1 2/3 par value common stockholder or GM Class H common stockholder and you participate in certain employee savings plans identified elsewhere in this document, you should understand that procedures differ among these employee savings plans with respect to the voting of shares for which no consent card is received. These procedures are explained in greater detail elsewhere in this document.

For more information, see pages 328 and 329.

Q11. Can GM common stockholders revoke their approval once the consent card is mailed?

A11. Yes. Any GM $1 2/3 par value common stockholder or GM Class H common stockholder can revoke his or her consent, or any withholding of consent, at any time prior to the requisite GM common stockholder approval of the transactions. GM common stockholder approval of the proposals relating to the transactions will occur as soon as consents representing the requisite GM common stockholder approval described above in the answer to Question 6 are delivered to General Motors in accordance with applicable law, but no sooner than 20 business days after the date this document is mailed to GM common stockholders. However, if General Motors does not receive the number of consents required within 60 days of the earliest dated consent delivered to General Motors in accordance with the applicable corporation law, the requisite GM common stockholder approval of the proposals relating to the transactions will not have occurred.

You can revoke your consent by filing with the Secretary of General Motors a written notice stating that you would like to revoke your consent. You can also revoke your consent, or any withholding of consent, by filing with the Secretary of General Motors another consent bearing a later date. You should send any revocations to the Secretary of General Motors at the following address:

General Motors Corporation
Renaissance Center
P.O. Box 300
Mail Code 482-C38-B71
Detroit, Michigan 48265-3000
Attention: Secretary

For more information, see page 329.

Q12. Should I send in my stock certificates now?

A12. No. You should NOT send in your stock certificates at this time. You will receive further correspondence regarding the exchange of shares after the transactions have been completed.

Q13. What should I do if I have other questions?

A13. If you are a GM $1 2/3 par value common stockholder or GM Class H common stockholder and you have any questions about the GM/ Hughes separation transactions or the Hughes/ EchoStar merger, or how to complete and submit your consent card, or if you would like to request additional copies of this document, please contact the GM consent solicitation agent as indicated below:

Morrow & Co., Inc.
445 Park Avenue
5th Floor
New York, New York 10022
( ) - (Toll-Free) for calls in the United States, Canada and Mexico
( ) - (Collect) for calls outside the United States, Canada and Mexico

If you are an EchoStar common stockholder and have any questions about the Hughes/ EchoStar merger, or if you would like to request additional copies of this document, please contact EchoStar as indicated below:

EchoStar Communications Corporation
Investor Relations
5701 South Santa Fe Drive
Littleton, Colorado 80120
Telephone: ( ) -

You may also obtain free copies of documents publicly filed by GM, Hughes, PanAmSat and EchoStar at the SEC s website at www.sec.gov , and you may also obtain certain of these documents at GM s website at www.gm.com or at Hughes website at www.hughes.com or at PanAmSat s website at www.panamsat.com or at EchoStar s website at www.echostar.com . We are not incorporating the contents of the websites of the SEC, GM, Hughes, PanAmSat, EchoStar or any other person into this document, but are providing this information for your convenience.

For more information on how to obtain copies of documents, see Where You Can Find More Information on page 343.

SUMMARY

In this summary, we highlight selected information which we describe in greater detail elsewhere in this document. This summary does not contain all of the important information contained in this document. You should read carefully this entire document and the other documents to which we refer for a more complete understanding of the GM/ Hughes separation transactions, the Hughes/ EchoStar merger and the other related transactions. In addition, we incorporate by reference into this document important business and financial information about GM, Hughes, PanAmSat and EchoStar that is set forth in other documents which these companies have filed publicly with the SEC. You may obtain the information incorporated by reference into this document without charge by following the instructions in the section entitled Where You Can Find More Information that begins on page 343.

The Companies

General Motors Corporation

General Motors is primarily engaged in the automotive and, through its wholly owned Hughes subsidiary, the telecommunications industries. Additional information about Hughes is included below. General Motors is the world s largest manufacturer of automotive vehicles. GM also has financing and insurance operations and, to a lesser extent, is engaged in other industries.

GM s automotive operations are comprised of four regions:

GM North America;

GM Europe;

GM Latin America/ Africa/ Mid-East; and

GM Asia Pacific.

GM North America designs, manufactures and markets vehicles primarily in North America under the following nameplates:

Chevrolet	GMC	Buick	Saturn
Pontiac	Oldsmobile	Cadillac	Hummer

GM Europe, GM Latin America/ Africa/ Mid-East and GM Asia Pacific meet the demands of customers outside North America with vehicles designed, manufactured and marketed under the following nameplates:

Opel	Holden	Saab	GMC	Buick
Vauxhall	Isuzu	Chevrolet	Cadillac	

GM s financing and insurance operations primarily relate to General Motors Acceptance Corporation, a wholly owned subsidiary of GM. GMAC provides a broad range of financial services, including consumer vehicle financing, full-service leasing and fleet leasing, dealer financing, car and truck extended service contracts, residential and commercial mortgage services, commercial vehicle and homeowners insurance and asset-based lending. For more information about GMAC, see the documents publicly filed by GMAC with the SEC, including GMAC s Annual Report on Form 10-K for the year ended December 31, 2001, its Quarterly Report on Form 10-Q for the quarter ended March 31, 2002 and its various Current Reports on Form 8-K.

GM s other operations include the designing, manufacturing and marketing of locomotives and other heavy-duty transmissions.

GM s principal executive offices are located at 300 Renaissance Center, Detroit, Michigan 48265-3000 and GM s telephone number is (313) 556-5000.

Hughes Electronics Corporation

Hughes is a leading global provider of digital entertainment, information and communications services and satellite-based private business networks. Hughes has been a pioneer in many aspects of the satellite communications industry, and its technologies have driven the creation of new services and markets and have established Hughes as a leader in each of the markets it serves.

Hughes provides advanced communications services on a global basis. Hughes has developed a wide range of entertainment, information and communications services for home and business use, including video, data, voice, multimedia and Internet services. Hughes businesses include:

DIRECTV. DIRECTV includes businesses in the United States and Latin America and, with DIRECTV Broadband, Inc., formerly known as Telocity Delaware, Inc., constitutes Hughes direct-to-home broadcast segment. As of March 31, 2002, DIRECTV had about 10.56 million subscribers in the United States and 1.6 million subscribers in Latin America.

Hughes Network Systems. Hughes Network Systems, which has more than a 50% share of the global market for very small aperture terminal private business networks and about 111,000 DIRECWAY broadband consumer customers as of March 31, 2002, constitutes the network systems segment of Hughes. Hughes Network Systems is one of the two largest manufacturers of DIRECTV® subscriber equipment, having shipped over 8.5 million units. Hughes Network Systems is also leading the development of SPACEWAY®, a next-generation satellite-based broadband communications platform that is expected to provide customers with high-speed, two-way data communications on a more cost-efficient basis than systems that are currently available. SPACEWAY is expected to launch service in North America in 2004.

PanAmSat. PanAmSat, a publicly owned company of which subsidiaries of Hughes own approximately 81%, constitutes Hughes satellite services segment. PanAmSat owns and operates 21 satellites that are capable of transmitting signals to geographic areas covering a substantial portion of the world s population. PanAmSat provides satellite capacity for the transmission of cable and broadcast television programming from the content source to the consumer s home or to the cable operator.

Hughes is currently a wholly owned subsidiary of General Motors. However, as a result of the GM/Hughes separation transactions, the business of Hughes will be separated from GM and, as a result of the Hughes/ EchoStar merger, the business of Hughes will become part of New EchoStar.

Hughes principal executive offices are located at 200 North Sepulveda Boulevard, El Segundo, California 90245 and Hughes telephone number is (310) 662-9688.

EchoStar Communications Corporation

EchoStar operates two business units:

The DISH Network. The DISH Network is a direct broadcast satellite subscription television service in the United States. As of March 31, 2002, EchoStar had about 7.16 million DISH Network subscribers; and

EchoStar Technologies Corporation. EchoStar Technologies Corporation is engaged in the design, development, distribution and sale of direct broadcast satellite set-top boxes, antennae and other digital equipment for the DISH Network and the design, development and distribution of similar equipment for international satellite service providers.

As a result of the Hughes/ EchoStar merger, the business of EchoStar will become part of New EchoStar.

EchoStar s principal executive offices are located at 5701 South Santa Fe Drive, Littleton, Colorado 80120 and EchoStar s telephone number is (303) 723-1000.

New EchoStar

HEC Holdings will be the surviving corporation in the Hughes/ EchoStar merger and will become New EchoStar. HEC Holdings will be the company whose shares of Class C common stock will be distributed in the Hughes split-off and whose shares of Class A common stock and Class B common stock will be distributed in the Hughes/ EchoStar merger. HEC Holdings is a newly formed company that is currently a wholly owned subsidiary of General Motors. HEC Holdings has not yet conducted any significant activities other than those relating to its formation, matters relating to the GM/ Hughes separation transactions, the Hughes/ EchoStar merger and other related transactions and the preparation and filing of this document.

In the Hughes/ EchoStar merger, EchoStar will be merged with HEC Holdings and, in connection with the Hughes/EchoStar merger, the name of HEC Holdings will be changed to EchoStar Communications Corporation. Immediately after the Hughes/ EchoStar merger, the business of New EchoStar will consist of the combined businesses currently conducted separately by Hughes and EchoStar. Hughes will then be a wholly owned subsidiary of New EchoStar.

HEC Holdings principal executive offices are currently located at 200 North Sepulveda Boulevard, El Segundo, California 90245 and HEC Holdings phone number is currently (310) 662-9688. After the completion of the Hughes/ EchoStar merger, New EchoStar s principal executive offices will be located at 5701 South Santa Fe Drive, Littleton, Colorado 80120 and New EchoStar s telephone number will be (303) 723-1000.

Description of the Transactions

(See pages 72 and 189)

The Transactions that are the subject of this document principally consist of the GM/ Hughes separation transactions and the Hughes/ EchoStar merger. In addition to these two principal components, the Transactions include other related transactions contemplated by the agreements among GM, HEC Holdings, Hughes and EchoStar. The obligations of the companies to complete the Transactions are subject to the satisfaction or waiver of the conditions specified below at Conditions to Completing the Transactions. The Transactions are structured so that the Hughes/ EchoStar merger will occur immediately after the completion of the GM/ Hughes separation transactions.

Let us tell you more about the Transactions:

The GM/Hughes Separation Transactions (See pages 77, 189 and 204)

The proposed GM/ Hughes separation transactions are generally designed to prepare Hughes to complete the proposed combination with EchoStar by separating the Hughes business from General Motors by means of a split-off. As a result of the GM/ Hughes separation transactions, HEC Holdings, which will be the parent company of Hughes at the time of the completion of the Hughes split-off, will become an independent, publicly owned company immediately prior to the Hughes/ EchoStar merger.

Hughes Recapitalization. Immediately before the split-off of Hughes from General Motors, Hughes will declare and pay a dividend of up to $4.2 billion to General Motors. Upon receipt of this dividend, GM s retained economic interest in Hughes will be reduced by an amount that reflects the dividend.

After its receipt of the Hughes dividend distribution, GM will contribute all of the outstanding stock of Hughes to HEC Holdings. As a result, HEC Holdings will be the parent company of Hughes. In exchange for the contribution of Hughes stock to HEC Holdings, General Motors will receive a number of shares of HEC Holdings Class C common stock equal to the number of outstanding shares of GM Class H common stock plus a number of shares representing the remaining portion of GM s retained economic interest in Hughes.

Hughes Split-Off. Immediately after the Hughes recapitalization, HEC Holdings will be separated from General Motors and, as a result, will become an independent, publicly owned company.

Immediately following the Hughes split-off, HEC Holdings will be owned entirely by the former GM Class H common stockholders and GM (and/or the GM $1 2/3 par value common stockholders, as applicable).

To complete the Hughes split-off, General Motors will distribute to each GM Class H common stockholder one share of HEC Holdings Class C common stock in exchange for each share of GM Class H common stock they own. As a result of this exchange, all outstanding shares of GM Class H common stock will be redeemed and canceled. Any shares of HEC Holdings Class C common stock that are not distributed to GM Class H common stockholders will continue to be held by General Motors immediately upon the completion of the Hughes split-off for up to five years or, as described elsewhere in this document, may be distributed to GM $1 2/3 par value common stockholders.

Other Separation-Related Arrangements. Certain other related transactions are contemplated in connection with the completion of the GM/ Hughes separation transactions. As described in greater detail elsewhere in this document, these other transactions generally address matters relating to the separation of Hughes from General Motors pursuant to the Hughes split-off. Among other things, GM and Hughes have entered into arrangements with respect to indemnification matters, the allocation and sharing of taxes, intellectual property and the administration of certain employee matters.

Reduction in GM s Retained Economic Interest in Hughes (See pages 74 and 78)

The GM restated certificate of incorporation allocates the earnings of Hughes between the two classes of GM common stock. The percentage of Hughes earnings that is allocable to the GM $1 2/3 par value common stock represents what we sometimes refer to as GM s retained economic interest in Hughes. The reduction of GM s retained economic interest in Hughes as part of the Hughes recapitalization will occur by adjusting the allocation between the two classes of GM common stock based on the actual amount of the Hughes dividend distribution and the average market price of GM Class H common stock during a specified period preceding the time of the completion of the proposed Transactions.

In order to illustrate the effect of the Hughes recapitalization on GM s retained economic interest in Hughes, we have calculated GM s retained economic interest in Hughes based on the number of shares of GM Class H common stock outstanding as of , 2002 plus the number of shares of GM Class H common stock that would be issued, based on certain assumptions, upon the mandatory conversion of GM s currently outstanding Series H preference stock. We also have calculated GM s retained economic interest in Hughes by assuming the payment of a $4.2 billion dividend from Hughes to GM as part of the Hughes recapitalization. The calculations of the value of GM s retained economic interest in Hughes, the GM Class H common stockholders interest in Hughes and the adjustment of GM s retained economic interest in Hughes are each based on a price of $ per share of GM Class H common stock, which is the average market price of GM Class H common stock over a five-trading day period ending on , 2002. The results are shown below:

	Before the Hughes Recapitalization	After the Hughes Recapitalization
GM s Retained Interest in Hughes	%	%
	(a value of $ billion)	(a value of $ billion)
GM Class H Common Stockholders Interest in Hughes	%	%
	(a value of $ billion)	(a value of $ billion)

As this chart illustrates, based on the assumptions described above, the value of GM s retained economic interest in Hughes would have been reduced by $4.2 billion (the amount of the Hughes dividend distribution), or %. The GM Class H common stockholders percentage interest in Hughes would increase by the same percentage that GM s retained economic interest in Hughes would decrease, although the value of the GM Class H common stockholders interest in Hughes would be unaffected by the Hughes dividend distribution.

The chart above is intended to illustrate how the Hughes recapitalization may affect the retained economic interest of GM in Hughes and the interest of the GM Class H common stockholders in Hughes. We will not know, however, until immediately before the completion of the Transactions, the actual amount of the Hughes dividend distribution, the size of the reduction of GM s retained economic interest in Hughes and the amount, if any, of GM s retained economic interest in Hughes after the reduction. These amounts could vary materially from the illustration above based on a number of factors, including the average market price of GM Class H common stock during a specified period preceding the time of the completion of the proposed Transactions.

In addition, other factors may affect GM s retained economic interest in Hughes between now and the completion of the Transactions. For instance, any GM debt-for-equity exchanges, as described below at GM Debt-for-Equity Exchanges, completed prior to the Hughes split-off would involve the issuance of new shares of GM Class H common stock by GM and would have the effect of reducing GM s retained economic interest in Hughes and increasing the number of outstanding shares of GM Class H common stock by the number of shares issued in such GM debt-for-equity exchanges.

The number of shares of HEC Holdings Class C common stock, if any, that GM will hold immediately after the completion of the Hughes split-off will be based on the amount of GM s retained economic interest in Hughes, if any, after that interest has been reduced to reflect the Hughes dividend distribution.

The Hughes/ EchoStar Merger (See pages 84 and 211)

Immediately after the completion of the Hughes split-off, the businesses of Hughes and EchoStar will be combined pursuant to the merger of EchoStar and HEC Holdings, with HEC Holdings as the surviving corporation. In connection with the Hughes/ EchoStar merger, the name of HEC Holdings will be changed to EchoStar Communications Corporation. In the Hughes/ EchoStar merger:

- holders of EchoStar Class A common stock will receive 1/0.73, or about 1.3699, shares of New EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock they own;

- holders of EchoStar Class B common stock will receive 1/0.73, or about 1.3699, shares of New EchoStar Class B common stock in exchange for each share of EchoStar Class B common stock they own. A trust controlled by Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar, currently owns all of the outstanding shares of EchoStar Class B common stock; and

- holders of GM Class H common stock and GM (and/or the holders of GM $1 2/3 par value common stock) will retain the shares of HEC Holdings Class C common stock distributed to them in the GM/ Hughes separation transactions and these shares will become shares of New EchoStar Class C common stock.

GM Debt-for-Equity Exchanges (See pages 92 and 193)

The transaction agreements permit GM to engage in one or more GM debt-for-equity exchanges between now and the date that is six months after the completion of the Hughes/ EchoStar merger. Any GM debt-for-equity exchanges would provide liquidity and value to GM as a result of the reduction of GM s outstanding liabilities pursuant to these transactions, but would reduce GM s retained economic interest in Hughes or New EchoStar, as the case may be.

In any GM debt-for-equity exchange, GM would issue new shares of GM Class H common stock, or distribute any shares of New EchoStar Class C common stock it holds after the Hughes/ EchoStar merger, as applicable, by exchanging such shares for the satisfaction of GM s outstanding liabilities to certain of GM s creditors. Under the transaction agreements, GM may not issue or distribute more than an aggregate of 100 million shares of GM Class H common stock and New EchoStar Class C common stock in the GM debt-for-equity exchanges. However, this aggregate number is subject to reduction under certain circumstances in order to satisfy the minimum equity headroom condition described below at Conditions to Completing of the Transactions. Also, the number of shares of the New EchoStar Class C common stock which may be distributed by GM in GM debt-for-equity exchanges would be limited if and to the extent that the value of GM s retained economic interest in Hughes following the Hughes dividend distribution would result in GM holding a number of shares of New EchoStar Class C common stock after the Hughes/ EchoStar merger that is less than the number of shares permitted to be distributed in GM debt-for-equity exchanges under the transaction agreements.

We will not know, until immediately before the completion of the Transactions, the number of shares of New EchoStar Class C common stock, if any, that GM will hold after the completion of the Transactions. As a result, until that time, we will not know the number of shares of New EchoStar Class C common stock that GM would be able to distribute in GM debt-for-equity exchanges after the completion of the Hughes/ EchoStar merger. These determinations will depend upon a number of factors, including, among other things, the actual amount of the Hughes dividend distribution and the average market price of GM Class H common stock during a specified period preceding that time.

Financings and Related Matters (See pages 93 and 94)

Hughes has completed certain financings, and expects to engage in additional financings and related activities, intended to enable it to pay the Hughes dividend distribution to GM and to fund its business during the period prior to the completion of the proposed Hughes split-off.

In February 2002, PanAmSat repaid a $1.725 billion loan from Hughes using cash on hand at PanAmSat and debt financings. Hughes deposited $1.5 billion of the proceeds of the PanAmSat loan repayment into a segregated cash collateral account with GMAC. Hughes then borrowed $1.875 billion under credit facilities provided by GMAC totaling $2.0 billion and repaid borrowings under certain of Hughes other credit facilities. Hughes existing revolving credit facility was amended and increased from $750 million to $1.235 billion. In addition, Hughes entered into a new term loan facility in March of 2002 of about $765 million. Prior to the completion of the Hughes split-off, Hughes also plans to obtain additional financing of up to $2.7 billion and to use the proceeds from this financing, together with its financing arrangements with GMAC, to pay the Hughes dividend distribution to GM.

The completion of the proposed Hughes/ EchoStar merger and related transactions will require about $7.025 billion of cash, of which;

up to $2.7 billion will be required to refinance the indebtedness to be incurred by Hughes described above to pay a portion of the $4.2 billion Hughes dividend distribution to GM;

up to about $4.125 billion will be required to repay other obligations of Hughes (including a $1.5 billion loan and other borrowings under the GMAC credit facilities described above) and to fund the operations of New EchoStar after the completion of the Transactions; and

the remainder of about $0.2 billion will be required to pay estimated fees and expenses in connection with the Transactions.

At the time of the signing of the Hughes/ EchoStar merger agreement, EchoStar had about $1.5 billion of available cash on hand and, accordingly, EchoStar and Hughes obtained $5.525 billion in bridge financing commitments for the Hughes/ EchoStar merger and related transactions. These bridge financing commitments have been reduced to $3.325 billion as a result of the sale of $700 million of aggregate principal amount 9 1/8% Senior Notes due 2009 issued by EchoStar s wholly owned indirect subsidiary, EchoStar DBS Corporation, on December 20, 2001, which we sometimes refer to as the EchoStar DBS Senior Notes, and the $1.5 billion investment by Vivendi Universal in EchoStar Series D convertible preferred stock. Any other financings that EchoStar or Hughes completes prior to the completion of the Hughes/ EchoStar merger would further reduce the bridge financing commitments on a dollar-for-dollar basis. The remaining $3.325 billion of cash required in connection with the Hughes/ EchoStar merger, which we refer to as the Hughes/ EchoStar merger financing, is expected to come from new cash to be raised by EchoStar, Hughes or a subsidiary of Hughes on or prior to the completion of the Hughes/ EchoStar merger through public or private debt or equity offerings, bank debt or a combination thereof.

To the extent that such cash is not raised in these ways, the bridge financing commitments are designed to fund the amount of the shortfall. Under the bridge financing commitments, a number of major banks have committed to lend up to $3.325 billion, which is the amount necessary for the remainder of the Hughes/ EchoStar merger financing. Before the banks are obligated to lend this amount, however, Hughes, EchoStar and the banks must negotiate and finalize loan documents that would govern the loans. The banks currently are bound by a commitment letter. Whether or not final documents are entered into, the banks can terminate their commitment for a number of reasons described at The Transactions Description of the Transactions The Hughes/ EchoStar Merger Hughes/ EchoStar Merger Financings. As of the date of this document, we do not believe that any events have occurred that would allow any of the banks to terminate their commitments.

The amount of the Hughes/ EchoStar merger financing that may be raised by EchoStar prior to the Hughes/ EchoStar merger is severely restricted by the agreements among GM, Hughes and EchoStar and the terms of the bridge financing commitment.

We currently expect that a portion of the proceeds of the Hughes/ EchoStar merger financing will be used to refinance up to $2.7 billion of indebtedness expected to be incurred by Hughes in order to pay the Hughes dividend distribution of up to $4.2 billion to GM in connection with the Hughes recapitalization.

We also currently expect that the remainder of the Hughes/ EchoStar merger financing, together with about $3.7 billion or more from EchoStar s cash reserves, will be used to pay off other obligations of Hughes (including a $1.5 billion loan and other borrowings under the GMAC credit facilities described above), to pay the estimated fees and expenses in connection with the Transactions and to fund the operations of New EchoStar after the completion of the Transactions.

Liquidity and Funding Needs of New EchoStar (See page 98)

As discussed above at Hughes/ EchoStar Merger Financings, the completion of the proposed Hughes/ EchoStar merger and related transactions (including the up to $4.2 billion Hughes dividend distribution to GM) will require about $7.025 billion of cash, of which $3.325 billion of cash remains to be raised. This remaining $3.325 billion of cash is expected to be financed by debt raised by EchoStar, Hughes or a subsidiary of Hughes at or prior to the completion of the Hughes/ EchoStar merger. New EchoStar or its subsidiaries, as applicable, will assume any of this new indebtedness incurred at EchoStar, Hughes and/or their respective subsidiaries. New EchoStar will also inherit the existing substantial indebtedness of EchoStar and its subsidiaries upon the completion of the Hughes/ EchoStar merger.

Substantially all of the $7.025 billion of Hughes/ EchoStar merger financing is expected to be expended in connection with the completion of the Hughes/ EchoStar merger. As discussed at Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Have Substantial Indebtedness, Is Currently Expected to Require Substantial Additional Indebtedness and Will Depend Upon Its Subsidiaries Earnings To Make Payments on Its Indebtedness, New EchoStar is currently expected to require substantial additional financing following the completion of the Hughes/ EchoStar merger to fund capital expenditures and costs and expenses in connection with funding its operations, domestic and international investments and its growth strategy and the repayment of indebtedness, particularly in light of the significant cash requirements of certain parts of the Hughes business.

Among the capital expenditures that New EchoStar currently plans to undertake following the completion of the Hughes/ EchoStar merger is the deployment of a new satellite that would enable New EchoStar to deliver local broadcast television in all 210 designated market areas in the United States. In the past, Hughes and EchoStar have typically been able to construct, launch and insure their satellites for a cost in the range of about $175 to about $350 million. In addition, New EchoStar is also expected to incur substantial expenses in connection with the integration of the businesses of Hughes and EchoStar, including up to $2.5 billion over a two- to four-year period following the completion of the Hughes/ EchoStar merger to standardize and update the set top box equipment used by customers to receive New EchoStar s direct broadcast satellite signals. See Risk Factors Risk Factors Relating to the Transactions Risks Relating to New EchoStar New EchoStar is Expected to Incur Significant Expenses Related to the Integration of Hughes and EchoStar. It is also expected that New EchoStar will become obligated to pay significant retention bonuses, severance benefits and pension enhancements to certain employees of Hughes as a result of the Hughes/ EchoStar merger. The retention bonus payments are expected to be up to about $110 million, while the amount of severance benefits to be paid to executives of Hughes with change-in-control agreements could be up to $41 million, depending on decisions to layoff such executives, if any. Additional amounts to be paid for severance benefits and pension enhancements will depend upon, among other things, the number of Hughes employees that are terminated as a result of the Hughes/ EchoStar merger, and could be material.

As discussed at Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Have Substantial Indebtedness, Is Currently Expected to Require Substantial Additional Indebtedness and Will Depend Upon Its Subsidiaries Earnings To Make Payments on Its Indebtedness, New EchoStar will depend upon the earnings of its subsidiaries and the payment of funds by its subsidiaries to it (or a subsidiary obligor) in the form of loans, dividends or other payments in order to service its or such subsidiary s debt obligations, and we cannot assure you that these subsidiaries will be able to make such payments to New EchoStar or any such subsidiary in an amount sufficient to pay the principal of or interest on the indebtedness owed by New EchoStar or any such subsidiary, including the Hughes/ EchoStar merger financing. In addition, the terms of New EchoStar s and its subsidiaries indebtedness, including the terms of the indebtedness incurred in connection with the Hughes/ EchoStar merger financing, will contain restrictions and covenants that limit the operational and financial flexibility of New EchoStar and its subsidiaries, likely including severe limitations on the ability of New EchoStar s subsidiaries to pay dividends and make other distributions to New EchoStar or the relevant subsidiary obligor. See Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar s Indebtedness May Contain Terms That Could Limit the Operational and Financial Flexibility of New EchoStar. These restrictions on the ability of New EchoStar s subsidiaries to make payments and other distributions to New EchoStar or the relevant subsidiary obligor will make it more difficult for New EchoStar to satisfy its expected significant funding needs, including the significant cash requirements of certain parts of the Hughes business.

In addition, under the agreements among EchoStar, Hughes, HEC Holdings and GM, New EchoStar s ability to issue any additional equity or equity-linked securities for two years following the completion of the Hughes/ EchoStar merger will be severely restricted, absent possible favorable IRS rulings. See Description of Principal Transaction Agreements Implementation Agreement Preservation of the Tax-Free Status of the Hughes Split-Off and Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will be Subject to Significant Restrictions with Respect to Issuances of its Equity Securities for Two Years Following the Hughes/ EchoStar Merger. We also currently anticipate that New EchoStar will continue to experience net losses for some period of time following the completion of the Hughes/ EchoStar merger. See Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to the Business of New EchoStar We Expect That New EchoStar Will Experience Net Losses For Some Period of Time Following the Completion of the Hughes/ EchoStar Merger and We Cannot Be Certain That New EchoStar Will Achieve or Sustain Profitability.

The extent to which New EchoStar would raise additional funds and the timing of financing activities following the completion of the Hughes/ EchoStar merger would depend, among other things, upon New EchoStar s cash on hand and operating needs following completion of the merger, its strategic plans related to subscriber acquisition, satellite construction and launch and the realization of the expected merger synergies. In this regard, New EchoStar s strategic plans would also be influenced by the attractiveness and availability of financing and other general economic conditions affecting the business of New EchoStar at the time such strategic investment decisions are contemplated.

New EchoStar s additional funding requirements following the completion of the Hughes/ EchoStar merger are expected to vary based on the factors described above, but in any event are expected to be significant. To the extent that New EchoStar does not have sufficient income or other sources of cash to fund its operating needs following the completion of the merger, it will be necessary for New EchoStar to either reduce its operating costs, sell assets or, given that New EchoStar will be severely restricted in its ability to raise equity capital for two years following completion of the Hughes/ EchoStar merger, incur additional indebtedness to finance its activities. As discussed at Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar New EchoStar Will Have Substantial Additional Indebtedness and Will Depend Upon its Subsidiaries Earnings to Make Payments on its Indebtedness, there can be no assurance that additional debt financing will be available to New EchoStar on acceptable terms or at all. Although we cannot assure you that there will be sufficient funding for New EchoStar s operating needs after the completion of the Hughes/ EchoStar merger for the reasons discussed at Risk Factors Risk Factors Relating to New EchoStar After the Transactions Risks Relating to Liquidity and Financing Activities of New EchoStar We Cannot Assure You That There Will Be Sufficient Funding for New EchoStar, we currently believe that New EchoStar will be able to fund its operating activities from operating income and through a combination of one or more of cash on hand, asset sales, debt financing and, if favorable IRS rulings are received, equity financing.

PanAmSat Stock Sale (See pages 99 and 225)

If the Hughes/ EchoStar merger agreement is terminated because certain financing or regulatory-related conditions have not been satisfied, EchoStar has agreed to purchase the approximately 81% interest in PanAmSat held by certain subsidiaries of Hughes for a purchase price of $22.47 per share, or an aggregate amount of about $2.7 billion. This purchase price is payable, depending on the circumstances, either solely in cash or in a combination of cash and either debt or equity securities of EchoStar. GM and Hughes agreed to the PanAmSat stock sale because it will provide liquidity and value to GM in the event that the Transactions cannot be completed because financing for the Hughes/ EchoStar merger or certain regulatory approvals of the Hughes/ EchoStar merger cannot be obtained. GM and Hughes currently expect that the proceeds of any PanAmSat stock sale would be used to repay outstanding debt obligations of Hughes and to fund Hughes operations under circumstances where the Hughes/EchoStar merger was not completed.

If the PanAmSat stock sale were to occur, Hughes would remain a wholly owned subsidiary of General Motors, but Hughes would no longer hold its indirect interest in PanAmSat. Hughes approximately 81% indirect interest in PanAmSat would then be held by EchoStar. The PanAmSat stock sale is subject to a number of conditions which must be satisfied before the transaction could be completed, including, among other things, the expiration or termination of the waiting period applicable to the PanAmSat stock sale under the Hart-Scott-Rodino Act, the absence of any effective injunction or order which prevents the completion of the PanAmSat stock sale and the receipt of Federal Communications Commission approval for the transfer of licenses in connection with the PanAmSat stock sale.

EchoStar Regulatory Termination Fee (See pages 90 and 224)

EchoStar will be required to pay Hughes a $600 million termination fee, in the circumstances described in greater detail elsewhere in this document, if:

EchoStar or Hughes terminates the Hughes/ EchoStar merger agreement as a result of a permanent injunction or final and nonappealable order prohibiting the Hughes/ EchoStar merger in an action brought by a federal, state or local authority under U.S. federal or state antitrust laws or FCC regulations; or

Hughes terminates the Hughes/ EchoStar merger agreement because the waiting period applicable to the Hughes/ EchoStar merger under the Hart-Scott-Rodino Act does not expire or terminate by late December 2002 or because of a failure to obtain FCC approval by early January 2003 (in each case, subject to extension under certain circumstances).

It is currently expected that any proceeds received by Hughes in payment of this fee would be used to repay outstanding debt obligations of Hughes and to fund Hughes operations.

GM/Hughes Termination Fee (See pages 90 and 224)

Hughes will be required to pay EchoStar a $600 million termination fee, as described in greater detail elsewhere in this document, if:

EchoStar terminates the Hughes/ EchoStar merger agreement because GM fails to obtain the requisite GM common stockholder approval of the Transactions, but only under certain circumstances where GM or Hughes enters into an agreement with respect to a competing transaction to the Hughes/ EchoStar merger, which generally refers to an alternative strategic transaction involving Hughes; or

EchoStar or Hughes terminates the Hughes/ EchoStar merger agreement because GM enters into, or the GM board of directors approves or recommends to GM common stockholders for their approval, a competing transaction or because, under certain circumstances, the GM board of directors provides notice to EchoStar that it cannot or will not be able to recommend the Transactions or is required to change or revoke its recommendation of the Transactions to GM common stockholders for their approval.

Structure of the Transactions

In order to help you better understand the Transactions and how they will affect GM, HEC Holdings, Hughes and EchoStar, the charts below illustrate, in simplified form, the following:

BEFORE THE TRANSACTIONS: The organizational structures of GM, HEC Holdings, Hughes and EchoStar before the Transactions;

THE HUGHES RECAPITALIZATION: The steps involved in and the effects of the Hughes recapitalization on GM, HEC Holdings and Hughes; and

AFTER THE TRANSACTIONS: The organizational structures of GM, Hughes and New EchoStar (i.e., HEC Holdings) immediately after the Transactions.

***BEFORE* THE TRANSACTIONS**

THE HUGHES RECAPITALIZATION

***AFTER* THE TRANSACTIONS**

Purposes of the Transactions

(See pages 101 and 170)

There are two principal purposes of the Transactions. First, the Transactions are expected to better position the businesses of Hughes and EchoStar to compete in the multi-channel video programming distribution market and, overall, in the telecommunications industry. Second, the Transactions are expected to provide significant value to GM and its common stockholders. The Transactions offer a significant premium to GM and its common stockholders for their economic interests in Hughes, as described in greater detail elsewhere in this document. The Transactions are also designed to provide significant liquidity to General Motors in respect of GM s current retained economic interest in Hughes, which will help to support the credit position of GM after the Transactions.

After the Transactions, New EchoStar will be one of the nation s largest subscription television platforms. The Transactions are expected to provide New EchoStar with greater opportunities and financial resources to develop an expanded competitive business and an opportunity to realize significant economies of scale and generate substantial cost and revenue synergies. In particular, among other things, New EchoStar will seek to:

- eliminate duplicate programming and utilize reclaimed broadcast spectrum to deliver more program and service offerings;
- standardize the EchoStar and DIRECTV set-top boxes, which is expected to both reduce manufacturing costs and enable improved anti-piracy protection;
- combine and improve the distribution networks of EchoStar and DIRECTV;
- consolidate customer service and other facilities and infrastructure;
- reduce subscriber acquisition costs, subscriber churn, programming costs and eliminate duplicative overhead;
- introduce local-into-local broadcast channel service in all designated market areas;
- expand two-way high-speed broadband;
- expand high-definition television, video-on-demand, pay-per-view and educational programming offerings; and
- generate new sources of local and national advertising revenue.

We believe that New EchoStar s broadband offerings could play an important role in spanning the digital divide between urban and suburban customers with multiple choices for high-speed Internet access and rural customers with limited choices for high-speed Internet access. Furthermore, on February 26, 2002, EchoStar and Hughes announced a new proposal that is designed to enable New EchoStar to deliver local broadcast television channels in all 210 designated market areas in the United States as soon as 24 months following the completion of the Hughes/ EchoStar merger. In their joint satellite application filed with the FCC, the companies detailed a technically and commercially feasible Local Channels, All Americans plan developed by EchoStar and DIRECTV engineers that is designed to allow New EchoStar to offer every consumer in the contiguous continental United States, Alaska and Hawaii access to satellite-delivered local television channels.

In the filing, the companies seek authority to launch and operate a new spot-beam satellite that, when combined with four existing and under-construction EchoStar and DIRECTV spot-beam satellites and spectrum efficiencies achieved by combining frequencies from three of the companies orbital locations, is designed to enable New EchoStar to broadcast local television channels in all 210 designated market areas, including full compliance with federal must carry requirements. Currently, EchoStar and DIRECTV deliver local broadcast channels via satellite to consumers in a total of only 44 metropolitan designated market areas. The Hughes/ EchoStar merger is expected to eliminate carriage of duplicative content a total of more than 500 identical channels from the EchoStar and DIRECTV satellites which, when coupled with advanced spot-beam satellites and efficiencies expected to be created by the Hughes/ EchoStar merger, would enable local channel delivery in all U.S. designated market areas.

The Transactions are expected to provide significant value to GM and its common stockholders. The Transactions offer a significant premium to GM and its common stockholders for their economic interests in Hughes, based on the implied exchange ratio and on the closing trading prices of the GM Class H common stock and the EchoStar Class A common stock on October 25, 2001, just before the announcement of the execution of the transaction agreements. The implied exchange ratio, 0.73, is equal to the inverse of the exchange ratio in the Hughes/ EchoStar merger of 1/0.73 shares of New EchoStar Class A common stock in exchange for each share of EchoStar Class A common stock. The Transactions are also expected to provide significant liquidity to General Motors in respect of its retained economic interest in Hughes, which will help to support the credit position of GM after the Transactions. As explained in greater detail elsewhere in this document, this anticipated liquidity and value to GM will result from:

GM s receipt of a dividend of up to $4.2 billion from Hughes as part of the Hughes recapitalization;

as and to the extent applicable, GM s benefit from debt reduction resulting from any GM debt-for-equity exchanges for up to an aggregate of 100 million shares of GM Class H common stock and New EchoStar Class C common stock; and

as and to the extent applicable, GM s retention of shares of New EchoStar Class C common stock for up to five years after the Hughes split-off.

You should understand that the aggregate amount of liquidity and value to be provided to GM pursuant to the Transactions is not known at this time and will depend upon the value of GM s retained economic interest in Hughes before the Hughes split-off and the value of GM s ownership interest, if any, in New EchoStar after the Hughes/ EchoStar merger, as applicable, and the circumstances under which GM achieves liquidity with regard to that interest. For example, GM would have the ability to engage in GM debt-for-equity exchanges and to hold a continuing ownership interest in New EchoStar after the Hughes/ EchoStar merger only if and to the extent that the value of GM s retained economic interest in Hughes at the time of the Hughes recapitalization were to exceed the amount of the Hughes dividend distribution and GM was not otherwise required to distribute shares to the GM $1 2/3 par value common stockholders pursuant to the transaction agreements based on the terms of the IRS ruling.

Recommendation of the GM Board of Directors

(See page 119)

The GM board of directors has carefully reviewed the GM/ Hughes separation transactions, the Hughes/ EchoStar merger and the other related transactions. An important part of that review included the oversight of the development of the terms of the Transactions by the GM capital stock committee, which consists solely of independent directors of GM. Hughes participated with GM in the development of the terms of the Transactions and its board of directors has also carefully reviewed the GM/ Hughes separation transactions and the Hughes/ EchoStar merger and has approved the GM/ Hughes separation transactions and the Hughes/ EchoStar merger.

The GM board of directors has received opinions from several investment banking firms in connection with its review of the Transactions. Two independent investment banking firms, Merrill Lynch and Bear Stearns, financial advisors to GM in connection with the Transactions, have provided opinions to the GM board of directors to the effect that, on the basis of and subject to the assumptions, conditions, limitations and other matters described in those opinions, as of the date of the opinions, taking into account all relevant financial aspects of the Transactions taken as a whole, the consideration to be provided to GM and its subsidiaries, to the holders of GM $1 2/3 par value common stock, if applicable, and to the holders of GM Class H common stock in the GM/ Hughes separation transactions is fair, from a financial point of view, to the holders of GM $1 2/3 par value common stock as a class and the holders of GM Class H common stock as a class, respectively.

Both the Hughes board of directors and the GM board of directors have also received opinions from two other independent investment banking firms, Credit Suisse First Boston and Goldman Sachs, financial advisors to Hughes in connection with the Hughes/EchoStar merger, to the effect that, based upon and subject to the matters described in those opinions and other matters as Credit Suisse First Boston and Goldman Sachs considered relevant, as of the date of their opinions and based on market conditions as of that date, the exchange ratios set forth in the Hughes/ EchoStar merger agreement are fair, from a financial point of view, to the holders of Hughes Class C common stock immediately prior to the Hughes/ EchoStar merger, including GM and holders of GM $1 2/3 par value common stock and GM Class H common stock, as applicable.

We have included the full text of the fairness opinions received by the GM board of directors in Appendix C to this document. We urge you to read each of these opinions carefully.

Based on the above, among other things, and after careful consideration, the GM board of directors has determined that the Transactions are advisable and in the best interests of General Motors and its common stockholders and that the Transactions are fair to the holders of both classes of GM common stock. The GM board of directors has unanimously approved the Transactions and recommends that the GM $1 2/3 par value common stockholders and GM Class H common stockholders vote to approve each of the proposals described in this document by executing and returning the enclosed consent card as soon as possible.

Recommendation of the EchoStar Board of Directors

(See page 173)

After careful consideration, the EchoStar board of directors has unanimously determined that the Hughes/ EchoStar merger and the related transactions are advisable, fair to and in the best interests of EchoStar and the EchoStar stockholders. The EchoStar board of directors has received an opinion from an independent investment banking firm, Deutsche Banc Alex. Brown, as to the fairness, from a financial point of view, of the exchange ratio in the Hughes/ EchoStar merger to the holders of EchoStar Class A common stock. We have included the full text of the financial advisor fairness opinion received by EchoStar in Appendix C to this document. We urge you to read this opinion carefully. The EchoStar board of directors unanimously approved the Hughes/ EchoStar merger agreement and unanimously recommended that EchoStar stockholders approve the Hughes/ EchoStar merger agreement.

Regulatory Requirements

(See page 182)

U.S. Antitrust Requirements

Under U.S. antitrust laws, the Hughes/ EchoStar merger may not be completed until GM, Hughes and EchoStar have notified the Antitrust Division of the Department of Justice and the Federal Trade Commission of the Hughes/ EchoStar merger and filed the necessary report forms, and until the required waiting period has terminated or expired. We filed the notifications required by the Hart-Scott-Rodino Act in November 2001. The Department of Justice s Antitrust Division is currently conducting an investigation of the Transactions, and, as anticipated, has requested additional information from the companies. We are now in the process of compiling this information. The Department of Justice s Antitrust Division may fail to permit the completion of the Hughes/ EchoStar merger on a timely basis or it could bring an action seeking to prevent the Hughes/ EchoStar merger or impose onerous conditions in connection with its clearance. The attorneys general of a number of states are also conducting an investigation of the Transactions under federal and state antitrust laws and could bring an action seeking to prevent the Hughes/ EchoStar merger or attempt to impose onerous conditions.

FCC Approval

To complete the Hughes/ EchoStar merger, we must also obtain the approval of the FCC for the transfer of licenses in connection with the Hughes split-off and the Hughes/ EchoStar merger. We filed an application for this FCC approval of the transfer of licenses in December 2001. Shortly following this filing, the FCC placed the application on public notice and invited petitions, oppositions and other comments by third parties in respect of the application. Numerous parties have filed petitions to deny the application or comments, and EchoStar and Hughes have filed a consolidated opposition. Currently, the application remains pending before the FCC. We have updated the application to reflect the completion of the $1.5 billion investment by Vivendi Universal in EchoStar Series D convertible preferred stock. In addition, the FCC has requested additional documents and information with respect to this application within a certain specified time period. The parties requested an extension of this time period, but the FCC rejected the parties request and stopped its self-imposed 180-day clock for merger review. Although the parties have submitted interrogatory responses and filed a substantial number of responsive documents with the FCC, the FCC has not yet determined whether the applicants have fully complied with its requests, resulting in a delay in the FCC s consideration of the application.

In addition, the parties filed an application in February 2002 on behalf of New EchoStar requesting authority to launch and operate a new direct broadcast satellite, which would allow New EchoStar to offer local broadcast channels in all 210 designated market areas. The FCC placed this satellite application on notice for public comment on April 19, 2002, and the comment period will remain open for 45 days from the date of the notice. The FCC has indicated that the 180-day clock for merger review will remain stopped until the later of the closing of this comment period or upon receipt of sufficient information in response to the FCC s merger application information and document request. The parties pending satellite application may delay the FCC s consideration of the Hughes/ EchoStar merger application. As a result of these delays, the FCC may fail to approve the Hughes/ EchoStar merger in a timely manner. In addition, the FCC may agree with the views of parties opposing the application and deny its approval of the Hughes/ EchoStar merger or impose onerous conditions. Furthermore, the FCC may fail to grant, or may delay action on, the pending satellite application.

Foreign and Certain Other Regulatory Matters

The Transactions may be subject to certain regulatory requirements of other state, federal and foreign governmental agencies and authorities, including clearances for the Hughes/ EchoStar merger from competition and telecommunications authorities in certain foreign jurisdictions and requirements relating to the regulation of the offer and sale of securities. We are currently working to evaluate and comply in all material respects with these requirements, as appropriate, and do not currently anticipate that they will hinder, delay or restrict completion of the Transactions.

Although we currently expect to receive all governmental approvals required in order to complete the Transactions, we cannot assure you that we will obtain all such governmental approvals or that the granting of these approvals will be timely or will not involve the imposition of conditions on the completion of the Transactions or require changes to the terms of the Transactions. These conditions or changes could result in the conditions to the Transactions not being satisfied.

No Appraisal Rights

(See page 184)

Under applicable corporation law and the GM restated certificate of incorporation, GM stockholders are not entitled to appraisal rights in connection with the GM/ Hughes separation transactions or the Hughes/ EchoStar merger.

Under applicable corporation law and the EchoStar articles of incorporation, EchoStar stockholders are not entitled to appraisal rights in connection with the Hughes/ EchoStar merger.

New EchoStar Common Stock

(See page 294)

Based on assumptions about certain variable factors described elsewhere in this document, we estimate that immediately after the completion of the Hughes/ EchoStar merger:

- the former GM Class H common stockholders and General Motors (and/or GM $1 2/3 par value common stockholders, as applicable) would together hold shares of New EchoStar Class C common stock equaling about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power;

- the former EchoStar Class A common stockholders would hold shares of New EchoStar Class A common stock equaling about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power; and

- the former EchoStar Class B common stockholders would hold shares of New EchoStar Class B common stock equaling about % of the outstanding common stock of New EchoStar, representing about % of New EchoStar s total voting power. Charles W. Ergen, the Chairman of the Board of Directors and Chief Executive Officer of EchoStar and the current beneficial owner of all of the outstanding shares of EchoStar Class B common stock, is expected to be the beneficial owner of all of the outstanding shares of New EchoStar Class B common stock after the Transactions. As a result, Mr. Ergen will have significant influence over actions of New EchoStar that require stockholder approval.

For a description of the assumptions on which these percentages are based, see The Transactions Description of the Transactions The Hughes/ EchoStar Merger Assumptions Used in Minimum Hughes Recapitalization Price and Pro Forma Percentages of Outstanding Shares and Voting Power Calculations.

Except as to voting rights, the New EchoStar Class A common stock and New EchoStar Class C common stock will be identical. The New EchoStar Class B common stock will have special voting rights, will be convertible into New EchoStar Class A common stock or New EchoStar Class C common stock and will be subject to certain transfer restrictions. However, in all respects other than voting rights, convertibility and transfer restrictions, the New EchoStar Class B common stock will be substantially the same as the New EchoStar Class A common stock and New EchoStar Class C common stock. The New EchoStar common stock will have the following voting rights:

- Each share of New EchoStar Class A common stock will entitle the holder to one vote in the election of directors and all other matters submitted to stockholders for their approval;

- Each share of New EchoStar Class B common stock will initially entitle the holder to 10 votes in the election of directors and all other matters submitted to stockholders for their approval, subject to reduction under certain circumstances during the first two years after the completion of the Hughes split-off to preserve the tax-free status to GM of the Hughes split-off. After the second anniversary of the completion of the Transactions, the voting power of each share of New EchoStar Class B common stock will generally be fixed at the same percentage of the aggregate voting power of all the shares of the New EchoStar common stock then outstanding as the share of New EchoStar Class B common stock was entitled to at the end of the two-year period, which will likely have the effect over time of increasing the number of votes per share of New EchoStar Class B common stock as a result of new share issuances; and

- Each share of New EchoStar Class C common stock will entitle the holder to a number of votes in the election of directors and all other matters submitted to stockholders for their approval that will ensure that the shares of New EchoStar Class C common stock held by GM (other than shares that are subject to GM debt-for-equity exchanges) and the shares of New EchoStar Class C common stock that are issued to certain of GM s historical stockholders together possess 50.5% of the aggregate voting power of New EchoStar immediately following the completion of the Hughes/ EchoStar merger.

The calculation of the exact number of votes per share of New EchoStar Class C common stock will not be made until the time of the completion of the Transactions because the calculation will be subject to certain variable factors that will be determined between now and that time. We estimate that the holders of New EchoStar Class C common stock would be entitled to between three and five votes per share. Once determined, the number of votes per share of New EchoStar Class C common stock will not change.

Directors of New EchoStar will be elected on the basis of cumulative voting. On all other matters, the shares of New EchoStar Class A common stock, New EchoStar Class B common stock and New EchoStar Class C common stock will vote together as a single class on the basis of their respective per share voting power. In addition, if and to the extent permitted by the IRS, the approval of New EchoStar Class B common stock voting separately as a class will be required to approve the following:

matters (other than the election and removal of directors) for which a stockholder vote is required under applicable corporation law, such as mergers, amendments to the New EchoStar certificate of incorporation (including changes in the rights of the shares of New EchoStar Class B common stock and any increase in the authorized number of shares of New EchoStar Class B common stock or New EchoStar Class C common stock) and dissolution;

matters for which a stockholder vote will be required by the rules of the NYSE or the Nasdaq, as applicable, including, among other things, certain issuances of stock in excess of 20% of the total voting power of New EchoStar;

any sale or acquisition of a significant business of New EchoStar;

any amendment by stockholders to the bylaws of New EchoStar;

any issuance of common stock (or equivalents) of New EchoStar in excess of 10% of the average fully diluted shares over the prior 12 months; and

the adoption by New EchoStar of any equity-based benefit plan for directors and employees.

New EchoStar Board of Directors and Officers

(See page 273)

We have agreed that the New EchoStar board of directors will initially have 11 members, eight of whom are current directors and/or officers of EchoStar and three of whom are current directors and/or officers of Hughes. For the first three years following the completion of the Hughes/ EchoStar merger, at least six of the members of the New EchoStar board of directors will be independent directors as determined in accordance with NYSE or Nasdaq standards, as applicable.

Charles W. Ergen, the current Chairman of the Board of Directors and Chief Executive Officer of EchoStar, will be the Chairman of the Board of Directors and Chief Executive Officer of New EchoStar, and David K. Moskowitz, the current Senior Vice President, General Counsel and Secretary of EchoStar will be the Senior Vice President, General Counsel and Secretary of New EchoStar. The other officers of New EchoStar will be determined by a management transition committee prior to the completion of the Hughes/ EchoStar merger.

Interests of Directors and Executive Officers of GM, Hughes and EchoStar

(See pages 333 and 338)

You should be aware that some of the directors and executive officers of Hughes and EchoStar have interests in connection with the GM/ Hughes separation transactions and the Hughes/ EchoStar merger that are different from, or in addition to, the interests of other stockholders of GM and EchoStar. In particular, certain executive officers of Hughes are participants in some of the Hughes retention and key employee severance arrangements and certain directors and executive officers of Hughes will become directors of New EchoStar. With respect to EchoStar, certain long-term performance stock options may vest as a result of the

Hughes/EchoStar merger and certain current directors and executive officers of EchoStar will become directors and executive officers of New EchoStar.

Based on the number of shares outstanding on April 30, 2002, the directors and officers of General Motors, individually and the group as a whole, held less than one percent of the outstanding shares and voting power of both classes of GM common stock.

The GM board of directors, the Hughes board of directors and the EchoStar board of directors were aware of these interests and considered them, among other matters, in approving the GM/ Hughes separation transactions and the Hughes/ EchoStar merger, as applicable.

Conditions to Completing the Transactions

(See pages 73, 207 and 217)

The obligations of the companies to complete the GM/ Hughes separation transactions and the Hughes/ EchoStar merger are subject to a number of conditions which must be satisfied or waived before the transactions can be completed. One important condition is that GM and Hughes must complete the GM/ Hughes separation transactions before the Hughes/ EchoStar merger can be completed. In addition, unless the companies are prepared to complete the Hughes/ EchoStar merger immediately after the completion of the GM/ Hughes separation transactions, the Hughes business will not be separated from GM pursuant to the GM/ Hughes separation transactions. Other important conditions include the following:

- the receipt of the requisite GM common stockholder approval of each of the proposals relating to the Transactions;
- the expiration or termination of the waiting periods applicable to the Hughes/ EchoStar merger under the Hart-Scott-Rodino Act and any similar law of foreign jurisdictions;
- the absence of any effective injunction or order which prevents the completion of the Transactions;
- the receipt of FCC approval for the transfer of licenses and other authorizations in connection with the Hughes/ EchoStar merger and the Hughes split-off;
- the receipt of all other approvals of, or the making of all filings with, governmental authorities required to complete the Transactions, other than approvals and filings, the absence of which, in the aggregate, are not reasonably likely to have a material adverse effect on New EchoStar;
- the receipt by General Motors of a ruling by the IRS to the effect that the Hughes split-off will be tax-free to GM and its stockholders for U.S. federal income tax purposes;
- the availability of financing for the Hughes/ EchoStar merger;
- the approval for listing on either the NYSE or the Nasdaq of the New EchoStar Class A common stock and New EchoStar Class C common stock that will be outstanding after the Transactions;
- the amount of the Hughes dividend distribution to GM may not exceed the value of GM s retained economic interest in Hughes at the time of the Hughes recapitalization. We sometimes refer to this condition as the retained interest value condition; and
- the ability of New EchoStar, based on certain assumptions, to issue a minimum amount of equity immediately following the Hughes/ EchoStar merger without violating certain agreements with General Motors that are designed to preserve the tax-free status of the Hughes split-off to GM. We sometimes refer to this condition as the minimum equity headroom condition.

Satisfaction of the minimum equity headroom condition and retained interest value condition will depend upon a number of factors that will not be known until immediately before the completion of the Transactions, including the average market price of GM Class H common stock during a specified period preceding such time.

If necessary to satisfy the minimum equity headroom condition, the terms of the transaction agreements require a reduction in the number of shares of New EchoStar Class C common stock which may be distributed by GM in GM debt-for-equity exchanges after the Transactions by up to 40 million shares (from 100 million shares down to 60 million shares). In general, if GM has issued more than 60 million shares of GM Class H common stock in GM debt-for-equity exchanges prior to the completion of the Transactions, so that the full 40 million share reduction described above is not available, then the amount of the Hughes dividend distribution to GM is subject to a mandatory reduction of up to $700 million (from $4.2 billion down to $3.5 billion) if and to the extent required to satisfy the minimum equity headroom condition or the retained interest value condition.

We estimate that, if the circumstances at the time of the completion of the Transactions were to conform to certain assumptions described elsewhere in this document, after giving effect to the required reductions, the minimum equity headroom condition would be satisfied as long as the average price of GM Class H common stock during the specified period were to exceed $ per share.

Even though it is not required to do so, GM could voluntarily elect to reduce further the number of such GM debt-for-equity shares and/or the amount of the Hughes dividend distribution in order to satisfy the minimum equity headroom condition and/or the retained interest value condition. Any such voluntary reductions by GM would have the effect of further reducing the average market price of GM Class H common stock necessary to satisfy the minimum equity headroom condition, but would also reduce the amount of liquidity to be provided to GM in the Transactions. We cannot assure you that GM would make any such voluntary reductions, and a failure by GM to make such voluntary reductions could result in the Transactions not being completed.

Certain Effects of the Transactions on GM Common Stockholders

(See page 165)

The following is a description of certain important effects of the Transactions on, and advantages and disadvantages to, GM common stockholders. As described below, the Transactions will have differing effects on and consequences for holders of GM $1 2/3 par value common stock and holders of GM Class H common stock.

GM Class H Common Stockholders

As a result of the Transactions, GM Class H common stockholders will no longer be holders of a tracking stock of General Motors. Rather, they will become New EchoStar Class C common stockholders, and will hold a more conventional common stock of New EchoStar. As a consequence, the GM Class H common stockholders will no longer have the right to have their shares of GM Class H common stock exchanged for shares of GM $1 2/3 par value common stock at a 120% exchange rate, as currently provided for under certain circumstances pursuant to provisions of the GM restated certificate of incorporation. GM determined that such an exchange would not be in the best interests of GM and its common stockholders in connection with the proposed separation of Hughes from GM and, accordingly, GM structured the Transactions so as not to result in such an exchange.

Further, GM Class H common stockholders will not receive any portion of the Hughes dividend distribution to GM. If the requisite GM common stockholder approval of the proposals relating to the Transactions is obtained, GM common stockholders will be approving and consenting to an asset transfer consisting of the Hughes dividend distribution without the distribution of a portion of the Hughes dividend distribution to GM Class H common stockholders that is currently provided for under certain circumstances pursuant to a policy statement of the GM board of directors.

You should understand, however, that if the requisite GM common stockholder approval of the Transactions is not obtained, the Transactions will not occur and GM Class H common stockholders would similarly have no right to exchange their shares for shares of GM $1 2/3 par value common stock at a 120% exchange rate or to receive any distribution from GM based on an asset transfer from Hughes to GM.

GM $1 2/3 Par Value Common Stockholders

As a result of the Transactions, General Motors will have only one class of outstanding common stock, the GM $1 2/3 par value common stock. General Motors will then no longer have tracking stock and will be a company primarily focused on its core automotive and related businesses. Hughes will no longer be part of GM. After the T