

EHOSTAR COMMUNICATIONS CORP

Form PRER14C

July 11, 2002

AMENDMENT NO. 2 TO

SCHEDULE 14C

SCHEDULE 14C INFORMATION

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

Exchange Act of 1934

Check the appropriate box:

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

EHOSTAR COMMUNICATIONS CORPORATION

(Name of Registrant as Specified In Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- 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:

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:

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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 JULY 11, 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.
*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 from GM of the business of Hughes Electronics by the distribution to GM Class H common stockholders of up to 1,046,014,137 shares of Class C common stock of a newly formed company, HEC Holdings, Inc., that will own all of the outstanding stock of Hughes; and

the combination of the businesses of Hughes and EchoStar Communications immediately after the separation by the merger of EchoStar with HEC Holdings, which will issue up to 427,605,611 shares of Class A common stock to EchoStar's Class A common stockholders and up to 326,623,573 shares of Class B common stock to EchoStar's Class B common stockholders. The combined company will be renamed EchoStar Communications Corporation.

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 50.

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 from GM by exchanging one share of Class C common stock of HEC Holdings, a newly formed subsidiary of GM that will own all of the outstanding stock of Hughes, for each outstanding share of GM Class H common stock. Immediately after the separation, the businesses of Hughes and EchoStar will be combined by the merger of EchoStar with HEC Holdings, which will issue shares of Class A common stock and Class B common stock to EchoStar's common stockholders. The new company formed in the 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.

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 separation 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 that reduction, it will receive a corresponding number of shares of the new EchoStar Class C common stock as part of the transactions.

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 and 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 and 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 and about % of the total voting power of new EchoStar.

THE BOARD OF DIRECTORS OF GENERAL MOTORS HAS UNANIMOUSLY APPROVED THE TRANSACTIONS AND RECOMMENDS THAT YOU VOTE TO APPROVE EACH OF THE PROPOSALS SUBMITTED FOR YOUR APPROVAL BY EXECUTING AND RETURNING THE ENCLOSED CONSENT CARD OR SUBMITTING YOUR CONSENT THROUGH THE INTERNET OR BY TELEPHONE AS SOON AS POSSIBLE.

GM has already approved the Hughes/EchoStar 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 this 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 50.**

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 and 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 and 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 and 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 50.**

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 355.

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You should rely only on the information contained in, or incorporated by reference into, this document. We have not authorized anyone to provide you with information different from that contained in, or incorporated by reference into, this document. This does not constitute any offer to sell, nor any solicitation of an offer to buy, the securities offered by this document in any jurisdiction where

offers and sales are not permitted under the laws of such jurisdiction. In addition, this does not constitute a solicitation of a consent or vote to approve the transactions or any other matter in any jurisdiction where such a solicitation is not permitted under the laws of such jurisdiction. The information contained in, or incorporated by reference into, this document is accurate only as of the date of this document regardless of the time of delivery or of any sale of the securities offered by this document.

You should understand that the number of shares of Class A common stock, Class B common stock and Class C common stock of the new EchoStar to be issued or distributed in the transactions as indicated on the cover of this document are estimates of the maximum number of shares to be issued or distributed to the stockholders indicated on the cover of this document. In addition, the number of shares of Class C common stock of the new EchoStar indicated on the cover of this document does not reflect the number of shares that may be held by GM immediately after the completion of the GM/Hughes separation transactions because that number is not determinable at this time. You should note that the maximum numbers of shares indicated on the cover of this document are based on various assumptions and the actual number of shares to be issued or distributed in the transactions could be different than these numbers.

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 designed to separate Hughes from GM and prepare it to complete the proposed merger with EchoStar. There are two integral 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, a newly formed subsidiary of GM, 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 will become an independent, publicly owned company. As a result of the split-off, the GM Class H common stockholders and, if applicable, GM will become stockholders of HEC Holdings. 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, 81 and 215.

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 issue its Class A common stock and Class B common stock in the Hughes/EchoStar merger. HEC Holdings will 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 Hughes/EchoStar merger.

For more information, see pages 11, 88 and 221.

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. We currently expect that GM \$1 2/3 par value common stockholders will not receive any shares of HEC Holdings or the new EchoStar. GM \$1 2/3 par value common stockholders will, however, retain their shares of GM \$1 2/3 par value common stock after the transactions. After the 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. GM \$1 2/3 par value common stockholders will then have only an indirect interest in the

financial performance of Hughes to the extent of any ownership interest that GM may have 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, 84, 88 and 175.

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, which would remain outstanding after the Hughes/EchoStar merger and would then be shares of Class C common stock of the new EchoStar. Any of these shares that are not disposed of by GM as described in the next bullet below would be retained by General Motors for up to five years following the completion of the GM/Hughes separation transactions; and

GM may dispose of up to an aggregate of 100 million shares of GM Class H common stock and/or new EchoStar Class C common stock in exchange for satisfaction of outstanding liabilities of GM to certain of GM's creditors between now and six months following the completion of the Hughes/EchoStar merger. To the extent that GM does not transfer all of these shares in debt-for-equity exchanges, GM may sell the shares for cash during the six months following the completion of the Hughes/EchoStar merger or may retain the shares for up to five years following the completion of the GM/Hughes separation transactions.

As described in greater detail elsewhere in this document, the amount of the dividend from Hughes and the number of shares of Class C common stock of HEC Holdings that GM would receive in the transactions, including the number of shares which could be used by GM in GM share dispositions described in the third bullet above, cannot be definitively determined until the time of the completion of the GM/Hughes separation transactions because each will depend upon certain factors that will not be known until that time. The number of shares of Class C common stock of HEC Holdings that GM would receive in the GM/Hughes separation transactions will be determined based on the value of GM's retained economic interest in Hughes at the time of the Hughes split-off, as reduced to reflect the dividend from Hughes to be received by GM as part of the Hughes recapitalization. Therefore, only if and to the extent that the value of GM's retained economic interest in Hughes at that time is more than the amount of the dividend from Hughes would GM retain any shares of Class C common stock of HEC Holdings immediately following the completion of the GM/Hughes separation transactions.

For more information, see pages 19 and 79.

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 77.

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 an amendment to the GM restated certificate of incorporation and to ratify two matters relating to the transactions. The transactions will not take place unless these three matters are approved by GM \$1 2/3 par value common stockholders and GM Class H common stockholders. In addition, GM's common stockholders are being asked to approve a further amendment to the GM restated certificate of incorporation to reflect the elimination of the GM Class H common stock after the completion of the transactions, but the transactions are not conditioned on approval of this further charter amendment.

Proposals 1 through 3, all of which relate to the transactions, are separate matters to be voted upon by GM common stockholders but are expressly conditioned upon the approval of each of the other of these three proposals (but not proposal 4). This means that ALL THREE 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. The transactions described in this document will not be completed, even if all of the other conditions are satisfied or waived, if the requisite GM common stockholder approval of these three matters is not received.

The proposals are as follows:

Proposal 1: Approval of GM Charter Amendment. This proposal is to approve an amendment to the GM restated certificate of incorporation that would be filed in order to give GM the ability to implement the GM/Hughes separation transactions. The amendment would add three important provisions to the GM restated certificate of incorporation and make certain other clarifying changes to facilitate the transactions. They would:

provide for the reduction by the GM board of directors of GM's retained economic interest in Hughes to reflect the dividend of up to \$4.2 billion to be received by GM in the GM/Hughes separation transactions;

provide for GM to split off HEC Holdings by exchanging one share of Class C common stock of HEC Holdings for each outstanding share of GM Class H common stock; and

provide that the provisions of the GM restated certificate of incorporation that provide for a recapitalization of GM Class H common stock into GM \$1 2/3 par value common stock at a 120% exchange rate under certain circumstances will not apply to the GM/Hughes separation transactions.

Proposal 2: Ratification of the GM/Hughes Separation Transactions. This proposal is to ratify the GM/Hughes separation transactions as described in this document.

Proposal 3: Ratification of the Hughes/EchoStar Merger. This proposal is to ratify the Hughes/ EchoStar merger as described in this document.

Proposal 4: Approval of the Second GM Charter Amendment. This proposal is to approve 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.

The completion of the transactions is NOT expressly conditioned upon the approval by GM \$1 2/3 par value common stockholders and GM Class H common stockholders of proposal 4. However, proposal 4 will not be implemented unless proposals 1 through 3 are approved and the transactions are completed.

For more information, see pages 170 and 335.

Q7. Will GM Class H common stockholders be forgoing any rights that they have now by approving the matters being submitted to them?

A7. Yes. By approving the proposals relating to the transactions, GM Class H common stockholders will be forgoing certain rights that might otherwise be available to them under certain circumstances:

First, GM Class H common stockholders will be approving transactions that do 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. If the 120% recapitalization provision had been applicable to the transactions described in this document, which would have been the case but for the provision of the GM charter amendment expressly providing that it shall not apply to the transactions, each share of GM Class H common stock they hold would have been exchanged for shares of GM \$1 2/3 par value common stock that would have been valued at \$, representing a premium of 20% to the GM Class H common stockholders as of a specified period preceding the public announcement of the transactions. As a result, each share of GM Class H common stock would have been exchanged for of a share of GM \$1 2/3 par value common stock.

Second, GM Class H common stockholders will be approving and consenting to an asset transfer consisting of the dividend of up to \$4.2 billion from Hughes to GM without the further distribution of a portion of that dividend from GM to the GM Class H common stockholders in accordance with their tracking stock interest in Hughes. If such an asset transfer from Hughes to GM were to be made without the consent of both classes of GM common stockholders (or other action by the GM board of directors), the transfer could, under certain circumstances pursuant to a policy statement of the GM board of directors, result in the distribution of a portion of the dividend of up to \$4.2 billion to GM Class H common stockholders. Assuming a dividend of \$4.2 billion and based on a calculation of the GM Class H common stockholders tracking stock interest in Hughes as of , 2002, such an asset transfer from Hughes to GM could have required a pro rata distribution of about \$ billion to the GM Class H common stockholders under a notional application of the GM board policy statement.

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 will 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.

For more information, see pages 54, 108, 172, 173, 336 and 338.

Q8. What is the effect of ratification of certain matters as proposed in Proposals 2 and 3?

A8. Ratification is an expression of approval by stockholders of one or more matters for which their approval is not required as a matter of law. The principal effect of such approval by GM's common stockholders will be to strengthen the ability of GM and its directors to defend the transactions against any subsequent challenge in litigation, including by any dissident stockholders who may challenge the fairness of the transactions.

In addition, by ratifying the GM/Hughes separation transactions, which involves the distribution of the dividend of up to \$4.2 billion from Hughes to GM and the related reduction of GM's retained economic interest in Hughes by a commensurate amount, GM \$1 2/3 par value common stockholders and GM Class H common stockholders will be approving and consenting to, pursuant to the GM board policy statement, an asset transfer from Hughes to GM without a further distribution of a portion thereof from GM to GM Class H common stockholders in accordance with their tracking stock interest in Hughes, as described above.

For more information, see pages 20, 171 and 336.

Q9. What is the GM board of directors' recommendation regarding the proposals being submitted to GM common stockholders?

A9. The GM board of directors has unanimously approved the transactions 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 or submitting your consent through the Internet or by telephone as soon as possible.

For more information, see pages 20, 124, 175 and 339.

Q10. Which GM common stockholders are entitled to vote on the transactions?

A10. 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 340.

Q11. Why are EchoStar common stockholders not being asked to vote on the proposed transactions?

A11. 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 182 and 347.

Q12. What should I do now?

A12. *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 or submit their consent through the Internet or by telephone 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 will serve as a voting instruction for the plan trustees, plan committees or independent fiduciaries of those plans, who will vote your shares of GM common stock held in any of these employee savings plans in accordance with your instructions. You may submit your consent for shares held in any of these employee savings plans by executing and returning the enclosed consent card or by submitting your consent through the Internet or by telephone. You should understand that procedures differ among these employee savings plans with respect to the voting of shares for which no consent is received. These procedures are explained in greater detail elsewhere in this document.

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 submitting your consent 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 50.

EchoStar Common Stockholders. EchoStar common stockholders do not need to take any action because, as explained in the answer to Question 11 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 335 and 347.

Q13. What happens if a GM common stockholder does not submit a consent?

A13. If a GM \$1 2/3 par value common stockholder or a GM Class H common stockholder does not submit a consent, 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 or submit a consent through the Internet or by telephone as soon as possible. However, with respect to shares held through employee savings plans, procedures differ among the plans with respect to the voting of shares for which no consent is received. These procedures are explained in greater detail elsewhere in this document. Your vote is important regardless of the number of shares that you own.

For more information, see pages 340, 341 and 342.

Q14. Can GM common stockholders revoke their approval once the consent is submitted?

A14. 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 Delaware corporation 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 Delaware 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 or by voting subsequently through the Internet or by telephone. You should send any written revocations to the Secretary of General Motors at the following address (unless you hold your shares through an

employee savings plan, in which case you should check the procedures for revocation that have been established for the plan):

**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 340.

Q15. Should I send in my stock certificates now?

A15. 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.

Q16. What should I do if I have other questions?

A16. 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, how to complete and submit your consent card or how to submit your consent through the Internet or by telephone, 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 355.

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 355.

The Companies

General Motors Corporation (See page 246)

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

As a result of the GM/Hughes separation transactions, the Hughes business will be separated from GM.

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 (See page 261)

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 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 (See page 279)

EchoStar operates two business units: the DISH Network and EchoStar Technologies Corporation. The DISH Network is a direct broadcast satellite subscription television service in the United States. 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 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 76 and 200)

The transactions that are the subject of this document principally consist of the GM/ Hughes separation transactions and the Hughes/ EchoStar merger, but also include other related transactions contemplated by the agreements among GM, Hughes, HEC Holdings and EchoStar. The obligations of the companies to complete the transactions that are the subject of this document are subject to the satisfaction or waiver of certain conditions, which are discussed 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 81, 200 and 215)

The proposed GM/ Hughes separation transactions are designed to split off the Hughes business from GM and prepare it to complete the proposed combination with EchoStar. 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 shares of HEC Holdings Class C common stock such that GM holds 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. After the Hughes recapitalization, HEC Holdings will be separated from General Motors by means of a distribution of shares of HEC Holdings Class C common stock to the GM Class H common stockholders in exchange for and redemption of their shares of GM Class H common stock 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, if applicable, GM. If and to the extent required in order to maintain the tax-free status of the Hughes split-off under certain limited circumstances described elsewhere in this document, GM may make a pro rata distribution to the GM $\frac{2}{3}$ par value common stockholders of a portion of the HEC Holdings Class C common stock it receives in the Hughes recapitalization.

Other Separation-Related Arrangements. The GM/Hughes separation transactions include certain other arrangements related to the Hughes recapitalization and the Hughes split-off. As described in greater detail elsewhere in this document, these arrangements generally address matters relating to the separation of the Hughes business 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 78 and 82)

The reduction of GM's retained economic interest in Hughes as part of the Hughes recapitalization as described above 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 GM/Hughes separation transactions. 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 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 $\frac{2}{3}$ par value common stock represents what we sometimes refer to as GM's retained economic interest in Hughes. We measure the value of GM's retained economic interest in Hughes with reference to the market value of the GM Class H common stock and the number of shares of GM Class H common stock outstanding. For illustrative purposes, the following table sets forth a range of hypothetical values for GM's retained economic interest in Hughes, after giving effect to the payment of the dividend from Hughes to GM as part of the Hughes recapitalization, based on the number of shares of GM Class H common stock outstanding on 12/31/2002 and a range of hypothetical average market prices of GM Class H common stock. You should note that at prices below \$4.2 per share, the transactions would not be completed unless GM elects to voluntarily reduce the number of shares subject to GM share dispositions and/or the amount of the Hughes dividend distribution to less than \$4.2 billion as discussed further below at Purposes of the Transactions - Liquidity and Value Provided to GM and GM Common Stockholders. We further note that, in order to maintain the tax-free status of the Hughes split-off, GM is required to distribute at least 80% of the HEC Holdings Class C common stock in the Hughes split-off. Accordingly, to the extent necessary to satisfy this condition, GM could be required to distribute excess shares as described elsewhere in this document.

Illustrative Calculation of Effect of Hughes Recapitalization on Economic Interests in Hughes

Average GM Class H Common Stock Price	Amount of Hughes Dividend to GM (in billions)	Economic Interests In Hughes After the Hughes Recapitalization	
		GM Class H Common Stockholders	GM
		(in billions, except percentages)	
\$	\$	\$ (%)	\$ (%)
\$	\$	\$ (%)	\$ (%)
\$	\$	\$ (%)	\$ (%)
\$	\$	\$ (%)	\$ (%)
\$	\$	\$ (%)	\$ (%)

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 based on a range of hypothetical average market prices of GM Class H common stock. We will not know, however, until immediately before the completion of the GM/ Hughes separation transactions, the actual amount of the Hughes dividend distribution, the corresponding reduction of GM's retained economic interest in Hughes, the interest of the GM Class H common stockholders in Hughes after the reduction and GM's retained economic interest, if any, in Hughes after the reduction. These amounts could vary materially from the amounts shown in the illustration due to differences between our assumptions and the actual facts and circumstances existing at the time the GM/ Hughes separation transactions are completed, including the average market price of GM Class H common stock during the specified period preceding the completion of the GM/Hughes separation transactions.

In addition, other factors may affect GM's retained economic interest in Hughes between now and the completion of the GM/ Hughes separation transactions. For instance, any debt-for-equity exchanges, as described below at GM Share Dispositions, completed by GM 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 the debt-for-equity exchanges.

The Hughes/ EchoStar Merger (See pages 88 and 221)

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.

GM Share Dispositions (See pages 95 and 204)

The transaction agreements permit GM to dispose of up to 100 million shares of GM Class H common stock and/or New EchoStar Class C common stock, in the aggregate, between now and the date that is six months after the completion of the Hughes/ EchoStar merger. During this period, GM may 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 outstanding liabilities of GM to certain of GM's creditors. To the extent that GM does not transfer all of these shares in debt-for-equity exchanges, GM may sell the shares for cash during the six months following the completion of the Hughes/EchoStar merger or may retain the shares for up to five years following the completion of the GM/Hughes separation transactions. Any GM share dispositions would provide GM with liquidity and, if structured as debt-for-equity exchanges, would permit GM to benefit from debt reduction. However, any GM share dispositions will also reduce GM's retained economic interest in Hughes or its interest in New EchoStar, as the case may be.

The aggregate number of shares that GM may issue, sell or distribute in GM share dispositions is 100 million shares. However, this maximum number of shares is subject to reduction under certain circumstances in order to satisfy one of the conditions to the completion of the GM/Hughes separation transactions and Hughes/EchoStar merger as described below at Conditions to Completing the Transactions. Also, GM may not receive, and thus may not transfer in GM share dispositions, any shares of New EchoStar Class C common stock in excess of the value of GM's retained economic interest in Hughes as reduced to reflect the Hughes dividend distribution.

Financings and Related Matters (See page 97)

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 needed in order to refinance the indebtedness to be incurred by Hughes to pay a portion of the \$4.2 billion Hughes dividend distribution to GM;

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up to about \$4.125 billion will be needed in order to repay other obligations of Hughes (including a \$1.5 billion loan and other borrowings under credit facilities provided by GMAC) and to fund the operations of New EchoStar after the completion of the Hughes/EchoStar merger; and

the remainder of about \$0.2 billion will be needed in order to pay estimated fees and expenses in connection with the Hughes/EchoStar merger and related 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 senior notes due 2009 issued by a wholly owned indirect subsidiary of EchoStar 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, as described elsewhere in this document. 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.

Hughes previously had the right to terminate the Hughes/ EchoStar merger agreement if the agreement or agreements documenting the remainder of the Hughes/ EchoStar merger financing had not been entered into, or the definitive terms of such agreement or agreements had not been agreed, by April 26, 2002. Hughes, EchoStar and GM agreed in April, however, to extend this date to June 25, 2002, and have recently agreed to further extend the June 25, 2002 date to a date not less than 45 calendar days after the filing of Amendment No. 2 to the registration statement of which this document is a part.

In addition, pursuant to the Hughes/ EchoStar merger agreement, EchoStar agreed that by a specified date it would take certain actions to address the triggering of change in control provisions under certain indentures of EchoStar or its subsidiaries, or submit to Hughes, for its good faith consideration, an alternative plan for otherwise addressing the change in control provisions. Subsequent to the signing of the Hughes/ EchoStar merger agreement, GM, Hughes and EchoStar agreed to extend to September 15, 2002 the deadline for EchoStar to take such actions or agree with Hughes on an alternative plan for addressing this issue. If any alternative plan suggested by EchoStar is rejected by Hughes, EchoStar will be required to take certain actions to promptly (and in any event within a specified period of time) address the triggering of such change in control provisions. For more information, see *The Transactions* Description of the Transactions Hughes/ EchoStar Merger Financings.

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.

Liquidity and Funding Needs of New EchoStar (See page 102 and the Risk Factors section beginning on page 50)

As discussed above at *Financings and Related Matters*, 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 or equity offerings by EchoStar, Hughes or a subsidiary of Hughes on or prior to the completion of the Hughes/EchoStar merger. New EchoStar or its subsidiaries, as applicable, will assume any 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. 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 million 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.

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.

EchoStar or New EchoStar, as the case may be, may also require a significant amount of cash either to solicit consents from the holders of certain of its debt instruments and/or otherwise to comply with its obligations under the terms of the relevant indentures as a result of the Hughes/EchoStar merger constituting a change in control under the relevant indentures.

Based on the above as well as other factors, we currently anticipate that New EchoStar will experience net losses through 2003, and could continue to experience net losses for years subsequent to 2003 for the reasons discussed elsewhere in this document.

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. 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. 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. 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 obtained, equity financing.

PanAmSat Stock Sale (See pages 104 and 235)

If the Hughes/ EchoStar merger agreement is terminated because certain financing or regulatory-related conditions have not been satisfied, EchoStar and Hughes have agreed that, subject to the terms and conditions contained in the PanAmSat stock purchase agreement, EchoStar will 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 was determined by valuing Hughes' indirect interest in PanAmSat on the basis of a 5% premium over the average market price of PanAmSat stock during a specified period preceding October 28, 2001. The 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. Hughes agreed to the PanAmSat stock sale because it will provide near-term liquidity to Hughes in the event that the Hughes/ EchoStar merger cannot be completed because financing for the Hughes/ EchoStar merger or certain regulatory approvals of the Hughes/ EchoStar merger cannot be obtained. Hughes currently expects 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 in which the Hughes/ EchoStar merger was not completed.

The PanAmSat stock sale is subject to a number of conditions which must be satisfied before that 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 93 and 234)

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 93 and 234)

Hughes will be required to pay EchoStar a \$600 million termination fee, in the circumstances 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 transactions, which generally refers to an alternative strategic transaction involving Hughes and any third party other than EchoStar; 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 GM/ Hughes separation transactions and the Hughes/ EchoStar merger 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 GM/ Hughes separation transactions and the Hughes/ EchoStar merger;

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 GM/ Hughes separation transactions and the Hughes/ EchoStar merger.

BEFORE THE TRANSACTIONS

THE HUGHES RECAPITALIZATION

AFTER THE TRANSACTIONS

Purposes of the Transactions

(See pages 105 and 179)

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 liquidity and value to GM and its common stockholders.

New EchoStar Business Opportunities

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 after the completion of the Hughes/EchoStar merger. This time frame is dependent upon the details of the Hughes/EchoStar merger transition process and the spectrum reclamation efforts of New EchoStar and could be subject to change. 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 fewer than 50 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.

Liquidity and Value Provided to GM and GM Common Stockholders (See pages 79 and 105)

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. This liquidity will be provided by the dividend from Hughes of up to \$4.2 billion and, if applicable, from debt reduction or cash proceeds resulting from GM share dispositions. GM will also realize value to the extent of any shares of New EchoStar Class C common stock that it receives as a result of the transactions and does not dispose of within six months following the completion of the Hughes/EchoStar merger.

The amount of value and liquidity to be provided to GM will depend on the value of its retained economic interest in Hughes at the time that the GM/Hughes separation transactions are completed. The amount of the dividend to be paid by Hughes to GM and the number of shares of New EchoStar Class C common stock that GM will hold as a result of the GM/Hughes separation transactions will be based on the value of GM's retained economic interest in Hughes at that time, which will be determined by the average market price of GM Class H common stock during a specified period prior to the Hughes split-off and the number of shares of GM Class H common stock outstanding at that time.

For illustrative purposes, the following table sets forth a range of hypothetical average market prices of GM Class H common stock and calculates the amount of the dividend to GM and the number of shares of New EchoStar Class C common stock, if any, that would be available for GM share dispositions or otherwise to be retained by GM. These illustrative calculations are based on a number of assumptions described elsewhere in this document, including that GM shall not have disposed of any shares of GM Class H common stock in debt-for-equity exchanges prior to the completion of the GM/Hughes separation transactions. The actual amounts could vary materially from the amounts shown in the illustration below due to differences between our assumptions and the actual facts and circumstances existing at the time that the GM/Hughes separation transactions are completed.

Illustrative Calculation of Liquidity and Value to be Provided to GM in the Transactions

Average GM Class H Common Stock Price	Amount of Hughes Dividend to GM	Number of Shares of New EchoStar Class C Common Stock Available for GM Share Dispositions	Number of Shares of New EchoStar Class C Common Stock Retained by GM
	(in billions)	(in millions)	(in millions)
\$	\$		
\$	\$		
\$	\$		
\$	\$		
\$	\$		

You should note that, at average market prices of GM Class H common stock that are less than \$ per share, the dividend amounts shown in the table have been reduced to less than \$4.2 billion in order to satisfy the value condition described below at Conditions to Completing the Transactions. In addition, at average market prices of GM Class H common stock less than \$ per share, the number of shares subject to GM share dispositions shown in the table reflect reductions that GM could elect to make, and the corresponding increases to the number of shares retained by GM, to the extent necessary in order to satisfy the equity headroom condition described below at Conditions to Completing the Transactions. You should understand, however, that GM would not be required to proceed with the transactions if doing so would require GM to receive a dividend in an amount less than \$4.2 billion (except for a reduction of the dividend to as low as \$3.5 billion, but only if and to the extent that GM has previously disposed of more than 60 million shares of GM Class H common stock in debt-for-equity exchanges) or to reduce the number of shares subject to GM share dispositions to less than 60 million. However, GM would have the right, but not the obligation, to elect to reduce the amount of the dividend, or the number of shares of New EchoStar

Class C common stock that would be subject to GM share dispositions, or both, to less than these amounts in order to satisfy the conditions to the transactions and permit the transactions to be completed. Any such reduction in the amount of the dividend would reduce the amount of liquidity and value to be provided to GM, and any such reduction in the number of shares subject to GM share dispositions would reduce the amount of liquidity to be provided to GM (but such shares would be retained by GM and would be available for other dispositions for up to five years). Accordingly, we cannot assure you that GM would elect to make such voluntary reductions in order to complete the transactions. GM currently expects that it would make any determination regarding any such voluntary reductions immediately before the completion of the Hughes split-off, based on factors it determines to be relevant at that time.

Finally, we note that, in order to maintain the tax-free status of the Hughes split-off, GM is required to distribute at least 80% of the Class C common stock of HEC Holdings in the Hughes split-off. Accordingly, to the extent necessary to satisfy this condition, GM could be required to distribute excess shares as described elsewhere in this document.

**Fairness of the Transactions to GM Common Stockholders;
Recommendation of the GM Board of Directors**
(See pages 124, 171 and 336)

After careful consideration, based on the factors and other matters described elsewhere in this document, the GM board of directors has determined that the transactions that are the subject of this document are advisable and in the best interests of General Motors and its common stockholders and that those transactions are fair to the holders of both classes of GM common stock. By voting to approve the proposals relating to the transactions, GM common stockholders will be ratifying the GM/Hughes separation transactions and the Hughes/EchoStar merger. The principal effect of such ratification will be to strengthen the ability of GM and its directors to defend the transactions against any subsequent challenge in litigation, including by any dissident stockholders who may challenge the fairness of the transactions to the holders of either or both classes of GM common stock.

In connection with its review of the transactions, the GM board of directors has received opinions from several investment banking firms. Two independent investment banking firms, Merrill Lynch and Bear Stearns, financial advisors to GM in connection with the GM/Hughes separation 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 based upon such 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.

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 or by submitting a consent through the Internet or by telephone as soon as possible.

Recommendation of the EchoStar Board of Directors

(See page 182)

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.

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

(See pages 345 and 350)

You should be aware that some of the directors and executive officers of GM, 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 May 31, 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.

Advantages and Disadvantages of the Transactions to GM Common Stockholders

(See page 175)

The following is a description of certain important advantages and disadvantages of the GM/Hughes separation transactions and the Hughes/EchoStar merger 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 GM/ Hughes separation 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 GM/ Hughes separation transactions, GM \$1 2/3 par value common stock will reflect only the financial performance of the remaining GM businesses, which will not include the Hughes business, except to the extent of any GM ownership of New EchoStar Class C common stock. GM \$1 2/3 par value common stockholders will retain only an indirect interest in New EchoStar to the extent of any continuing GM ownership of New EchoStar Class C common stock which, as a result of the Hughes recapitalization, will be significantly smaller than GM's current retained economic interest in Hughes. If and to the extent required in order to maintain the tax-free status of the Hughes split-off under certain limited circumstances described elsewhere in this document, GM may make a pro rata distribution to the GM \$1 2/3 par value common stockholders of a portion of the HEC Holdings Class C common stock it receives in the Hughes recapitalization.

Regulatory Requirements

(See page 192)

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. 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 closed on June 4, 2002. 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 and clearances required in order to complete the transactions, we cannot assure you that we will obtain all such governmental approvals and clearances or that the granting of these approvals and clearances 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 194)

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 305)

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 would together hold shares of New EchoStar Class C common stock equaling about % of the outstanding common stock of New EchoStar and 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 and 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 and about % of New EchoStar's total voting power. Charles W. Ergen, the Chairman of the Board of

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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 Hughes/EchoStar merger. 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 Calculating the Pro Forma Percentages of Outstanding Shares and Voting Power and the Minimum GM Class H Common Stock Price Necessary to Satisfy the Equity Headroom Condition.

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 initially will 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 (and possibly thereafter, in certain circumstances) to preserve the tax-free status to GM of the Hughes split-off. After the second anniversary of the completion of the Hughes split-off, the voting power of each share of New EchoStar Class B common stock outstanding at the conclusion of the two-year period, as a percentage of aggregate voting power, generally will be fixed at the same percentage of the aggregate voting power of all of the shares of the New EchoStar common stock then outstanding to which such share of New EchoStar Class B common stock was entitled at the end of the two-year period. As a result, the votes per share of New EchoStar Class B common stock generally will increase when certain additional shares of New EchoStar capital stock are issued; 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 share dispositions) 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 Hughes/ EchoStar merger 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, the holders of New EchoStar Class B common stock will be entitled to a separate class vote for approval of 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 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 286)

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 the New EchoStar certificate of incorporation and bylaws.

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.

Conditions to Completing the Transactions

(See pages 77, 218 and 228)

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 three 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 clearances from, or the making of all filings with, governmental authorities required to complete the transactions, other than approvals, clearances and filings, the absence of which, in the aggregate, are not reasonably likely to have a material adverse effect on New EchoStar;

the continued effectiveness of the ruling received by GM from 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 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 "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. We sometimes refer to this condition as the "equity headroom" condition.

The equity headroom condition is designed to ensure that, after the completion of the Hughes/ EchoStar merger, New EchoStar will have the flexibility to issue a specified minimum amount of equity without violating certain agreements with GM that are designed to preserve the tax-free status of the Hughes split-off. Satisfaction of the equity headroom 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. For more information, see "Purposes of the Transactions" Liquidity and Value Provided to GM and GM Common Stockholders.

If and to the extent necessary in order to satisfy the equity headroom condition, the terms of the transaction agreements require that the aggregate number of shares subject to GM share dispositions (which would otherwise be 100 million shares) be reduced by up to 40 million shares. In addition, if GM has already completed debt-for-equity exchanges of more than 60 million shares of GM Class H common stock prior to the completion of the transactions, the dividend from Hughes of up to \$4.2 billion will be reduced by up to \$700 million if and to the extent required to satisfy either the value condition or the equity headroom condition, but in any event the reduction in the dividend will not exceed the amount of the proceeds received by GM from such debt-for-equity exchanges in excess of 60 million shares. As a result, based on the assumptions underlying the table set forth at "Liquidity and Value Provided to GM and GM Common Stockholders" Illustrative Calculation of Liquidity and Value to be Provided to GM in the Transactions, both the value condition and the equity headroom condition will be satisfied if the average market price of GM Class H common stock during the specified period is at least \$ per share.

GM has the right, but not the obligation, to elect to reduce the amount of the Hughes dividend distribution or the number of shares of New EchoStar Class C common stock that would be subject to GM share dispositions, or both, by more than the amount of the mandatory reductions described above in order to satisfy the equity headroom condition and/or the value condition. Any such voluntary reductions by GM would have the effect of permitting these conditions to be satisfied at a lower average market price for the GM Class H common stock than is set forth above. However, any such reduction in the amount of the Hughes dividend distribution would reduce the amount of liquidity and value to be provided to GM, and any such reduction in the number of shares subject to GM share dispositions would reduce the amount of liquidity to be provided to GM (but such shares would be retained by GM and would be available for other dispositions for up to five years). 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. GM currently expects that it would make any determination regarding any such voluntary reductions immediately before the completion of the Hughes split-off, based on factors it determines to be relevant at that time.

**Considerations Relating to the Time Interval Between GM Common Stockholder
Approval and Completion of the Transactions**
(See pages 94, 130 and 205)

The GM board of directors has determined that the transactions that are the subject of this document are in the best interests of GM and its common stockholders as a whole and fair to the holders of both classes of GM common stock and has unanimously approved the transactions and recommends that the GM common stockholders of each class vote to approve each of the proposals described in this document. However, if the proposals relating to the transactions were to receive the requisite GM common stockholder approval but all other applicable conditions to the transactions were not satisfied or waived as of that time, it is possible that

the transactions would not be completed for a significant period of time after the requisite GM common stockholder approval. During any such time interval, it is possible that circumstances relating to the business or financial condition of EchoStar or Hughes or financial, economic or other circumstances could change significantly and in a manner not considered at the time that the GM board of directors approved the transactions. GM common stockholders should understand that, despite any such change in circumstances that might occur during this time interval, it is not a condition to completion of the transactions that the GM board of directors conclude that, at the time that the transactions are to be completed or at any other point during such time interval, the transactions will be fair to both classes of GM common stockholders.

Under the terms of the transaction agreements, General Motors and Hughes have agreed not to solicit any proposals from third parties, or engage in discussions with or furnish information to any third party, with respect to a broad range of competing transactions to the transactions, which generally refers to alternative strategic transactions involving Hughes and any third party other than EchoStar. However, until the requisite GM common stockholder approval of the proposals relating to the transactions has been received, GM and Hughes are permitted to engage in such discussions and provide such information (but not solicit proposals) with regard to a superior proposal, subject to certain conditions described at Description of Principal Transaction Agreements Implementation Agreement Covenants of GM, Hughes and EchoStar No Solicitation of Competing Transactions Involving Hughes, if the GM board of directors determines that in order to comply with its fiduciary duties it is necessary for GM to do so. Similarly, subject to certain conditions, until the requisite GM common stockholder approval has been received, the GM board of directors may change or revoke its recommendation that GM common stockholders approve the proposals relating to the transactions, if it determines that it is required to do so in accordance with its fiduciary duties and based on a proposed competing transaction or any other factor that may affect its views regarding the transactions. In such event, GM, Hughes or EchoStar may terminate the transaction agreements (in which event Hughes would be required to pay EchoStar a \$600 million termination fee).

GM common stockholders should understand that, if they vote to approve the proposals recommended by the GM board of directors, that action will result in the termination of the ability of GM to pursue superior proposals in this manner, which would mean that GM would have no practical ability to enter into any agreement or arrangement with respect to a competing transaction without breaching the non-solicitation covenant. However, if GM common stockholders fail to approve the proposals recommended by the GM board of directors, the transactions could not be completed and GM common stockholders would not have the opportunity to participate in the benefits of the transactions as described in this document and, under certain circumstances in which GM or Hughes enters into or completes a competing transaction, EchoStar would be entitled to a \$600 million termination fee. Further, in either case, there can be no assurance that any proposal for a competing transaction would be available to Hughes and GM or, if available, would result in any agreement or arrangement for a competing transaction. Accordingly, for all of the reasons described elsewhere in this document, the GM board recommends that GM common stockholders vote to approve each of the proposals.

Material U.S. Federal Income Tax Considerations Relating to the Transactions

(See page 195)

General Motors has received an IRS ruling to the effect that the Hughes split-off will be treated as a tax-free reorganization and distribution for U.S. federal income tax purposes. If the ruling remains in effect, then, for U.S. federal income tax purposes, neither the GM common stockholders nor, except as to certain prior intercompany transactions which will be taken into income, General Motors will recognize gain or loss as a result of the Hughes split-off.

In addition, EchoStar will receive, on the date of this document, an opinion from its outside tax counsel, Sullivan & Cromwell, to the effect that, among other things, the Hughes/EchoStar merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, EchoStar will not recognize gain or loss for U.S. federal income tax purposes as a result of the Hughes/EchoStar merger and the EchoStar common stockholders will recognize gain or loss for U.S. federal income tax purposes upon the exchange of their EchoStar common stock pursuant to the Hughes/EchoStar merger only in respect of cash

received instead of fractional shares of New EchoStar common stock. Further, HEC Holdings will receive, on the date of this document, an opinion from its outside tax counsel, Weil, Gotshal & Manges LLP, to the effect that the Hughes/EchoStar merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code, HEC Holdings will not recognize gain or loss for U.S. federal income tax purposes by reason of the Hughes/EchoStar merger, and the former holders of GM Class H common stock will not recognize gain or loss for U.S. federal income tax purposes by reason of the Hughes/EchoStar merger with respect to their HEC Holdings Class C common stock. It is a condition to the completion of the transactions that each of EchoStar and HEC Holdings receive an opinion at the time of the completion of the transactions that the Hughes/ EchoStar merger will be treated as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code. In rendering these opinions, counsel will rely on certain assumptions and factual representations to be made by HEC Holdings and EchoStar, as applicable, and the opinions will be subject to the limitations and qualifications set forth in the opinions.

Accounting Treatment

(See page 195)

General Motors will record the Hughes dividend distribution of up to \$4.2 billion as a reduction in GM's investment in Hughes. GM will record the Hughes split-off at fair value at the time of the Hughes split-off. Based on the closing price of EchoStar Class A common stock on March 28, 2002 and certain other assumptions, the Hughes split-off would have resulted in an after-tax gain of about \$16.3 billion based on the net book value of Hughes at such date. As a result of the Hughes split-off, GM anticipates that there would be a net reduction to GM's stockholders' equity reflecting adjustments based on the fair value and the net book value of Hughes at that time. The financial results of Hughes for all periods prior to the completion of the GM/Hughes separation transactions will be reported as discontinued operations in GM's consolidated financial statements. The Hughes/EchoStar merger will be accounted for using the purchase method of accounting, with EchoStar having acquired HEC Holdings.

Comparative Market Price Data

(See page 333)

Presented below are the per share closing prices for the GM \$1 2/3 par value common stock (symbol: GM), as quoted on the NYSE, GM Class H common stock (symbol: GMH), as quoted on the NYSE, and the EchoStar Class A common stock (symbol: DISH), as quoted on the Nasdaq National Market, on the following dates:

October 26, 2001, the last trading day before the public announcement of the signing of the transaction agreements among GM, Hughes and EchoStar relating to the transactions that are the subject of this document; and

July 9, 2002, the latest practicable date before the filing of this document.

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The table below also presents implied equivalent per share values for:

shares of GM Class H common stock by multiplying the price per share of EchoStar Class A common stock on each of the two dates by the implied exchange ratio in the Hughes/ EchoStar merger of 0.73, which is the inverse of the actual exchange ratio in the Hughes/EchoStar merger of 1/0.73; and

shares of EchoStar Class A common stock by multiplying the price per share of GM Class H common stock on each of the two dates by the exchange ratio of 1/0.73.

	GM \$1 2/3 Par Value Common Stock Price	GM Class H Common Stock Price	EchoStar Class A Common Stock Price	Share Price Equivalent (EchoStar Class A Common Stock) for GM Class H Common Stock	Share Price Equivalent (GM Class H Common Stock) for EchoStar Class A Common Stock
October 26, 2001	\$ 45.40	\$ 15.35	\$ 25.26	\$ 18.44	\$ 21.03
July 9, 2002	\$ 51.14	\$ 10.08	\$ 17.10	\$ 12.48	\$ 13.81

SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

GM Selected Historical Financial Data

The following statements of operations data for each of the three years in the period ended December 31, 2001 and the balance sheet data as of December 31, 2001 and 2000 have been derived from GM's consolidated financial statements incorporated into this document by reference, which have been audited by Deloitte & Touche LLP, independent auditors. The statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 have been derived from GM's audited consolidated financial statements which have not been incorporated into this document by reference.

The statements of operations data for each of the three-month periods ended March 31, 2002 and 2001 and the balance sheet data as of March 31, 2002 have been derived from GM's unaudited consolidated financial statements which have been incorporated into this document by reference.

You should read the data below in conjunction with GM's consolidated financial statements (including the notes thereto) and Management's Discussion and Analysis of Financial Condition and Results of Operations in the GM 2001 Form 10-K and GM's Quarterly Report on Form 10-Q for the quarter ended March 31, 2002, which are incorporated into this document by reference. Certain amounts for 2001 and prior years have been reclassified to conform with the 2002 classifications.

	For the three months ended March 31,		For the years ended December 31,				
	2002	2001	2001	2000	1999	1998	1997
(in millions, except per share amounts)							
Statement of Operations							
Data:							
Total net sales and revenues	\$ 46,264	\$ 42,615	\$ 177,260	\$ 184,632	\$ 176,558	\$ 155,445	\$ 172,580
Total costs and expenses	45,910	42,111	175,742	177,468	167,511	150,501	165,011
Income from continuing operations before income taxes and minority interests	354	504	1,518	7,164	9,047	4,944	7,569
Income tax expense	125	208	768	2,393	3,118	1,636	1,025
Equity income (loss) and minority interests	(1)	(59)	(149)	(319)	(353)	(259)	(61)
Income from continuing operations	228	237	601	4,452	5,576	3,049	6,483
Income (loss) from discontinued operations					426	(93)	215
Net Income	228	237	601	4,452	6,002	2,956	6,698
Dividends on preference stocks	(24)	(28)	(99)	(110)	(80)	(63)	(98)
Earnings attributable to common stocks	\$ 204	\$ 209	\$ 502	\$ 4,342	\$ 5,922	\$ 2,893	\$ 6,600
Earnings Per Share:							
GM \$1 2/3 par value common stock(1)							
Basic earnings per share (EPS) from continuing operations	\$ 0.58	\$ 0.54	\$ 1.78	\$ 6.80	\$ 8.70	\$ 4.40	\$ 8.52
Diluted EPS from continuing operations	0.57	0.53	1.77	6.68	8.53	4.32	8.45
Cash dividends declared per share	0.50	0.50	2.00	2.00	2.00	2.00	2.00
GM Class H common stock subsequent to the Hughes restructuring transactions(1), (2), (3)							
Basic EPS from continuing operations	(0.14)	(0.10)	(0.55)	0.56	(0.26)	0.23	0.01
Diluted EPS from continuing operations	(0.14)	(0.10)	(0.55)	0.55	(0.26)	0.23	0.01
GM Class H common stock prior to the Hughes restructuring transactions(1), (2), (4)							
Basic EPS from continuing operations							0.77
Diluted EPS from continuing operations							0.77
Cash dividends declared per share							0.33

	As of March 31,		As of December 31,			
	2002	2001	2000	1999	1998	1997
(in millions, except per share amounts)						
Balance Sheet Data:						
Cash and cash equivalents(5)	\$ 14,656	\$ 8,432	\$ 9,119	\$ 9,730	\$ 9,728	\$ 9,696
Current assets(5)	42,845	37,063	41,147	41,909	40,399	39,326
Total assets	325,157	323,969	303,100	274,730	246,688	221,767
Current liabilities(5)	55,787	56,346	55,740	53,100	46,110	44,681
Long-term debt(5)	16,797	10,726	7,410	7,415	7,118	5,669
Minority interests	766	746	707	596	563	671
GM-obligated mandatorily redeemable preferred securities of subsidiary trusts			139	218	220	222
Stockholders' equity	19,576	19,707	30,175	20,644	15,052	17,584

	For the year ended December 31,		
	2001	2000	1999
(in millions, except per share amounts)			
Transitional Disclosures Under Statement of Financial Accounting Standards No. 142(6):			
Reported net income	\$ 601	\$ 4,452	\$ 6,002
Add:			
Goodwill amortization	327	318	242
Amortization of intangibles with indefinite lives	7	7	5
Adjusted net income	\$ 935	\$ 4,777	\$ 6,249
Basic earnings (losses) per share attributable to GM common stocks			
EPS attributable to GM \$1 2/3 par value common stock:			
Reported	\$ 1.78	\$ 6.80	\$ 9.36
Amortization of goodwill and other intangibles	0.33	0.36	0.30
Adjusted	\$ 2.11	\$ 7.16	\$ 9.66
EPS attributable to GM Class H common stock:			
Reported	\$ (0.55)	\$ 0.56	\$ (0.26)
Amortization of goodwill and other intangibles	0.17	0.17	0.14
Adjusted	\$ (0.38)	\$ 0.73	\$ (0.12)

For the year ended December 31,

<u>2001</u>	<u>2000</u>	<u>1999</u>
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*Earnings (losses) per share attributable to GM common
stocks assuming dilution*