

GENERAL MOTORS CORP

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Thank you for the introduction and thanks to everyone for joining us here today as part of our roadshow presentation for the transactions that will ultimately result in News Corporation acquiring 34 percent of HUGHES.

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As is customary, I am obligated to present the following slides that review the SEC guidelines and safe-harbor language.

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I'll begin today with an overview of the transaction that GM, HUGHES and News Corporation announced earlier this year and why we think this offers a tremendous opportunity for stockholders.

After that, Eddy will expand a bit on the businesses of HUGHES with an emphasis on HUGHES' key value driver DIRECTV in the United States.

I will then wrap-up the presentation with my vision for DIRECTV U.S. after the transaction closes which we expect will occur later this year or early next year.

We think this transaction is special because it brings together companies that have unrivaled expertise in building and successfully managing satellite broadcasting and media businesses. By utilizing the strengths of News Corporation and Fox, we expect this transaction will improve the competitive position of HUGHES.

In addition, GM Class H common stockholders will benefit from the exchange of GM Class H common stock for an asset-based security thereby eliminating the tracking stock discount that we believe has hampered the stock's performance over the years. News Corporation and Fox will be terrific strategic partners with key assets and leadership capabilities that we believe will result in significant operational benefits that will accelerate HUGHES' growth and profitability.

And GM \$1-2/3 common stockholders benefit from this transaction because it will enable GM to focus on its core auto manufacturing business. Additionally, the cash proceeds from the sale of GM's interest in HUGHES will provide significant liquidity and an attractive return on GM's investment in HUGHES.

It helps to think of the mechanics of this transaction in three steps.

First, General Motors will split-off HUGHES and the current GM Class H common stockholders will exchange their shares in the current GMH tracking stock for a new HUGHES asset-based stock.

Next, GM will sell its 19.8 percent retained economic interest in HUGHES to News Corporation for cash, and possibly some News Corporation Preferred ADSs, totaling approximately \$3.8 billion.

Finally, to bring their ownership level up to 34 percent, News Corporation will acquire an additional stake in HUGHES from the HUGHES stockholders through a mandatory exchange of approximately 18 percent of their HUGHES shares received in the split-off, payable in News Corporation Preferred ADSs and/or cash, at News Corporation's option.

It's important to note that the consideration paid to HUGHES stockholders for the shares acquired by News Corporation is fixed at approximately \$14 per share within a collar of plus or minus 20 percent around a \$22.40 News Corporation Preferred ADS stock price.

Currently the News Corporation Preferred ADS stock price is trading above the high end of the collar at \$28.97. If for example, the volume weighted average price of News Corporation Preferred ADSs remains at this level for 20 trading days ending five days prior to the close of the transaction, the consideration paid to HUGHES stockholders would be equivalent to \$15.09 per share.

Another topic that I know many HUGHES stockholders are keenly interested in is governance of the new company.

These mechanisms are specifically designed to ensure that the company will be managed in a way that maximizes value for all HUGHES stockholders.

First, the HUGHES Board of Directors will be comprised of 11 members that will include 6 independent directors (as defined by the New York Stock Exchange rules), 3 News Corporation affiliated directors and 2 HUGHES executives which will be Eddy and myself. In addition, the Audit, Compensation and Nominating/Corporate Governance Committees will be comprised entirely of independent directors and all related-party transactions will be conducted in an arms-length fashion and authorized by the Audit Committee.

And my compensation as CEO along with the compensation of my senior management team will be aligned with HUGHES operating performance and stock price. In addition, all stock-related compensation for HUGHES executives will only be in HUGHES stock.

For tax reasons, News Corporation will be restricted from acquiring additional shares of HUGHES until the first anniversary of the transaction. In addition, as you can see on this slide, News Corporation can only acquire 50 percent or more of HUGHES if certain guidelines are met and FCC approval is received.

With these governance provisions, I strongly believe that HUGHES stockholders can rest assured that the right safeguards are in place to protect their best interests.



In looking at the timeline to close the transaction, I would have to say that so far, the approval process for the transaction has proceeded very smoothly.

Last month, the Securities and Exchange Commission declared our registration statement effective .

Consent Solicitation materials have been mailed to General Motors stockholders and we expect that we could receive the requisite stockholder consent as soon as early October.

In addition, within the next month, we anticipate receipt by GM of an IRS ruling on the tax free status of the split-off. We anticipate this to be followed by the remaining regulatory clearances from the DOJ and FCC.

And if all goes according to plan, we remain optimistic that we can close the transaction before the end of this year.

I ll be back in a few minutes to provide you with a glimpse of HUGHES future, but now I d like to turn it over to Eddy for an update on HUGHES with a particular focus on DIRECTV in the United States. Eddy?

Thanks, Chase.

Let's begin with a quick snapshot of the HUGHES businesses which generated nearly \$9 billion in revenue last year.

Our DIRECTV businesses in the United States and Latin America today serve more than 13 million customers and together produced more than \$7 billion in revenue in 2002. DIRECTV is now the entertainment service of choice for roughly one in every nine television households here in the United States.

Hughes Network Systems or HNS with revenues of about \$1.2 billion in 2002, is the world's leading provider of satellite-based broadband services and is also a leading supplier of set-top boxes for DIRECTV.

And finally, PanAmSat, which is 81-percent owned by HUGHES and trades on the NASDAQ under the ticker symbol SPOT, operates one of the world's largest satellite fleets and generated revenues of roughly \$800 million last year.

Across all of these businesses, we're sharply focused on reducing expenses while improving profitability and cash flow, and our recent financial results provide the best evidence that we're on the right track.

As you can see on the slide, we have made significant improvements in all key financial metrics during the first half of 2003.

And while each of our businesses played a role in the improved financial results, the most dramatic gains came from DIRECTV in the United States let's take a closer look.

With over 11.6 million subscribers, DIRECTV U.S. is the world's leading provider of direct-to-home digital television and we're also the second largest multi-channel provider here in the States.

And we continue to enjoy the industry's highest video ARPU or average revenue per customer. We're projecting 2003 ARPU to increase about \$3 over last year to \$62 or \$63 per month, driven by the most extensive collection of programming available in the multi-channel industry.

During the last several years, we've also stepped-up our efforts to improve every aspect of the DIRECTV customer experience. These efforts are best recognized by DIRECTV's number one ranking in the industry for customer satisfaction two years in a row by both JD Power and the American Customer Satisfaction Index.

And to keep up with the significant demand for DIRECTV, we have a distribution and installation network, including approximately 30 thousand retail locations throughout the country and approximately 5 thousand technicians providing nationwide installation and service capability.

Exploiting our fundamental strengths has helped separate DIRECTV from its competitors.

A recent survey that we commissioned found that more than 70 percent of U.S. consumers are familiar with the DIRECTV brand. And *Brand Week*, a leading marketing publication, recently recognized DIRECTV as one of the top 50 brands in the United States.

We believe DIRECTV provides its customers with unparalleled options in programming. If, for example, you're a football fan and want the choice of watching virtually any NFL football game on any given Sunday, DIRECTV is your only option. Late last year, we extended our exclusive satellite television rights to broadcast the NFL SUNDAY TICKET through 2007, while our exclusive multi-channel rights go through the 2005 season.

Along with our top-ranked customer service, our ability to offer local channels plays a huge role in competing successfully with cable operators. Today, we offer local channels in 64 top markets covering about 72 percent of the nation's television households. With the expected operation of our new DIRECTV-7S satellite early next year, we'll have the capacity to reach more than 100 markets with local channels or about 85 percent of the nation's homes.

We are also leading proponents of digital video recorder or DVR technology. Customers who have a DIRECTV DVR with TiVo have higher ARPU and lower churn rates than non-DVR customers.

And of course, for the growing number of fans of high-definition television, DIRECTV's current selection represents the most extensive nationwide offering of high-definition television.

In looking at our market, we believe we have an excellent opportunity to significantly increase our customer base over the next few years.

With an addressable market totaling well over 100 million television households and one that is adding 1 to 2 million new households each year, the direct-to-home market share of less than 20 percent signals plenty of room for continued growth.

And we believe DIRECTV offers a superior value proposition versus both digital and analog cable. We're currently seeing a decline in the growth rate of digital cable subscribers and churn there remains high, which bodes well for us. In fact, recent studies that we've conducted show that roughly 35 to 40 percent of new DIRECTV customers have tried digital cable.

Although such a large percentage of new customers are coming to DIRECTV from digital cable, the 49 million or so cable customers who are still paying about \$40 per month for an analog-only service remain an important target market. This is because for approximately the same monthly bill, a DIRECTV customer will get a service that is 100 percent digital and includes about 60 more channels.

Although we continue to focus on subscriber growth, we also focus on DIRECTV's key operating metrics that drive higher subscriber returns—namely by lowering customer churn, increasing ARPU and reducing costs.

We're accomplishing this through strategies such as:

Targeting high-quality, committed customers as well as placing a top priority on providing world-class customer service to reduce churn.

We're also increasing the penetration of multiple set-top receivers, which is now nearly 2 boxes per home for new customers, and expanding local channel service to drive higher ARPUs.

And we're justifying every dollar spent to generate higher pre-marketing margins.

As a result of this strategy, we're on track this year to again increase pre-tax subscriber IRRs—reaching an expected 50 percent in 2003.

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We're also anticipating solid financial results in 2003.

Although most cable operators are projecting little if any subscriber growth, we expect to grow our owned and operated subscriber base by about 10 percent in 2003 by adding approximately 900 thousand net new customers.

From this growing subscriber base and an expected increase in ARPU, we believe 2003 revenues will grow by more than 15 percent to approximately \$7.5 billion and operating profit before depreciation and amortization will increase over 50 percent to approximately \$1 billion.

In addition, we're anticipating approximately \$375 million in cash flow this year. I'd like to mention that we define cash flow as Cash Flows From Operating Activities less Cash Flows From Investing Activities.

While DIRECTV U.S. is certainly our key value driver, we have three other businesses that have significantly improved their operations and financial performance over the last year or two.

Hughes Network Systems or HNS is the world's leading provider of satellite-based broadband service to both enterprises and consumers through its DIRECWAY-branded service. On the enterprise side, we have a base of more than 400,000 terminals installed or ordered in 85 countries and for consumers, we provide broadband services to more than 166,000 subscribers. HNS is also a key supplier of high-quality, low cost set-top boxes for DIRECTV, having shipped more than 12 million units to date. In addition, HNS is leading the effort to develop SPACEWAY, the next generation satellite broadband platform.

In Latin America, DIRECTV serves about 1.5 million customers in 28 markets throughout the region. To address its financial and operational challenges, earlier this year DIRECTV Latin America filed a voluntary petition for reorganization under Chapter 11 of the U.S. Bankruptcy Code. This process is going as expected and DIRECTV Latin America is hoping to emerge from bankruptcy with a significantly lower cost structure.

And finally, PanAmSat, with 23 satellites spanning the globe, operates one of the world's largest satellite fleets. PanAmSat has an extremely profitable business with clear visibility as evidenced by its backlog of approximately \$5 billion, strong cash flow and 70 percent-plus operating profit before depreciation and amortization margins.

As you can see from this slide, we have high expectations for our financial results this year primarily due to the strong expected performance from DIRECTV U.S.

HUGHES revenue is expected to grow about 10 percent to \$9.7 to \$9.8 billion. Operating profit before depreciation and amortization is projected to be up some 50 percent to \$1.25 to \$1.35 billion and we anticipate a significant improvement in cash flow to a range of \$100 to \$200 million.

Before wrapping up my comments, I'd like to note that over the years, HUGHES has changed, evolved and re-invented itself many times. And importantly, each new incarnation of HUGHES has been stronger than its predecessor. I expect this trend to continue after the transaction closes and I'm highly confident that Chase and the rest of the HUGHES team, along with News Corporation and Fox, will help take HUGHES to the next level of growth and profitability.

With that, I'd like to turn it back over to Chase.

Thank you.

Eddy has given you a picture of where HUGHES is today. However, I assume the most important issue is how we plan to build HUGHES, and more particularly DIRECTV, going forward.

Quite simply, we have to make DIRECTV the best television experience in America. That means the richest, most exciting, highest quality yet easiest to use service. We have to more effectively market it and provide customer service second to none. And we have to do this with a financial discipline and focus that unlocks and maximizes the value of DIRECTV for our shareholders.

Fortunately, we launch this initiative from a strong base. We believe that DIRECTV today is considered the best television experience in America. It has the best brand and unique programming, like the NFL Sunday Ticket package. It is the second largest pay television service provider with the highest video revenue per subscriber and customer demographics that our competitors can only dream about.

However, the business is becoming even more competitive so we have to be much more effective in exploiting and enhancing these strengths while maximizing our discipline, efficiencies and economics to fully develop the value of DIRECTV.

We are confident we can achieve our goal because News Corporation will bring an array of strengths to both improve and broaden the competitive advantages of DIRECTV.

First, News Corporation will bring management expertise in satellite television, which can be best illustrated by BSKyB, the most successful satellite service in the world with churn below 10 percent annually, direct sales of over 50 percent and popular interactive services. BSKyB owns and operates world class installation and call center networks, and has generally built a business that has left the competition in the dust.

Second, News Corporation's worldwide satellite platforms will enjoy a size and scale that provides economies of scale to drive down costs and lead in the innovation of new features and services in set-top boxes, software, programming and other areas.

News Corporation's content will also be critical. Much of DIRECTV's future success will be about providing content in attractive ways, finding ways to enhance that content, and making all this content easy to find and access. Our relationship with FOX will put us at the forefront of this content evolution.

Finally, News Corporation will bring a passion and entrepreneurial culture to the business. We have built businesses from the Fox Network to Fox News to BSKyB and more. We know the business. We believe in lean and efficient management. To be the leader, decisions must be made thoughtfully yet quickly and decisively. This requires a real understanding of the competition, challenges and opportunities.

News Corporation brings all that.

To be fully successful, we need more than vision. We need a detailed action plan and we need to execute.

Today, I would like to focus on five key areas where we need to excel which include:

Technology,

Content,

Marketing, sales, and distribution,

Customer service, and

Financial discipline.

Technological leadership will be key to our success. We need to harness new technologies that will excite and enrich yet be accessible and friendly to our customers. There are a number of technological evolutions on the horizon today.

First, digital video recorders or DVRs which we believe will be a major part of the television household of tomorrow. I have never seen a device which is as valued, even worshipped, by every consumer who uses it. More importantly, it will be a cornerstone of our future. The DVR is not just our answer to cable's VOD, but we believe it will become the true VOD experience that allows for greater control of all content, not just movies, which is the cable VOD model. We expect to have the best DVR in the market and our global scale provides the resources and expertise to achieve that goal.

Our leadership will not just be in DVR functionality but in DVR tailored content, new revenue streams and other areas.

High definition television is another critical area. DIRECTV is a leader in high definition programming today and we are confident that by aggressively combining use of our Ku and Ka-band capacity, SPACEWAY satellites, digital terrestrial capabilities and new compression technologies, we will stay at the forefront of HDTV.

*(Continued)*



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And regarding set-top boxes, by incorporating a common technology standard into the design and manufacture of all DIRECTV boxes along with efficiencies derived from News Corp's global scale which includes 23 million customers on 7 direct-to-home platforms worldwide, I believe we can drive manufacturing costs significantly lower while bringing new features and functionality to market in an accelerated fashion. Next year, we expect a set-top box to feed multiple TV sets and we are working on a set-top box that will feed multiple televisions on a wireless basis in the next few years.

These are just some of the technological issues today. However, staying at the forefront of technological innovation and adapting these technologies to the consumer is going to be an ongoing battle. And we believe DIRECTV is well positioned to win this battle with cable.

Satellite has a lower infrastructure cost. It is more flexible and easier to upgrade because most technology is in our broadcast centers and the home, not in wires underground and central switching offices.

DIRECTV's national reach makes it more effective to launch, brand and promote new features.

Finally, I expect our management and organization to be much more agile and consumer oriented than cable.

The second initiative is content where we already have a number of key areas of focus.

Local television has been a great growth vehicle for DIRECTV and we need to use new satellite capabilities and compression to expand local programming.

The electronic program guide or EPG will become a critical part of the viewer experience as the DIRECTV service becomes richer. We will introduce features like 30 second clips and other services to create the best EPG in the market. News Corporation is again positioned to use its scale and expertise to help DIRECTV be the leader.

Interactivity and other enhancements will be a fundamental part of the television experience going forward and we are already a world leader in this area at BSkyB. You should note these services will not only improve the viewer experience but will open new revenue opportunities as well.

And of course we bring FOX content. FOX is a leader in sports, entertainment, and news programming on both a national and local level. As we develop ways to package product for DVRs, enhance it with interactivity and explore other content innovations, this relationship will be invaluable.

But to ultimately create value we need more than technology and content leadership, we must also increase our effectiveness in marketing, selling and servicing the customer.

In the marketing area we need to make sure we clearly articulate what makes us the best. We have to maximize the bang for our buck. Promotions have to be geared to motivate and excite retailers, dealers and consumers. Creating alliances can further expand our reach. Finally, News Corporation and FOX represent a tremendous opportunity for cross promotion and branding.

In the sales area we need to make sure we fully develop the potential of all our sales channels from national retail to dealers to direct sales. Compensation needs to be properly structured and each channel needs to have the proper tools and capabilities to maximize results. Most importantly, we need to be hands-on in managing the sales process to constantly energize and enhance sales performance.

Customer service is also an area where we have to get much closer to the customer. At BSKyB we own both our call centers and installation networks. The U.S is different and third party relationships are crucial here. Nonetheless, we have to increase our presence and management of these services and expect key functions in these areas to transition in-house.

The final initiative I want to touch on is financial discipline.

One of the important early challenges will be to maximize our operating margins. All costs, including programming, marketing, overhead and technical, must be evaluated. There is no reason our margins shouldn't rival our largest competitors.

SAC is another cost to attack. News Corporation expects to drive set-top box costs down through efforts I already noted. Distribution and inventory management provide further room for improvement. Demand for multiple and advanced set-top boxes in a home will put pressure on SAC so we need to maximize all opportunities for cost reductions.

Churn is another opportunity to improve financial performance. A rich experience with DVRs and HDTV, as well as interactivity and great service, should help drive down churn.

Finally, we will pursue ways to maximize revenue through both subscriber and ARPU growth. On the subscriber side, we are confident there is real room for growth if we execute. We are going to compete by offering the best value. Television is an important part of people's lives and they will pay a fair price for value. On the ARPU side, we are not planning on big leaps but expect growth and will aggressively pursue all new revenue opportunities. Interactivity, new content services, new packaging and new features all create opportunities to build revenue. There will also be new revenue opportunities in areas like targeted advertising and DVR-based advertising.

While DIRECTV is obviously at the heart of our plans for HUGHES, there are a number of other important businesses which Eddy touched on earlier where we are equally committed to maximizing value.

In Latin America, we believe we can convert a troubled business historically to a stable business with a real future.

At HNS, there are an array of businesses from set-top box manufacturing to the enterprise business which are market leaders. And SPACEWAY will bring a whole new generation of opportunities to HNS.

PanAmSat has a solid cash flow and good customer backlog based in video not telephony. In addition, most of its capital spending has been completed, and it is well positioned in a competitive marketplace.

We will make sure each of these businesses realizes its true potential.

So in closing, I am highly confident that the leadership and expertise that News Corporation and FOX bring to bear will enhance HUGHES' competitive position, produce excellent financial results and create significant shareholder value.

And when the transaction closes, I fully expect HUGHES to hit the ground running. With the completion of this transaction, we will have lined-up all of the key ingredients for success and now all we have to do is execute. That will be my primary focus. I believe we have an opportunity to create something really special here at HUGHES and I'm looking forward to the opportunity to help this company realize its full value.

That concludes our prepared remarks. Now, we'll open it up for questions and answers.

