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Thank you [Karim] for the introduction and thanks to everyone for joining us here today.

I will begin today's presentation with an overview of our businesses and our 2003 objectives. I'll then move on to discuss DIRECTV in the U.S. in more detail and conclude with a brief discussion on the transaction we announced with News Corp.

*(SLIDE)*

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As is customary, I m obligated to present the following slides.

[Pause for a few seconds]

**(SLIDE)**

[Pause for a few seconds]  
*(SLIDE)*



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

In the United States, with over 11.4 million customers, DIRECTV is the entertainment service of choice for nearly one in every nine television households in the country. In Latin America, DIRECTV serves more than 1.5 million customers. 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 hopeful these proceedings will allow the company to become more competitive and achieve profitability.

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 to both enterprises and consumers. On the enterprise side, we have a base of more than 400,000 terminals installed or ordered by blue-chip customers spanning the globe. For consumers, we provide Internet broadband services via satellite to more than 150,000 subscribers. In addition, HNS is a key supplier of set-top boxes for DIRECTV and is also leading the effort to develop SPACEWAY, the next generation satellite broadband platform.

And finally, there's PanAmSat, which is 81-percent owned by HUGHES and trades on the NASDAQ under the ticker symbol SPOT. PanAmSat operates one of the world's largest satellite fleets, generates EBITDA margins over 70 percent and boasts a backlog of nearly \$5.5 billion in long-term contracts.

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

*(SLIDE)*

We had an excellent first quarter in every key financial metric and we exceeded both internal and external expectations for revenues, EBITDA and cash.

In addition, we generated positive operating profit during the quarter for the first time in four years and also generated cash from our operations.

Perhaps the most important take-away from these first quarter results, however, is the validation of our operating strategy to grow our businesses profitably. I believe we've found the right balance between top-line growth, operating profitability and cash flow.

And as a result, we've increased our 2003 full-year guidance for all of these key metrics.

*(SLIDE)*

To meet these targets, we will focus on the following objectives:

- > First, as I'll explain in more detail in a few moments, DIRECTV US is expected to increase EBITDA by 40 percent and generate over \$200 million in cash.
- > Next, we expect to continue to move towards a successful re-organization of DIRECTV Latin America which will result in a significantly lower cost structure.
- > At HNS, we're targeting EBITDA break-even this year as the margins from our enterprise broadband business and set-top box business are expected to off-set the investments we're making in SPACEWAY and in our consumer DIRECWAY business. Regarding consumer DIRECWAY, this year we made the decision to pursue a limited growth strategy in order to minimize cash requirements. With the scaled-back subscriber growth, we expect this business to reach the important cash flow break-even milestone later in the year.
- > And finally at PanAmSat, we're sharply focused on continuing to streamline the company's cost structure and pursue initiatives to grow PanAmSat's business as the fixed satellite service industry consolidates.

*(Continued)*

*(Key Objectives for 2003, Cont d)*

By accomplishing these objectives, we expect to attain:

- > Solid revenue growth to \$9.5 to \$9.6 billion.
- > And 70 percent-plus growth in EBITDA to \$1.15 to \$1.2 billion.

In addition to spending a lot of time keeping the businesses focused on operational excellence, we're also going to be working diligently to complete the transaction with News Corp., which as you may know, was announced in April of this year.

*(SLIDE)*



Now, I'd like to switch gears and talk in more detail about DIRECTV in the U.S., which is the key value driver for HUGHES.

With over 11.4 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.

We continue to enjoy the industry's highest video ARPU or average revenue per customer. Last year, our ARPU of nearly \$60 per month was driven by the most extensive collection of programming available in the multi-channel industry.

We also have a robust nationwide distribution and installation network that help drive demand for nearly 3 million gross new customers per year.

*(SLIDE)*

Looking at our market, we believe we have an inherent advantage over cable in terms of subscriber growth opportunities, because we have a nationwide footprint.

The multi-channel market continues to grow each year and the DBS market share is still only around 20 percent so we still have lots of room for continued growth.

And with our superior programming, customer service and value proposition, we've been able to exploit these advantages over the years. Between 1998 and 2002, the DBS share of the multi-channel TV industry grew at a compounded annual growth rate in excess of 20 percent while cable's subscriber base declined approximately 2 percent annually during this time.

*(SLIDE)*

Turning to operations, about a year and a half ago, we made a conscious decision to re-focus the financial direction of DIRECTV to significantly increase cash flow and improve subscriber returns versus a previous strategy that placed a much greater emphasis on aggressive subscriber growth.

Although we continue to grow our subscriber base by acquiring high quality customers, we believe we maximize value by focusing on DIRECTV's key operating metrics, namely lowering customer churn, increasing ARPU and reducing costs.

We're accomplishing these through such things as:

- > Focusing on customer service as evidenced by our #1 ranking in customer service by J.D. Power. As you may have heard, last month we also received the number one ranking for customer satisfaction in the communications industry by the American Customer Satisfaction Index for the second year in a row.
- > We're also increasing the penetration of multiple set-top receivers, which is now nearly 2 boxes per home for new customers.
- > And we've expanded local channel service to approximately 68 percent of all television households in the country.

With these accomplishments, revenue in the first quarter grew by more than 16 percent, EBITDA more than doubled to an all-time record of \$230 million and we generated \$250 million in cash.

However, I believe our best days are still in front of us.

*(SLIDE)*

On this chart, I've listed the key drivers of our future growth.

First and foremost, we will capitalize on our competitive advantages, which are to continue to offer consumers the best video experience, award winning customer service and a compelling value proposition vis a vis cable.

- > Our marketing message is targeted to the 50 million customers who still have analog cable and also to those who have tried digital cable. Our most popular package, priced at \$39.99 per month, hits the sweet-spot for customers in terms of value meaning that this price point is similar to what customers would pay for a comparable analog cable package that has far fewer channels. In addition, our \$39.99 package is well below the typical price for a cable package with a digital tier, and unlike cable, DIRECTV is 100 percent digital.

We also expect to see new growth when we extend our local market coverage later this year. In expanding local channel coverage from 54 markets today to at least 100 markets by year-end, we'll reach an additional 18 million television homes, bringing the total coverage to 84 percent of the nation.

*(Continued)*

*(Strategy for Driving Growth, Cont d)*

In addition, we're highly focused on reducing expenses and have identified customer service and billing as the key areas where we can further trim costs. For example, by re-negotiating legacy contracts, we're targeting annual savings beginning next year of \$100 to \$150 million.

And finally, we're committed to aggressively rolling-out new services like digital video recorders or DVR and high definition TV. Let me take a minute to highlight these new services.

*(SLIDE)*

In 2003, we're striving to make a big splash with DVRs among both new and existing DIRECTV customers through our new relationship with TiVo, whereby DIRECTV is now responsible for branding, customer support and pricing of the DVR hardware and service.

- > Our new, low cost integrated DIRECTV DVR receiver is currently available nationwide for \$199 and this lower price point should help reduce the sticker shock customers had experienced with earlier DVRs that were priced in the \$350 range. In addition, we have reduced the monthly service fee from about \$10 to \$4.99.

One of the reasons we're so bullish about DVRs is because the economics are quite favorable. We expect to generate higher returns with DVR customers because the \$10 to \$20 of additional ARPU and lower churn rates associated with these customers more than offsets the incremental costs.

In addition to expanding the DVR service, we will also be improving our HDTV offerings going forward. Having been the first video provider to offer a national high definition broadcast in 1999, DIRECTV has been a leader in HDTV and we expect to continue this leadership going forward. Currently we offer customers four HD channels, however:

*(Continued)*

*(Introduce New Services, Cont d)*

- > Beginning July 1st, DIRECTV will offer a new HDTV programming package consisting of Discovery HD Theatre, ESPN HD, HDNet and HDNet Movies. This package will be offered to customers a la carte for \$10.99 per month and will include selected sporting events in high-definition.
- > In addition to the HDTV package, we will continue to offer stand-alone HD programming from HBO, Showtime and a 24 hour HD pay-per-view channel. We also expect to offer high definition telecasts of selected professional football games to our NFL SUNDAY TICKET subscribers as the HD-produced NFL games become available. And finally, we re looking to offer a high-definition DVR service later this year.

With these offerings, I believe DIRECTV customers will have an un-paralleled selection of high definition-programming.

And with upcoming satellite launches and improved compression technology, we will be in a position to continue offering American consumers the very best video service in the nation.

***SLIDE***

With these strategies for growth, we're anticipating strong financial results in the years ahead.

Although most cable operators are projecting little if any subscriber growth, we expect to grow our owned and operated subscriber base by at least 9 percent in 2003 by adding 800 to 850 thousand net new customers.

From the growing subscriber base and an expected increase in ARPU, we believe 2003 revenues will grow by about 13 percent to approximately \$7.3 billion and EBITDA will expand by about 35 percent to approximately \$900 million.

Beyond 2003, we expect to see continued solid revenue growth driven by our growing subscriber base and ARPU. And due to the significant operating leverage in this business, EBITDA margins are expected to rapidly increase.

As these metrics continue to move in the right direction, so does perhaps the most important driver of DIRECTV's valuation...cash flow...  
(SLIDE)



...which shows DIRECTV to be on the cusp of realizing its vast potential to deliver rapidly accelerating cash flow.

We're anticipating at least \$200 million in cash flow this year, and in the future, we expect cash flow to accelerate rapidly due to the revenue growth, expanding EBITDA margins and declining capital expenditures.

*(SLIDE)*

Before wrapping-up, I d like to spend a few moments on the transaction we announced last month with News Corp.

This transaction brings together companies that have unrivaled experience and expertise in satellite television, media and broadcasting services.

*(SLIDE)*

In the transaction, General Motors will split-off HUGHES and sell its approximately 19.8 percent interest in HUGHES to News Corp. for about \$3.8 billion, or \$14 per GMH share. At the same time, HUGHES public shareholders will exchange their shares in the current GMH tracking stock for asset-based shares in the new HUGHES.

News Corp. will then acquire an additional 14.2 percent stake in HUGHES from the HUGHES shareholders through a mandatory exchange of a portion of their HUGHES shares received in the split-off at a price valued at \$14 per share, payable in News Corp. ADRs, and/or cash, at News Corp.'s option.

At closing, News Corp.'s 34 percent interest in HUGHES will then be transferred to the Fox Entertainment Group, which will be about 82 percent owned by News Corp.

After obtaining the necessary shareholder and regulatory approvals, we hope to complete the transaction by the end of this year.  
*(SLIDE)*

I am convinced that this transaction gives us a great opportunity to elevate HUGHES to the next level of growth and profitability. And shareholders in HUGHES can benefit from this transaction for several reasons.

First, the split-off will convert HUGHES into an asset-based security, thus eliminating the tracking stock discount that we believe has hurt the stock's performance over the years. Additionally, closing the transaction will resolve investors' long-standing concerns about HUGHES ownership uncertainty.

Shareholders will also receive a significant premium on about 17.7 percent of their HUGHES shares acquired by News Corp., subject to a collar, and will have the opportunity to participate in the value created through the alignment with a leading global media and content company. In News Corp. and Fox, we'll have an affiliation with terrific companies that have a proven track record in developing innovative businesses and expanding markets. And importantly, we will now have an owner who has the same passion for this business as we do.

I firmly believe that by combining our strong operating momentum with News Corp.'s experience in running successful satellite and media companies, HUGHES will be able to grow faster and generate more profits than we would have otherwise.

*(SLIDE)*

So, in closing, I'd like to recap why I believe HUGHES is a terrific investment opportunity.

First, driven by a DIRECTV U.S. business that's running full throttle, HUGHES expects to deliver rapidly accelerating EBITDA and significant cash flow growth.

In DIRECTV U.S., we have the premier brand and market leader in an expanding industry with significant growth potential.

We also have an experienced, disciplined management team that is keenly focused on streamlining operations and improving efficiencies to pursue profitable growth.

And finally, we believe that the transaction with News Corp. will take HUGHES to the next level of growth and profitability.

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

**(SLIDE)**

