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Thank you [Doug] for the introduction and thanks to everyone for joining us here today.  
It is my understanding that I am to limit my presentation to 10 to 15 minutes so that I leave plenty of time for your questions. So, to keep within that time frame, I will spend just a few minutes presenting 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.

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

[Pause for a few seconds]

[Pause for a few seconds]

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 the next generation satellite broadband platform called

SPACEWAY.

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.

Simply put, 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.

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

First, as I will explain in more detail in a moment, DIRECTV US is expected to generate substantial gains in EBITDA and cash.

Next, we expect to successfully re-organize DIRECTV Latin America.

And at HNS, we're targeting to be EBITDA break-even this year.

Finally at PanAmSat, we're sharply focused on continuing to reduce costs while capitalizing on opportunities for growth.

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 last month.



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.

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.

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.

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 can create the most 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.

- 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 approximately 68 percent of all television households.

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.



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

First and foremost, we will continue to capitalize on our competitive advantages, namely that we are 100 percent digital and have exclusive programming, award winning customer service and an extremely compelling value proposition versus cable.

We also expect to see new growth when we expand our local market coverage later this year to an additional 18 million television homes bringing the total coverage to 84 percent of the nation.

And in addition to on-going efforts to reduce our cost structure, we're also committed to aggressively rolling-out new services like digital video recorders and high definition TV.

And with these strategies, 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 about 9 percent in 2003 by adding 800 to 850 thousand net new customers.

With the growing subscriber base and an expected increase in ARPU, we believe 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 increase very rapidly.

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

...which shows DIRECTV to be on the cusp of realizing its vast potential as a powerful cash generating business. 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.

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.



In the transaction, General Motors will split-off HUGHES and sell its approximately 19.9 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 14.1 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.

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 17.6 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.

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.

