

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

-----  
FORM 10-Q

(Mark One)

/X/ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996

OR

/ / TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER 0-26176

ECHOSTAR COMMUNICATIONS CORPORATION  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

NEVADA  
(STATE OR OTHER JURISDICTION  
OF INCORPORATION OR ORGANIZATION)

88-0336997  
(I.R.S. EMPLOYER  
IDENTIFICATION NO.)

90 INVERNESS CIRCLE EAST  
ENGLEWOOD, COLORADO  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

80112  
(ZIP CODE)

(303) 799-8222  
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

NOT APPLICABLE  
(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR,  
IF CHANGED SINCE LAST REPORT)

INDICATE BY CHECK MARK WHETHER THE REGISTRANT HAS FILED ALL REPORTS REQUIRED  
TO BE FILED BY SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934  
DURING THE PRECEDING 12 MONTHS (OR FOR SUCH SHORTER PERIOD THAT THE REGISTRANT  
WAS REQUIRED TO FILE SUCH REPORTS), AND HAS BEEN SUBJECT TO SUCH FILING  
REQUIREMENTS FOR THE PAST 90 DAYS. YES  NO

ON MAY 13, 1996, REGISTRANT'S OUTSTANDING VOTING COMMON STOCK CONSISTED  
OF 10,637,965 SHARES OF CLASS A COMMON STOCK, 29,804,401 SHARES OF CLASS B  
COMMON STOCK AND 1,616,681 SHARES OF SERIES A CONVERTIBLE PREFERRED STOCK,  
EACH \$0.01 PAR VALUE.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

FORM 10-Q

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1996

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EHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(IN THOUSANDS)

ASSETS

	December 31, 1995	March 31, 1996
	-----	-----
		(Unaudited)
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents . . . . .	\$ 21,754	\$164,813
Marketable investment securities . . . . .	15,670	212
Trade accounts receivable, net . . . . .	9,179	10,072
Inventories . . . . .	38,769	27,298
Income tax receivable . . . . .	3,554	4,806
Deferred tax assets . . . . .	1,779	3,973
Other current assets . . . . .	13,037	15,468
	-----	-----
<b>Total current assets . . . . .</b>	<b>103,742</b>	<b>226,642</b>
<b>RESTRICTED CASH AND MARKETABLE SECURITIES:</b>		
1994 Notes escrow . . . . .	73,291	63,617
1996 Notes escrow . . . . .	--	169,970
Other . . . . .	26,400	41,900
<b>PROPERTY AND EQUIPMENT, net . . . . .</b>	<b>354,000</b>	<b>359,821</b>
<b>OTHER NONCURRENT ASSETS . . . . .</b>	<b>65,658</b>	<b>102,721</b>
	-----	-----
<b>Total assets . . . . .</b>	<b>\$623,091</b>	<b>\$964,671</b>
	-----	-----

LIABILITIES AND STOCKHOLDERS' EQUITY

<b>CURRENT LIABILITIES:</b>		
Trade accounts payable . . . . .	\$ 19,063	\$ 13,599
Deferred programming revenue . . . . .	5,563	7,416
Accrued expenses and other current liabilities . . . . .	21,335	7,072
Notes payable and current portion of long-term debt . . . . .	4,782	4,783
	-----	-----
<b>Total current liabilities . . . . .</b>	<b>50,743</b>	<b>32,870</b>
<b>LONG-TERM DEFERRED PROGRAMMING REVENUE . . . . .</b>	<b>--</b>	<b>3,790</b>
<b>1994 NOTES, net . . . . .</b>	<b>382,218</b>	<b>395,333</b>
<b>1996 NOTES, net . . . . .</b>	<b>--</b>	<b>350,890</b>
<b>LONG-TERM MORTGAGE DEBT AND NOTE PAYABLE, excluding current portion . . . . .</b>	<b>33,444</b>	<b>32,421</b>
	-----	-----
<b>Total liabilities . . . . .</b>	<b>466,405</b>	<b>815,304</b>
	-----	-----

COMMITMENTS AND CONTINGENCIES (Note 6)

STOCKHOLDERS' EQUITY:

Preferred Stock, 20,000,000 shares authorized, 1,616,681 shares of Series A Cumulative Preferred Stock issued and outstanding, including accrued dividends of \$2,143,000 and \$2,444,000, respectively . . . . .	17,195	17,496
Class A Common Stock, \$.01 par value, 200,000,000 shares authorized, 10,535,003 and 10,621,116 shares issued and outstanding, respectively . . . . .	105	106
Class B Common Stock, \$.01 par value, 100,000,000 shares authorized, 29,804,401 shares issued and outstanding . . . . .	298	298
Common Stock Purchase Warrants . . . . .	714	20
Class C Common Stock, 100,000,000 shares authorized, none outstanding . . . . .	--	--
Additional paid-in capital . . . . .	151,674	152,487
Unrealized holding gains on available-for-sale securities, net of deferred taxes . . . . .	239	21
Retained earnings (deficit) . . . . .	(13,539)	(21,061)
	-----	-----
<b>Total stockholders' equity . . . . .</b>	<b>156,686</b>	<b>149,367</b>
	-----	-----
<b>Total liabilities and stockholders' equity . . . . .</b>	<b>\$623,091</b>	<b>\$964,671</b>
	-----	-----

The accompanying notes to consolidated financial statements are an integral part of these balance sheets.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31,	
	1995	1996
	-----	-----
REVENUE:		
DTH products and technical services . . . . .	\$36,277	\$ 36,741
Programming . . . . .	3,871	3,913
Loan origination and participation income . . . . .	265	813
	-----	-----
Total revenue . . . . .	40,413	41,467
	-----	-----
EXPENSES:		
DTH products and technical services . . . . .	29,445	32,750
Programming . . . . .	3,432	3,283
Selling, general and administrative . . . . .	7,871	10,733
Depreciation . . . . .	363	3,330
	-----	-----
Total expenses . . . . .	41,111	50,096
	-----	-----
OPERATING LOSS . . . . .	(698)	(8,629)
	-----	-----
OTHER INCOME (EXPENSE):		
Interest income . . . . .	3,638	2,677
Interest expense, net of amounts capitalized . . . . .	(6,563)	(6,043)
Other, net . . . . .	28	(17)
	-----	-----
Total other income (expense) . . . . .	(2,897)	(3,383)
	-----	-----
NET LOSS BEFORE INCOME TAXES . . . . .	(3,595)	(12,012)
BENEFIT FOR INCOME TAXES . . . . .	1,355	4,791
	-----	-----
NET LOSS . . . . .	\$(2,240)	\$ (7,221)
	-----	-----
NET LOSS ATTRIBUTABLE TO COMMON SHARES . . . . .	\$(2,541)	\$ (7,522)
	-----	-----
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING . . . . .	33,544	40,376
	-----	-----
LOSS PER COMMON AND COMMON EQUIVALENT SHARE . . . . .	\$ (0.08)	\$ (0.19)
	-----	-----

The accompanying notes to consolidated financial statements are an integral part of these statements.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	1995	1996
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss . . . . .	\$ (2,240)	\$ (7,221)
Adjustments to reconcile net loss to net cash flows from operating activities --		
Depreciation . . . . .	363	3,330
Provision for doubtful accounts . . . . .	111	621
Benefit for deferred taxes . . . . .	(2,493)	(1,371)
Amortization of deferred debt issuance costs on 1994 Notes . . . . .	315	315
Amortization of discount on 1994 Notes, net of amounts capitalized . . . . .	6,131	4,189
Amortization of discount on 1996 Notes, net of amounts capitalized . . . . .	--	843
Equity in (earnings) losses of joint venture . . . . .	(15)	25
Change in reserve for excess and obsolete inventory . . . . .	233	227
Long-term deferred programming revenue . . . . .	--	3,790
Other, net . . . . .	26	(163)
Changes in working capital items --		
Trade accounts receivable . . . . .	(728)	(1,514)
Inventories . . . . .	(4,238)	11,244
Income tax receivable . . . . .	--	(1,252)
Other current assets . . . . .	(730)	(2,431)
Liability under cash management program . . . . .	(57)	--
Trade accounts payable . . . . .	(1,061)	(5,464)
Deferred programming revenue . . . . .	(657)	1,853
Accrued expenses . . . . .	1,221	97
Other current liabilities . . . . .	38	640
	-----	-----
Net cash flows from operating activities . . . . .	(3,781)	7,758
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable investment securities . . . . .	(15,211)	(2)
Sales of marketable investment securities . . . . .	27,777	15,479
Purchases of restricted marketable investment securities . . . . .	--	(15,500)
Purchases of property and equipment . . . . .	(538)	(2,715)
Offering proceeds and investment earnings placed in escrow . . . . .	(2,714)	(178,452)
Funds released from escrow accounts . . . . .	16,257	17,785
Investment in convertible subordinated debentures from DBSI . . . . .	--	(3,000)
Long-term note receivable from DBSC . . . . .	--	(7,500)
Expenditures for satellite systems under construction . . . . .	(19,621)	(13,292)
Deposit on FCC authorization . . . . .	--	(10,459)
Expenditures for FCC authorizations . . . . .	--	(3,177)
	-----	-----
Net cash flows from investing activities . . . . .	5,950	(200,833)
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The accompanying notes to consolidated financial statements are an integral part of these statements.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS  
(IN THOUSANDS)  
(UNAUDITED)

	THREE MONTHS ENDED MARCH 31	
	1995	1996
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of mortgage indebtedness and note payable . . . . .	\$ (57)	\$ (1,022)
Stock options exercised . . . . .	--	113
Net proceeds from issuance of 1996 Notes . . . . .	--	337,043
	-----	-----
Net cash flows from financing activities . . . . .	(57)	336,134
	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS . . . . .	2,112	143,059
CASH AND CASH EQUIVALENTS, beginning of period . . . . .	17,506	21,754
	-----	-----
CASH AND CASH EQUIVALENTS, end of period . . . . .	\$ 19,618	\$ 164,813
	-----	-----
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized . . . . .	\$ 106	\$ 354
Cash paid for income taxes . . . . .	39	--
Cumulative Series A Preferred Stock dividends . . . . .	301	301
Satellite launch payment for EchoStar II applied to EchoStar I launch . . . . .	--	15,000
Employee incentives funded by issuance of Class A Common Stock . . . . .	--	7

The accompanying notes to consolidated financial statements are an integral part of these statements.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 1995 AND MARCH 31, 1996

(1) ORGANIZATION AND PRESENTATION OF FINANCIAL STATEMENTS

EchoStar Communications Corporation ("EchoStar") successfully launched its first direct broadcast satellite ("DBS"), EchoStar I, in December 1995 and, on March 4, 1996, began broadcasting its DBS programming (the "Dish Network-SM-") to the entire continental United States. The Dish Network-SM- currently includes over 100 channels of high quality digital video and audio programming and will expand to approximately 200 digital video and audio channels following the successful launch of a second DBS satellite, DirectSat I ("EchoStar II"), currently scheduled in the fall of 1996.

In addition to its DBS business, EchoStar is engaged in the design, manufacture, distribution and installation of satellite direct to home ("DTH") products, domestic distribution of DTH programming and consumer financing of EchoStar's domestic DTH products and services.

In January 1996, EchoStar formed a wholly owned subsidiary, EchoStar Satellite Broadcasting Corporation ("ESB"), for the purpose of completing a private offering (the "1996 Notes Offering"), pursuant to Rule 144A of the Securities Act of 1933, as amended (the "Securities Act"), of 13 1/8% Senior Secured Discount Notes due 2004 (the "1996 Notes"), resulting in net proceeds of approximately \$337.0 million. The 1996 Notes Offering was consummated in March 1996. Proceeds from the 1996 Notes Offering will be used for: (i) continued development, marketing and distribution of the Dish Network-SM-; (ii) EchoStar's purchase of DBS frequencies at 148DEG. WL; (iii) construction, launch and insurance of EchoStar III and EchoStar IV; (iv) additional launch costs of EchoStar II; and (v) other general corporate purposes. The additional frequencies were acquired by EchoStar at a public auction held by the Federal Communications Commission ("FCC") in January 1996 (the "FCC Auction"). In connection with the 1996 Notes Offering, EchoStar contributed all of the outstanding capital stock of its wholly owned subsidiary, Dish, Ltd., to ESB. This transaction has been accounted for as a reorganization of entities under common control whereby Dish, Ltd. has been treated as the predecessor to ESB. ESB is subject to all, and EchoStar is subject to certain of, the terms and conditions of the Indenture related to the 1996 Notes (the "1996 Notes Indenture"). On April 24, 1996, ESB filed a Registration Statement on Form S-1 under the Securities Act to exchange the 1996 Notes for publicly registered notes.

In June 1995, EchoStar completed an offering of its Class A Common Stock, resulting in net proceeds of approximately \$63.0 million (the "Equity Offering"). Dish Ltd. owns the majority of EchoStar's operating subsidiaries. In June 1994, Dish, Ltd. completed an offering of 12 7/8% Senior Secured Discount Notes due 2004 (the "1994 Notes") and Warrants (collectively, the "1994 Notes Offering"), resulting in net proceeds of approximately \$323.3 million. Dish Ltd. and most of its subsidiaries are subject to the terms and conditions of the Indenture related to the 1994 Notes (the "1994 Notes Indenture").

Unless otherwise stated herein, or the context otherwise requires, references herein to EchoStar shall include EchoStar and all of its direct and indirect wholly owned subsidiaries.

The accompanying unaudited condensed Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three month period ended March 31, 1996 are not necessarily indicative of the results that may be expected for the year ended December 31, 1996. For further information, refer to the Combined and Consolidated Financial Statements and footnotes thereto included in EchoStar Communications

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

Corporation's Annual Report on Form 10-K for the year ended December 31, 1995. Certain prior year amounts have been reclassified to conform with the current year presentation.

SIGNIFICANT RISKS AND UNCERTAINTIES

Execution of EchoStar's business strategy to launch and operate DBS satellites has dramatically changed its operating results and financial position. As of March 31, 1996, EchoStar expects to expend approximately an additional \$520 million through 1999 to build, launch and support its first four satellites (Note 6), assuming receipt of all required FCC licenses and permits. EchoStar consummated the 1994 Notes Offering, the 1996 Notes Offering and the Equity Offering to satisfy these capital requirements. Annual interest expense on the 1994 and 1996 Notes and depreciation of the investment in the satellites and related assets will each be of a magnitude that exceeds historical levels of income before taxes. Beginning in 1995 EchoStar reported significant net losses and expects net losses to continue for the foreseeable future. EchoStar's plans also include the construction and launch of two fixed service satellites, additional DBS satellites and marketing campaigns (including receiver subsidization if market conditions warrant) to promote its DBS products and services. EchoStar may need to raise significant additional funds for construction and launch of additional satellites, and there can be no assurance that necessary funds will be available or, if available, that they will be available on terms favorable to EchoStar. However, management believes, but can give no assurance, that demand for its DBS products and services will result in sufficient cash flow which, together with other sources of capital, will be sufficient to satisfy future planned expenditures. Significant delays or launch failures in EchoStar's satellite launch program may have significant adverse consequences to EchoStar's operating results and financial condition. The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for each reporting period. Actual results could differ from those estimates.

(2) SUPPLEMENTAL ANALYSIS

CASH AND CASH EQUIVALENTS

EchoStar considers all liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. Cash equivalents as of December 31, 1995, and March 31, 1996 consist of money market funds, corporate notes and commercial paper stated at cost which equates to market value.

RESTRICTED CASH AND MARKETABLE SECURITIES

EchoStar classifies all marketable investment securities as available-for-sale. Accordingly, these investments are reflected at market value based on quoted market prices. Related unrealized gains and losses are reported as a separate component of stockholders' equity, net of related deferred income taxes. The specific identification method is used to determine cost in computing realized gains and losses.

Restricted Cash and Marketable Securities in Escrow Accounts as reflected on the accompanying balance sheets represent the remaining net proceeds received from the 1994 Notes Offerings, and a portion of the proceeds from the 1996 Notes Offering, plus interest earned, less amounts expended to date in connection with the development, construction and launch of the Dish Network-SM-. These proceeds are held in separate escrow accounts (the "1994 Escrow Account" and the "1996 Escrow Account", respectively) for the benefit of the holders of the 1994 and 1996 Notes and are invested in certain debt and other marketable securities, as permitted by the respective Indentures, until disbursed for the express purposes identified in the 1994 Notes Offering Prospectus and the 1996 Notes Offering Memorandum, as the case may be.



ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

Other Restricted Cash includes \$11.4 million to satisfy certain covenants regarding launch insurance required by the 1994 Notes Indenture. EchoStar is required to maintain launch insurance and Restricted Cash totalling \$225.0 million for each of EchoStar I and EchoStar II. EchoStar has obtained \$219.3 million of launch insurance on each satellite, and, together with the cash segregated and reserved on the accompanying balance sheets, has satisfied its insurance obligations under the 1994 Notes Indenture. In addition, as of March 31, 1996, \$15.0 million was in an escrow account established pursuant to a DBS satellite receiver manufacturing contract for payment to the manufacturer as certain milestones are reached and \$15.5 million was in an escrow account for the purpose of cash collateralizing certain standby letters of credit (Note 4). The major components of Restricted Cash and Marketable Securities are as follows (in thousands):

	DECEMBER 31, 1995			MARCH 31, 1996		
	AMORTIZED COST	UNREALIZED HOLDING GAIN	MARKET VALUE	AMORTIZED COST	UNREALIZED HOLDING GAIN	MARKET VALUE
Commercial paper . . . . .	\$66,214	\$ --	\$66,214	\$ 70,600	\$ --	\$ 70,600
Government bonds . . . . .	32,904	420	33,324	204,411	49	204,460
Accrued interest . . . . .	153	--	153	427	--	427
	-----	-----	-----	-----	-----	-----
	\$99,271	\$420	\$99,691	\$275,438	\$ 49	\$275,487
	-----	-----	-----	-----	-----	-----

INVENTORIES

Inventories are stated at the lower of cost or market value. Cost is determined using the first-in, first-out ("FIFO") method. Proprietary products are manufactured by outside suppliers to EchoStar's specifications. EchoStar also distributes non-proprietary products purchased from other manufacturers. Manufactured inventories include materials, labor and manufacturing overhead. Cost of other inventories includes parts, contract manufacturers' delivered price, assembly and testing labor, and related overhead, including handling and storage costs. The major components of inventory were as follows (in thousands):

	DECEMBER 31, 1995	MARCH 31, 1996
Finished goods . . . . .	\$20,458	\$17,957
DBS receiver components . . . . .	9,615	9,728
Competitor DBS Receivers . . . . .	9,404	559
Spare parts . . . . .	2,089	2,078
Reserve for excess and obsolete inventory . . . . .	(2,797)	(3,024)
	-----	-----
	\$38,769	\$27,298
	-----	-----

EHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
 CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (CONTINUED)

ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

The composition of accrued expenses and other current liabilities is as follows (in thousands):

	DECEMBER 31, 1995	MARCH 31, 1996
	-----	-----
Accrued EchoStar I launch costs . . . . .	\$15,000	\$ --
Accrued expenses . . . . .	3,850	3,947
Reserve for warranty costs . . . . .	1,013	1,013
Other . . . . .	1,472	2,112
	-----	-----
	\$21,335	\$7,072
	-----	-----

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation. Cost includes interest capitalized on the EchoStar DBS System during construction at EchoStar's effective borrowing rate. The major components of property and equipment were as follows (in thousands):

	ESTIMATED USEFUL LIFE (IN YEARS)	DECEMBER 31, 1995	MARCH 31, 1996
	-----	-----	-----
Construction in progress . . . . .	--	\$303,174	\$107,912
EchoStar I satellite . . . . .	10	--	198,143
Furniture, fixtures and equipment . . . . .	2-12	17,163	21,329
Buildings and improvements . . . . .	7-40	21,006	21,109
Tooling and other . . . . .	2	2,039	3,470
Land . . . . .	--	1,613	1,613
Vehicles . . . . .	7	1,310	1,325
Furniture and equipment held for sale . . . . .		17,062	17,614
Computer equipment held for sale . . . . .		902	885
		-----	-----
Total property and equipment . . . . .		364,269	373,400
Less-Accumulated depreciation . . . . .		(10,269)	(13,579)
		-----	-----
Net property and equipment . . . . .		\$354,000	\$359,821
		-----	-----

Construction in progress includes capitalized costs related to the construction and launch of EchoStar II, which is scheduled for launch in the fall of 1996 and DBSC I ("EchoStar III") which is scheduled for launch prior to the end of 1997.

EHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
 CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (CONTINUED)

Construction in progress consisted of the following (in thousands):

	DECEMBER 31, 1995	MARCH 31, 1996
	-----	-----
Progress amounts for satellite construction, launch, launch insurance, capitalized interest, launch and in-orbit tracking, telemetry and control services:		
EchoStar I . . . . .	\$193,629	\$ --
EchoStar II . . . . .	88,634	81,133
EchoStar III launch . . . . .	20,801	5,058
EchoStar IV launch . . . . .	--	21,532
Other . . . . .	110	189
	-----	-----
	\$303,174	\$107,912
	-----	-----

OTHER NONCURRENT ASSETS

The major components of other noncurrent assets were as follows (in thousands):

	DECEMBER 31, 1995	MARCH 31, 1996
	-----	-----
Long-term note receivable from DBSC . . . . .	\$16,000	\$ 23,500
FCC authorizations, net of amortization . . . . .	11,309	15,288
1996 Notes deferred debt issuance costs, net of amortization . . . . .	--	13,004
1994 Notes deferred debt issuance costs . . . . .	10,622	10,307
Deferred tax assets, net . . . . .	12,109	11,420
Deposit on FCC authorization . . . . .	--	10,459
SSET convertible subordinated debentures and accrued interest . . . . .	9,610	9,758
Investment in DBSC . . . . .	4,111	4,086
DBSI convertible subordinated debentures . . . . .	1,000	4,000
Other, net . . . . .	897	899
	-----	-----
	\$65,658	\$102,721
	-----	-----

EchoStar presently owns approximately 40% of the outstanding common stock of Direct Broadcasting Satellite Corporation ("DBSC"). DBSC's principal assets include an FCC conditional satellite construction permit and specific orbital slot assignments for eleven DBS frequencies at 61.5DEG. WL and eleven DBS frequencies at 175DEG. WL (the "DBS Rights"). EchoStar intends to merge DBSC with Direct Broadcasting Satellite Corporation ("New DBSC"), a wholly owned subsidiary of EchoStar (the "DBSC Merger"). The DBSC Merger has been approved by DBSC shareholders but will not be consummated until the FCC has approved the DBSC Merger. Although no assurances can be given, EchoStar expects the FCC to issue an order with respect to the DBSC Merger in the near future. Assuming FCC approval of the DBSC Merger, EchoStar will hold, through New DBSC, DBSC's DBS Rights. On April 16, 1996, EchoStar filed a Registration Statement on Form S-4 under the Securities Act covering 658,000 shares of EchoStar Class A Common Stock that are intended to be issued in connection with the DBSC Merger.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

EARNINGS PER SHARE

Earnings per share have been calculated based on the weighted average number of shares of common stock issued and outstanding and, if dilutive, common stock equivalents (warrants and employee stock options) during the three months ended March 31, 1995 and 1996. Net loss has been adjusted for cumulative dividends on the 8% Series A Cumulative Preferred Stock.

(3) LONG-TERM DEBT

1994 NOTES

On June 7, 1994, Dish, Ltd. completed the 1994 Notes Offering of 624,000 units consisting of \$624.0 million aggregate principal amount of the 1994 Notes and 3,744,000 Warrants. The 1994 Notes Offering resulted in net proceeds to Dish, Ltd. of approximately \$323.3 million. Interest on the 1994 Notes currently is not payable in cash but accrues through June 1, 1999, with the 1994 Notes accreting to \$624.0 million by that date. Thereafter, interest on the 1994 Notes will be payable in cash semi-annually on June 1 and December 1 of each year, commencing December 1, 1999. At March 31, 1996, the 1994 Notes were reflected in the accompanying financial statements at \$395.3 million, net of unamortized discount of \$228.7 million.

1996 NOTES

On March 25, 1996, ESB completed the 1996 Notes Offering consisting of \$580.0 million aggregate principal amount of the 1996 Notes. The 1996 Notes Offering resulted in net proceeds to ESB of approximately \$337.0 million. Interest on the 1996 Notes currently is not payable in cash but accrues through March 15, 2000, with the 1996 Notes accreting to \$580.0 million by that date. Thereafter, interest on the 1996 Notes will be payable in cash semi-annually on March 15 and September 15 of each year, commencing September 15, 2000. At March 31, 1996, the 1996 Notes were reflected in the accompanying financial statements at \$350.9 million, net of unamortized discount of \$229.1 million.

(4) BANK CREDIT FACILITY AND LETTERS OF CREDIT

On May 6, 1994, the principal subsidiaries of EchoStar, except EchoStar Satellite Corporation ("ESC") (the "Borrowers"), entered into an agreement with Bank of America Illinois, to provide a revolving credit facility (the "Credit Facility") for working capital advances and for letters of credit necessary for inventory purchases and satellite construction payments. The Credit Facility expired in May 1996 and EchoStar does not currently intend to arrange a new credit facility. Instead, EchoStar is using available cash to collateralize its letter of credit obligations, which have historically been the only significant use of the Credit Facility. At March 31, 1996, EchoStar had cash collateralized \$15.5 million of certain standby letters of credit for trade purchases which is included in restricted cash and marketable securities in the accompanying financial statements (Note 2).

EHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
 CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
 (CONTINUED)

(5) INCOME TAXES

The components of the benefit for income taxes were as follows (in thousands):

	THREE MONTHS ENDED	
	MARCH 31,	
	1995	1996
	-----	-----
Current (provision) benefit		
Federal . . . . .	\$ (767)	\$3,202
State . . . . .	(194)	340
Foreign . . . . .	(177)	(122)
	-----	-----
	(1,138)	3,420
	-----	-----
Deferred benefit		
Federal . . . . .	2,050	1,281
State . . . . .	443	90
	-----	-----
	2,493	1,371
	-----	-----
Total benefit . . . . .	\$ 1,355	\$4,791
	-----	-----
	-----	-----

EchoStar's deferred tax assets (approximately \$15.4 million at March 31, 1996) relate principally to temporary differences for amortization of original issue discount on the 1994 and 1996 Notes and various accrued expenses which are not deductible until paid. No valuation allowance has been provided because EchoStar currently believes it is more likely than not that these deferred assets will ultimately be realized. If future operating results differ materially and adversely from EchoStar's current expectations, its judgment regarding the need for a valuation allowance may change.

(6) OTHER COMMITMENTS AND CONTINGENCIES

SATELLITE CONTRACTS

EchoStar has contracted with Martin Marietta Corporation ("Martin Marietta") for the construction and delivery of high powered DBS satellites and for related services. Penalties are payable by Martin Marietta as a result of delays in the delivery of EchoStar I by Martin Marietta and may be payable with respect to EchoStar II or EchoStar III. As of November 19, 1995, the date that EchoStar I was delivered by Martin Marietta to China, those penalties totaled approximately \$3.2 million with respect to EchoStar I. Penalties of \$2.0 million are payable by Martin Marietta in the event that EchoStar II is not delivered by May 15, 1996. Thereafter, delays in the delivery of EchoStar II would result in per diem additional penalties up to a maximum of \$5.0 million in the aggregate. Beginning August 1, 1997, a per diem penalty of \$3,333, to a maximum of \$100,000, is payable if EchoStar III is not delivered by July 31, 1997. Beginning September 1, 1997, additional delays in the delivery of EchoStar III would result in additional per diem penalties of \$33,333, up to a maximum of \$5.0 million in the aggregate.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

EchoStar has entered into a contract with Arianespace, Inc. ("Arianespace") to launch EchoStar II from Korou, French Guiana in the fall of 1996 (the "Arianespace Contract"). The launch is scheduled to be performed on a dedicated Ariane 42P launch vehicle. The Arianespace Contract provides the potential for the EchoStar launch to occur before the fall of 1996 if earlier scheduled launches are accelerated or delayed. The Arianespace Contract contains provisions entitling either party to delay the launch in limited circumstances, subject to the payment of penalties in some cases. As of March 31, 1996, EchoStar has paid Arianespace approximately \$4.4 pursuant to the Arianespace Contract. All remaining payments are payable monthly and will be due prior to the launch.

EchoStar II was previously scheduled to be launched by the same launch provider as EchoStar I, China Great Wall Industry Corporation ("Great Wall"). EchoStar I was successfully launched by Great Wall in December 1995. EchoStar notified Great Wall of its decision to terminate the launch of EchoStar II with Great Wall. EchoStar applied \$15.0 million previously paid Great Wall in connection with this launch to the final \$15.0 million owed Great Wall related to the launch of EchoStar I. In May 1996, EchoStar received a refund of the remaining \$4.5 million previously paid Great Wall in connection with the second launch.

EchoStar has entered into a contract for launch services with Lockheed Martin Commercial Launch Services, Inc. ("Lockheed") for the launch of EchoStar III from Cape Canaveral Air Station, Florida during the fall of 1997, subject to delay or acceleration in certain circumstances (the "Lockheed Contract"). The Lockheed Contract provides for launch of the satellite utilizing an Atlas IIAS launch vehicle. EchoStar has made an initial payment to Lockheed of \$5.0 million and the remaining cost is payable in installments in accordance with the payment schedule set forth in the Lockheed Contract, which requires that substantially all payments be made to Lockheed prior to the launch.

EchoStar has contracted with Lockheed-Khrunichev-Energia-International, Inc. ("LKE") for the launch of EchoStar IV during 1998 from the Kazakh Republic, a territory of the former Soviet Union, utilizing a Proton launch vehicle (the "LKE Contract"). Either party may request a delay in the relevant launch period, subject to the payment of penalties based on the length of the delay and the proximity of the request to the launch date. EchoStar has paid LKE \$20.0 million pursuant to the LKE Contract. No additional payments are currently required to be made to LKE until 1997.

PURCHASE COMMITMENTS

EchoStar has entered into agreements with various manufacturers to purchase DBS satellite receivers and related components manufactured based on EchoStar's supplied specifications. As of March 31, 1996 the remaining commitments total as much as \$622.2 million. At March 31, 1996, the total of all outstanding purchase order commitments with domestic and foreign suppliers was as much as \$641.3 million. All but approximately \$85.9 million of the purchases related to these commitments are expected to be made during 1996 and the remainder is expected to be made during 1997. EchoStar expects to finance these purchases from available cash, marketable investment securities and sales of inventory, including the sale of EchoStar Receiver Systems and related products.

OTHER RISKS AND CONTINGENCIES

EchoStar is subject to legal proceedings and claims which arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of EchoStar.

EHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
(CONTINUED)

(7) SUMMARY FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS

The 1994 Notes are fully, unconditionally and jointly and severally guaranteed by all subsidiaries of Dish, Ltd., except for certain de minimis domestic and foreign subsidiaries (collectively, the "1994 Notes Guarantors").

The 1996 Notes are initially guaranteed by EchoStar on a subordinated basis. On and after the Dish Guarantee Date (as defined in the 1996 Notes Indenture), the 1996 Notes will be guaranteed by Dish, Ltd., which guarantee will rank PARI PASSU with all senior unsecured indebtedness of Dish, Ltd. On and after the date upon which the DBSC Merger is consummated, the 1996 Notes will be guaranteed by New DBSC, which guarantee will rank PARI PASSU with all senior unsecured indebtedness of New DBSC. If the DBSC Merger is not consummated, New DBSC will not be required to guarantee the 1996 Notes. There can be no assurance that the DBSC Merger will be approved by the FCC or that it will be consummated.

The net assets of Dish, Ltd. exceed the net assets of the 1994 Notes Guarantors by approximately \$277,000 and \$223,000 as of December 31, 1995 and March 31, 1996, respectively. Summarized consolidated financial information for Dish, Ltd. is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31,	
	1995	1996
<b>Income Statement Data --</b>		
Revenue . . . . .	\$ 40,413	\$ 41,026
Expenses . . . . .	41,111	49,934
	-----	-----
Operating loss . . . . .	(698)	(8,908)
Other income (expense), net . . . . .	(2,897)	(3,234)
	-----	-----
Net loss before income taxes . . . . .	(3,595)	(12,142)
Benefit for income taxes . . . . .	1,355	4,852
	-----	-----
Net loss . . . . .	\$ (2,240)	\$ (7,290)
	-----	-----
	DECEMBER 31,	MARCH 31,
	1995	1996
<b>Balance Sheet Data --</b>		
Current assets . . . . .	\$ 81,858	\$ 64,144
Property and equipment, net . . . . .	333,199	333,231
Other noncurrent assets . . . . .	144,238	150,659
	-----	-----
Total assets . . . . .	\$559,295	\$548,034
	-----	-----
Current liabilities . . . . .	\$ 50,743	\$ 31,167
Long-term liabilities . . . . .	415,662	431,544
Stockholder's equity . . . . .	92,890	85,323
	-----	-----
Total liabilities and stockholder's equity . . . . .	\$559,295	\$548,034
	-----	-----

MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

EchoStar currently operates four related businesses: (i) operation of the DISH Network-SM-and continued development of the EchoStar DBS System; (ii) design, manufacture, marketing, installation and distribution of DTH products worldwide; (iii) domestic distribution of DTH programming; and (iv) consumer financing of EchoStar's domestic products and services. The growth of DBS service and equipment sales has had and will continue to have a material negative impact on EchoStar's domestic sales of C-band DTH products. On March 4, 1996 EchoStar began broadcasting and selling programming packages available on the Dish Network-SM- service. EchoStar expects to derive its revenue principally from monthly fees from subscribers for Dish Network-SM-programming and, to a lesser extent, from the sale of EchoStar Receiver Systems. As sales of EchoStar DBS programming and receivers increase, EchoStar expects the decline in its sales of domestic C-band DTH products to continue at an accelerated rate.

EchoStar will generally bill for Dish Network-SM- programming periodically in advance and will recognize revenue as service is provided. Revenue will be a function of the number of subscribers, the mix of programming packages selected and the rates charged, and transaction fees for ancillary programming and transponder leasing activities. From time to time EchoStar may engage in promotional activities that include discounted rates for limited periods, which will result in lower average revenue per subscriber for the applicable periods. DBS programming costs will generally be based upon the number of subscribers to each programming offering. Since the Dish Network-SM- did not commence operations until March 1996, its operating activities had a minimal effect on EchoStar's results of operations for the three month period ended March 31, 1996.

RESULTS OF OPERATIONS

THREE MONTH PERIOD ENDED MARCH 31, 1996 COMPARED TO THREE MONTH PERIOD ENDED MARCH 31, 1995

REVENUE. Total revenue for the three month period ended March 31, 1996 was \$41.5 million, an increase of \$1.1 million, or 3%, as compared to the same period in 1995 of \$40.4 million. Revenue from domestic sales of DTH products for the three month period ended March 31, 1996 was \$24.0 million, an increase of \$3.4 million, or 17%, as compared to the same period in 1995. The increase in domestic revenue was primarily due to \$8.2 million in revenue from the sale of EchoStar Receiver Systems during the three month period ended March 31, 1996. There were no EchoStar Receiver System sales during the comparable period in 1995. Approximately \$922,000 of the increase in domestic revenue for the three month period ended March 31, 1996 was due to an increase in the number of satellite receivers sold for a competitor's DBS system ("Competitor DBS Receivers"). Revenue from Competitor DBS Receiver sales was \$7.7 million for the three month period ended March 31, 1996, as compared to \$6.8 million for the same period in 1995. The increases in domestic revenue were principally offset by a decrease of \$4.7 million, or 47%, in revenue from sales of C-band satellite receivers and related accessories, during the three month period ended March 31, 1996, as compared to the same period in 1995. The increases in domestic revenue were also partially offset by a decrease of \$1.2 million, or 42%, in revenue from sales of non-proprietary descrambler modules, during the three month period ended March 31, 1996, as compared to the same period in 1995. The domestic market for C-band DTH products continued to decline during the three month period ended March 31, 1996, and this decline will continue with the growth of DBS service and equipment sales. This decline had been expected by EchoStar as described below.



Domestically, EchoStar sold approximately 45,000 satellite receivers in the three month period ended March 31, 1996, an increase of 67% as compared to approximately 27,000 receivers for the same period in 1995. Although there was an increase in the number of satellite receivers sold in 1996 as compared to 1995, overall revenue did not increase proportionately as a result of a substantial shift in product mix to lower priced DBS receivers and related accessories, and an approximate 23% reduction in the average selling price of C-band receivers. Included in the number of satellite receivers sold for the three month period ended March 31, 1996 are approximately 17,000 EchoStar Receiver Systems. EchoStar Receiver System revenue represented approximately 20% of total revenue for the three month period ended March 31, 1996.

Also included in the number of satellite receivers sold for the three month period ended March 31, 1996 are approximately 18,000 Competitor DBS Receivers as compared to 11,000 for the same period in 1995. During the three month period ended March 31, 1996, the Competitor DBS Receivers were sold at an approximate 30% reduction in the average selling price as compared to the same period in 1995. Competitor DBS Receiver revenue was 19% of total revenue for the three month period ended March 31, 1996. EchoStar's agreement to distribute Competitor DBS Receiver systems terminated on December 31, 1995 and during the first quarter of 1996, EchoStar sold the majority of its existing inventory of Competitor DBS Receivers. The elimination of Competitor DBS Receiver inventory will be offset by a substantial increase in inventory of EchoStar Receiver Systems and related components, the sale of which is expected to offset the elimination of revenue derived from the sale of Competitor DBS Receivers.

EchoStar markets its current C-band DTH products by offering competitive pricing and consumer financing in order to minimize the decline in domestic C-band DTH sales resulting from the increased popularity of DBS equipment and programming. Additionally, during all of 1995 and through the first quarter of 1996, EchoStar sold Competitor DBS Receivers which partially offset the decline in domestic C-band sales in 1995. During the three month period ended March 31, 1996 the decline in sales of C-band DTH products was more than offset by sales of Competitor DBS Receivers and EchoStar Receiver Systems. With the elimination of Competitor DBS Receiver inventory, domestic DTH product revenue in subsequent quarters will be substantially derived from the sale of EchoStar Receiver Systems which, although no assurances can be given, should accelerate in the second quarter as demand for Dish Network-SM-programming increases as a result of heightened advertising and marketing efforts.

Loan origination and participation income for the three month period ended March 31, 1996 was \$813,000, an increase of \$548,000, or 207%, compared to the same period in 1995. The increase in loan origination and participation income for the three month period ended March 31, 1996 was primarily due to increased finance volume, including the financing of EchoStar Receiver Systems. Additionally, subsequent to the first quarter of 1995 EchoStar entered into agreements with two national finance groups permitting EchoStar to offer more comprehensive financing terms.

Programming revenue for the three month period ended March 31, 1996 was \$3.9 million, an increase of \$42,000, or 1%, as compared to the same period in 1995. The increase was primarily due to Dish Network-SM- consumer and commercial programming revenue of \$464,000 generated during the three month period ended March 31, 1996. The increase in revenue derived from the sale of Dish Network-SM- programming was offset by a decrease in C-band DTH programming revenue. The industry-wide decline in domestic C-band equipment sales has resulted, and is expected to continue to result, in a decline in C-band DTH programming revenue. EchoStar believes that the expected decline in C-band DTH programming revenue in 1996 will be more than offset by sales of Dish Network-SM- programming.

Revenue from international sales of DTH products for the three month period ended March 31, 1996 was \$12.8 million, a decrease of \$3.0 million, or 19%, as compared to the same period in 1995. This decrease during the three month period ended March 31, 1996, resulted principally from reduced sales to the Middle East where EchoStar's largest international DTH customer is based, and an approximate 20% reduction in the average selling price of analog satellite receivers. This decline was partially offset by increased sales in Africa. Revenue from sales of DTH products in the Middle East suffered beginning in August 1995 as a result of restrictions against imports, and may not return to historic analog levels even as import restrictions are eased. Historic analog sales levels may not be reached because of new digital service planned for the Middle East which is currently expected to begin in the third quarter of 1996. Overall, EchoStar's international markets for analog DTH products declined during the three month period ended March 31, 1996 as anticipation for new digital services increased. Also, the decrease discussed above was partially offset by an increase in other DTH product revenue. Internationally, EchoStar sold approximately 76,000 analog satellite receivers during the three month period ended March 31, 1996, a decrease of 11%, compared to approximately 85,000 units sold during the same period in 1995. The decrease was principally due to international anticipation of new digital services as discussed above. EchoStar is currently negotiating with digital service providers to distribute their proprietary receivers in EchoStar's international markets.

**OPERATING EXPENSES.** Costs of DTH products sold were \$32.8 million for the three month period ended March 31, 1996, an increase of \$3.3 million, or 11%, as compared to the same period in 1995. The increase in DTH operating expenses for 1996 resulted primarily from the increase in sales of DTH products. Operating expenses for DTH products as a percentage of DTH product revenue were 89% and 81% for the three month period ended March 31, 1996 and 1995, respectively. The increase was principally the result of declining sales prices of C-band DTH products and Competitor DBS Receivers as described above, during the three month period ended March 31, 1996 as compared to the same period in 1995.

Operating expenses for programming were \$3.3 million for the three month period ended March 31, 1996, a decrease of \$149,000, or 4%, as compared to the same period in 1995. Operating expenses for programming as a percentage of programming revenue for the three month period ended March 31, 1996 were 84% as compared to 89% for the same period in 1995. The decrease in operating expenses for programming as a percentage of programming revenue for the three month period ended March 31, 1996 was primarily a result of higher margins earned on Dish Network-SM- programming partially offset by declining margins on C-band programming.

**SELLING, GENERAL AND ADMINISTRATIVE EXPENSES.** Selling, general and administrative expenses were \$10.7 million for the three month period ended March 31, 1996, an increase of \$2.9 million, or 36%, as compared to the same period in 1995. Selling, general and administrative expenses as a percentage of total revenue increased to 26% for the three month period ended March 31, 1996 as compared to 19% for the same period in 1995. This increase was principally due to: (i) marketing and advertising prior to and in conjunction with the introduction of Dish Network-SM- service; (ii) increased personnel in all areas of the organization to support the Dish Network-SM-; and (iii) costs related to the Digital Broadcast Center, which commenced operations in the third quarter of 1995.

Research and development costs totaled \$1.2 million for the three month period ended March 31, 1996, as compared to \$1.3 million for the same period in 1995. The decrease was principally due to the reduction in research necessary to provide C-band receivers to domestic and international markets, partially offset by increased research and development costs related to digital DBS satellite receivers.

**EBITDA.** EBITDA for the three month period ended March 31, 1996 was a negative \$5.3 million, a decrease of \$5.0 million compared to the same period in 1995. The decrease resulted from the factors affecting revenue and expenses discussed above. EBITDA represents earnings before interest income, interest expense net of other income, income taxes, depreciation and amortization. EBITDA is commonly used in the telecommunications industry to analyze companies on the basis of operating performance, leverage and liquidity. EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to operating income as an indicator of operating performance and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

DEPRECIATION. Depreciation for the three month period ended March 31, 1996 was \$3.3 million, an increase of \$3.0 million, or 817%, as compared to the same period in 1995. The overall increase primarily resulted from depreciation on the Digital Broadcast Center and EchoStar I which were placed in service during the fourth quarter of 1995 and the first quarter of 1996, respectively.

OTHER INCOME AND EXPENSE. Other expense for the three month period ended March 31, 1996 was \$3.4 million, an increase of \$486,000, or 17% as compared to the same period in 1995. The increase in other expense for the three month period ending March 31, 1996 resulted primarily from a reduction in interest income due to an overall decrease for the period in the 1994 Notes Escrow Account, cash and marketable investment securities. This was partially offset by a decrease in interest expense resulting from additional capitalized interest in 1996 as compared to the same period in 1995.

PROVISION FOR INCOME TAXES. Income tax benefit for the three month period ended March 31, 1996 was \$4.8 million compared to \$1.4 million during the same period in 1995. This increase is principally the result of changes in components of income and expenses discussed above during the three month period ended March 31, 1996. EchoStar's deferred tax assets (approximately \$15.4 million at March 31, 1996) relate principally to temporary differences for amortization of original issue discount on the 1994 and 1996 Notes and various accrued expenses which are not deductible until paid. No valuation allowance has been provided because EchoStar currently believes it is more likely than not that these deferred assets will ultimately be realized. If future operating results differ materially and adversely from EchoStar's current expectations, its judgment regarding the need for a valuation allowance may change.

#### LIQUIDITY AND CAPITAL RESOURCES

Cash flows provided by operations were \$7.8 million for the three month period ended March 31, 1996 as compared to \$3.8 million used by operations for the same period in 1995. Cash provided by operations for the three month period ended March 31, 1996 was mainly a result of deferred programming revenue received related to the Dish Network-SM- and the sale of the majority of Competitor DBS Receiver inventory. EchoStar expects any declines in inventory to be offset by substantial increases in EchoStar Receiver System inventory and related components. The anticipated increase in inventory is expected to negatively affect cash flow in the short term. However, as EchoStar builds its Dish Network-SM- subscriber base, the negative affect on cash flow should be offset by an increase in revenue attributable to sales of EchoStar Receiver Systems and Dish Network-SM- programming. In the event subscriptions to Dish Network-SM- programming do not meet anticipated levels, the negative affect on cash flow will continue.

Certain subsidiaries of EchoStar are parties to a credit facility (the "Credit Facility") with Bank of America Illinois. The Credit Facility expired in May 1996 and EchoStar does not currently intend to arrange a replacement credit facility. Instead, EchoStar is using available cash to collateralize its letter of credit obligations, which historically was the only significant use of the Credit Facility. At March 31, 1996, EchoStar had cash collateralized \$15.5 million of certain standby letters of credit for trade purchases which is included in restricted cash and marketable securities in the accompanying balance sheet.

During June 1994, EchoStar issued 624,000 units consisting of \$624.0 million principal amount of the 1994 Notes and 3,744,000 Warrants (representing 2,808,000 shares of EchoStar Class A Common Stock) for aggregate net proceeds of approximately \$323.3 million, which were placed in the 1994 Escrow Account. Through March 31, 1996, \$276.8 million had been withdrawn from the 1994 Escrow Account. Of that amount, \$28.3 million was to reimburse EchoStar for monies expended for the construction and launch of EchoStar I and EchoStar II prior to June 7, 1994, and will be reinvested in development of the EchoStar DBS System. At March 31, 1996, approximately \$251.9 million of these proceeds had been applied to development and construction of the EchoStar DBS System and approximately \$24.9 million had been applied to other permitted uses. As of March 31, 1996, approximately \$63.6 million remained in the 1994 Escrow Account, which included investment earnings.

In March 1996, ESB consummated a private placement of the 1996 Notes. ESB was formed in January 1996 for the purpose of the 1996 Notes Offering. EchoStar has contributed all of the outstanding capital stock of its wholly owned subsidiary, Dish, Ltd., to ESB. ESB issued 580,000 notes consisting of \$580.0 million principal amount of the 1996 Notes for aggregate net proceeds of approximately \$337.0 million of which \$177.3 million was placed in the 1996 Escrow Account and the remaining \$159.7 million is included in cash and cash equivalents in the accompanying balance sheet at March 31, 1996. Through March 31, 1996, \$7.5 million had been withdrawn from the 1996 Escrow Account for development and construction of the EchoStar DBS System. As of March 31, 1996, approximately \$170.0 million remained in the 1996 Escrow Account, which included investment earnings. Total cash on hand and marketable investment securities at March 31, 1996 were approximately \$165.0 million.

Based upon existing cash resources and expected revenue and expenses, exclusive of Dish Network-SM- marketing expenses, EchoStar anticipates requiring an additional \$40.0 million in working capital in 1996 related to operations and the development of the EchoStar DBS System. This cash requirement could increase if subscribers are not added as planned or expenses, including subsidization of EchoStar Receiver Systems, exceed present estimates. Additionally, in 1996, EchoStar has expended or expects to expend: (i) approximately \$125.3 million in connection with the launch of EchoStar II and EchoStar III; (ii) approximately \$46.7 million for launch insurance on EchoStar II and EchoStar III; (iii) approximately \$52.5 million for construction of EchoStar III and EchoStar IV; (iv) approximately \$8.0 million for in-orbit payments to Martin Marietta on EchoStar I and EchoStar II; (v) approximately \$52.3 million for the purchase of DBS frequencies at 148DEG. WL; (vi) \$10.4 million for other 1994 Escrow related expenditures related to development of the EchoStar DBS System; and (vii) up to \$95.0 million for the introduction, product marketing and other operating expenses for the Dish Network-SM-. Funds for these expenditures, as well as proposed expenditures beyond 1996 related to costs expected to be incurred in connection with the construction and launch of EchoStar's first four satellites, in an approximate amount of \$235.0 million, are expected to come from the 1996 Notes Escrow Account, the 1994 Notes Escrow Account and available cash and marketable investment securities. However, in order to continue development of the third and fourth satellites beyond the third quarter in 1997, additional capital will be required. There are no assurances that additional capital will be available, or, if available, that it will be available on terms favorable to EchoStar.

In addition to the commitments described above, EchoStar has entered into agreements to purchase DBS satellite receivers and related components for the EchoStar DBS System. As of March 31, 1996 those purchase order commitments totaled as much as \$622.2 million. At March 31, 1996, the total of all outstanding purchase order commitments with domestic and foreign suppliers was as much as \$641.3 million. All but approximately \$85.9 million of the purchases related to these commitments are expected to be made during 1996 and the remainder is expected to be made during 1997. EchoStar expects to finance these commitments from available cash, marketable investment securities and sales of inventory, including the sale of EchoStar Receiver Systems and related products.

In the event price and marketing competition intensifies among DBS and other "small dish" operators, EchoStar may be at a competitive disadvantage as a result of its limited financial resources, and would be required to raise additional capital during 1996 if DBS hardware subsidizations increase significantly. EchoStar had outstanding \$415.7 million and \$778.6 million of long-term debt (including the 1994 and 1996 Notes, deferred satellite contract payments on EchoStar I and mortgage debt) as of December 31, 1995 and March 31, 1996, respectively. In addition, because interest on the 1994 Notes is not payable currently in cash but accretes through June 1, 1999, the 1994 Notes will increase by \$241.8 million through that date. Also, because interest on the 1996 Notes is not payable in cash but accretes through March 15, 2000, the 1996 Notes will increase by \$230.0 million through that date. Contractor financing of \$28.0 million is available for EchoStar II. Interest on the contractor financing is at the prime rate and principal payments are payable in equal monthly installments over five years following the launch of the satellite.

## AVAILABILITY OF OPERATING CASH FLOW TO ECHOSTAR

The 1994 and 1996 Notes Indentures impose various restrictions on the transfer of funds among EchoStar and its subsidiaries. Although the 1996 Notes are collateralized by the stock of Dish, Ltd., various assets expected to form an integral part of the EchoStar DBS System (and not otherwise encumbered by the 1994 Notes Indenture), and guarantees of EchoStar and certain of its other subsidiaries, ESB's ability to fund interest and principal payments on the 1996 Notes will depend on successful operation of the Dish Network-SM- and ESB having access to available cash flows generated by the Dish Network-SM-. If cash available to ESB is not sufficient to service the 1996 Notes, EchoStar would be required to obtain cash from other sources such as asset sales, issuance of equity securities, or new borrowings. There can be no assurance that those alternative sources would be available, or available on favorable terms, or sufficient to meet debt service requirements on the 1996 Notes.

## ASSETS OF PRINCIPAL GUARANTORS

EchoStar guarantees the 1996 Notes on a subordinated basis. EchoStar's Equity Offering resulted in net proceeds of approximately \$63.0 million. EchoStar's assets at March 31, 1996 included assets purchased with those proceeds and cash remaining from the Equity Offering. Substantially all of the proceeds from the Equity Offering were used: (i) to secure launches for a third and fourth satellite; (ii) to support, through loans to DBSC, construction of a third satellite; (iii) to purchase, for \$4.0 million, convertible subordinated secured debentures from DBS Industries, Inc.; and (iv) for general corporate purposes, including the down payment, for DBS frequencies purchased at 148DEG. WL at the FCC Auction in January 1996, which will be reimbursed with the proceeds of the 1996 Notes Offering.

## OTHER

### 1994 AND 1996 NOTES

EchoStar I was successfully launched by Great Wall in December 1995. In the event of a launch failure of EchoStar II, Dish, Ltd. would first be required under the 1994 Notes Indenture to make an offer to repurchase one-half of the then accreted value of the 1994 Notes. In the event that EchoStar does not have the right to use orbital slot authorizations granted by the FCC covering a minimum of 21 transponders at a single full CONUS orbital slot, ESB and Dish, Ltd. will be required to make an offer to repurchase all or a portion of the outstanding 1996 Notes and 1994 Notes, respectively. Additionally, in the event that EchoStar DBS Corporation, a wholly owned subsidiary of EchoStar, fails to obtain authorization from the FCC for frequencies purchased at the FCC Auction in January 1996, or in the event that such authorization is revoked or rescinded, ESB will be required under the 1996 Notes Indenture to repurchase the maximum principal amount of the 1996 Notes that may be purchased with the proceeds of any refund received from the FCC.

If the DBSC Merger or similar transaction does not occur on or before March 1, 1997, ESB will be required to repurchase at least \$83.0 million principal amount of the 1996 Notes. Further, in the event that EchoStar incurs more than \$7.8 million in expenses (as defined in the 1996 Notes Indenture) in connection with the DBSC Merger, ESB will be required to apply an amount equal to such expenses minus \$7.8 million to an offer to repurchase the maximum principal amount of the 1996 Notes that may be purchased out of such proceeds.

If any of the above described events were to occur, EchoStar's plan of operations, including its liquidity, would be adversely affected and its current business plan could not be fully implemented. Further, EchoStar's short-term liquidity would be adversely affected in the event of: (i) significant delay in the delivery of certain products and equipment necessary for operation of the EchoStar DBS System; (ii) shortfalls in estimated levels of operating cash flows; or (iii) unanticipated expenses in connection with development of the EchoStar DBS System.

#### RECEIVER MANUFACTURERS

EchoStar has agreements with two manufacturers to supply the receiver component of EchoStar Receiver Systems. To date, one of the manufacturers has produced a receiver acceptable to EchoStar, and that manufacturer is presently manufacturing receivers in quantities sufficient to meet expected demand. No assurances can be given that EchoStar's other manufacturer will be able to produce an acceptable receiver in the future. In the event the other manufacturer is unable to produce a receiver acceptable to EchoStar, EchoStar could be dependent on one manufacturing source for its receivers. To date, EchoStar has paid this manufacturer \$10.0 million and has an additional \$15.0 million in an escrow account as security for EchoStar's payment obligations under the contract.

#### EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

The Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 121, "Accounting for Impairment Of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of" ("SFAS No. 121"). EchoStar has adopted SFAS No. 121 in the first quarter of 1996 and its adoption has not had a material impact on EchoStar's financial position, results of operations or cash flows.

Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS No. 123"), issued by FASB in October 1995 and effective for fiscal years beginning after December 15, 1995, encourages, but does not require, a fair value based method of accounting for employee stock options or similar equity instruments. It also allows an entity to elect to continue to measure compensation cost under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB No. 25"), but requires pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied. EchoStar has adopted SFAS No. 123 in the first quarter of 1996 and has elected to continue to measure compensation cost under APB No. 25 and to comply with the pro forma disclosure requirements. Therefore, this statement has had no impact on EchoStar's results of operations.

#### IMPACT OF INFLATION; BACKLOG

Inflation has not materially affected EchoStar's operations during the past three years. EchoStar believes that its ability to increase charges for products and services in future periods will depend primarily on competitive pressures. EchoStar does not have any material backlog of its products.

PART II

ITEM 1. LEGAL PROCEEDINGS

EchoStar is a party to certain legal proceedings arising in the ordinary course of its business. EchoStar does not believe that any of these proceedings will have a material adverse affect on EchoStar's financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

On May 6, 1996, EchoStar held its 1996 Annual Meeting of Shareholders. The following items were voted upon and the results of such votes were as follows:

ELECTION OF DIRECTORS

The following individuals were elected to serve as Directors of EchoStar:

Name	Number of Votes		
	For	Against	Withheld
Charles W. Ergen	320,813,197	-	63,660
James DeFranco	320,813,197	-	63,660
R. Scott Zimmer	320,813,137	-	63,720
Raymond L. Friedlob	320,812,635	-	64,222
Alan M. Angelich	320,813,167	-	63,690

PROPOSAL TO APPROVE THE 1995 NON-EMPLOYEE DIRECTOR STOCK OPTION PLAN

The votes were cast as follows:

Number of Votes		
For	Against	Withheld
320,255,090	616,644	5,123

PROPOSAL TO RATIFY THE APPOINTMENT OF ARTHUR ANDERSEN LLP AS THE INDEPENDENT PUBLIC ACCOUNTANTS OF ECHOSTAR FOR THE YEAR ENDING DECEMBER 31, 1996

The votes were cast as follows:

Number of Votes		
For	Against	Withheld
320,874,050	980	1,827

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NO.	DESCRIPTION
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2.1*	Amended and Restated Agreement for Exchange of Stock and Merger, dated as of May 31, 1995, by and among EchoStar Communications Corporation, a Nevada corporation formed in April 1995 ("EchoStar"), Charles W. Ergen and EchoStar (incorporated herein by reference to Exhibit 2.2 to the Registration Statement Form S-1, Registration No. 33-91276).
2.2*	Agreement regarding purchase of debentures between Dish, Ltd. (formerly EchoStar Communications Corporation, a Nevada corporation formed in December 1993 ("Dish")), SSE Telecom, Inc. ("SSET"), dated March 14, 1994, including Plan and Agreement of Merger, by and among Dish, DirectSat Merger Corporation, DirectSat Corporation and SSET (incorporated herein by reference to Exhibit 2.2 to the Registration Statement on Form S-1, Registration No. 33-76450).
3.1(a)*	Amended and Restated Articles of Incorporation of EchoStar (incorporated herein by reference to Exhibit 3.1(a) to the Registration Statement on Form S-1, Registration No. 33-91276).
3.1(b)*	Bylaws of EchoStar (incorporated herein by reference to Exhibit 3.1(b) to the Registration Statement on Form S-1, Registration No. 33-91276).
4.1*	Indenture of Trust between Dish and First Trust National Association ("First Trust"), as Trustee (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.2*	Warrant Agreement between EchoStar and First Trust, as Warrant Agent (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.3*	Security Agreement in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.1 (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.4*	Escrow and Disbursement Agreement between Dish and First Trust (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.5*	Pledge Agreement in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.1 herein (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.6*	Intercreditor Agreement among First Trust, Continental Bank, N.A. and Martin Marietta Corporation ("Martin Marietta") (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.7*	Series A Preferred Stock Certificate of Designation of EchoStar (incorporated herein by reference to Exhibit 4.7 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
4.8*	Registration Rights Agreement by and between EchoStar and Charles W. Ergen (incorporated herein by reference to Exhibit 4.8 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).



EXHIBIT NO. -----	DESCRIPTION -----
4.9*	Indenture of Trust between ESB and First Trust, as Trustee (incorporated herein by reference to Exhibit 4.9 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
4.10*	Security Agreement of ESB in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 (incorporated herein by reference to Exhibit 4.10 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
4.11*	Escrow and Disbursement Agreement between ESB and First Trust (incorporated herein by reference to Exhibit 4.11 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
4.12*	Pledge Agreement of ESB in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 (incorporated herein by reference to Exhibit 4.12 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
4.13*	Pledge Agreement of EchoStar in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 (incorporated herein by reference to Exhibit 4.13 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
4.14*	Registration Rights Agreement by and between the Issuer, EchoStar, Dish, New DBSC and Donald, Lufkin & Jenrette Securities Corporation (incorporated herein by reference to Exhibit 4.14 to the Annual Report on Form 10-K of EchoStar, Commission File No. 0-26176).
10.1(a)*	Satellite Construction Contract, dated as of February 6, 1990, between EchoStar Satellite Corporation ("ESC") and Martin Marietta Corporation as successor to General Electric EchoStar, Astro-Space Division ("General Electric") (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
10.1(b)*	First Amendment to the Satellite Construction Contract, dated as of October 2, 1992, between ESC and Martin Marietta as successor to General Electric (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.1(c)*	Second Amendment to the Satellite Construction Contract, dated as of October 30, 1992, between ESC and Martin Marietta as successor to General Electric (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.1(d)*	Third Amendment to the Satellite Construction Contract, dated as of April 1, 1993, between ESC and Martin Marietta (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.1(e)*	Fourth Amendment to the Satellite Construction Contract, dated as of August 19, 1993, between ESC and Martin Marietta (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.1(f)*	Form of Fifth Amendment to the Satellite Construction Contract, between ESC and Martin Marietta (incorporated herein by reference to the Registration Statement on Form S-8 of EchoStar, Registration No. 33-81234).
10.1(g)*	Sixth Amendment to the Satellite Construction Contract, dated as of June 7, 1994, between ESC and Martin Marietta (incorporated herein by reference to the Registration Statement on Form S-8 of EchoStar, Registration No. 33-81234).

EXHIBIT NO.	DESCRIPTION
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10.2*	Satellite Launch Contract, dated as of September 27, 1993, between ESC and the China Great Wall Industry Corporation (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.3*	Distributor Agreement, dated as of July 30, 1993, between Echosphere Corporation ("Echosphere") and Thomson Consumer Electronics, Inc. (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.4*	Master Purchase and License Agreement, dated as of August 12, 1986, between Houston Tracker Systems, Inc. ("HTS") and Cable/Home Communications Corp. (a subsidiary of General Instruments Corporation) (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.5*	Master Purchase and License Agreement, dated as of June 18, 1986, between Echosphere and Cable/Home Communications Corp. (a subsidiary of General Instruments Corporation) (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.6*	Merchandising Financing Agreement, dated as of June 29, 1989, between Echo Acceptance Corporation ("EAC") and Household Retail Services, Inc. (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.7*	Key Employee Bonus Plan, dated as of January 1, 1994 (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.8*	Consulting Agreement, dated as of February 17, 1994, between ESC and Telesat Canada (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.9*	Form of Satellite Launch Insurance Declarations (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd. Registration No. 33-76450).
10.10*	Dish, Ltd. 1994 Stock Incentive Plan (incorporated herein by reference to the Registration Statement on Form S-1 of Dish, Ltd., Registration No. 33-76450).
10.11*	Form of Tracking, Telemetry and Control Contract between AT&T Corp. and ESC (incorporated herein by reference to the Registration Statement on Form S-8 of EchoStar, Registration No. 33-81234).
10.12*	Manufacturing Agreement, dated as of March 22, 1995, between HTS and SCI Technology (incorporated herein by reference to Exhibit 10.12 to the Registration Statement as Form S-1 of Dish, Ltd., Commission File No. 33-81234).
10.13*	Manufacturing Agreement dated as of April 14, 1995 by and between ESC and Sagem Group (incorporated herein by reference to Exhibit 10.13 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
10.14*	Statement of Work, dated January 31, 1995 from EchoStar Satellite Corporation Inc. to Divicom Inc. (incorporated herein by reference to Exhibit 10.14 to the Registration Statement on Form S-1, Registration No. 33-91276).

EXHIBIT NO.	DESCRIPTION
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10.15*	Launch Services Contract, dated as of June 2, 1995, by and between EchoStar Satellite Corporation and Lockheed-Khrunichev-Energia International, Inc. (incorporated herein by reference to Exhibit 10.15 to the Registration Statement on Form S-1, Registration No. 33-91276).
10.16*	EchoStar 1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.16 to the Registration Statement on Form S-1, Registration No. 33-91276).
11	Computation of Earnings Per Share for the three months ended March 31, 1996.
27	Financial Data Schedule

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 \* Incorporated by reference pursuant to Rule 12D-32 under the Securities and Exchange Act of 1934, as amended.

(b) REPORTS ON FORM 8-K.

No current reports on Form 8-K were filed by EchoStar during the period covered by this Quarterly Report on Form 10-Q.

SIGNATURES

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EchoStar Communications Corporation

Date: May 13, 1996

/s/ Steven B. Schaver

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Steven B. Schaver

Vice President and Chief Financial Officer

/s/ Steven B. Schaver

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Steven B. Schaver

Principal Financial Officer

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
COMPUTATION OF EARNINGS PER SHARE  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

PRIMARY EARNINGS PER SHARE CALCULATIONS

INCOME DATA:	Three Months Ended March 31,	
	1995	1996
Net loss	\$(2,240)	\$(7,221)
Preferred stock dividends	(301)	(301)
Net loss applicable to common shares	\$(2,541)	\$(7,522)
COMMON AND COMMON EQUIVALENT SHARES:		
Weighted average common shares	33,544	40,376
Equivalent common shares from warrants	-- (a)	-- (a)
Equivalent common shares from stock options	-- (a)	-- (a)
Common and common equivalent shares	33,544	40,376
EARNINGS PER COMMON SHARE:		
Net loss per common and common equivalent shares	\$ (0.08)	\$ (0.19)

(a) Excludes common stock equivalents which are antidilutive.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES  
COMPUTATION OF EARNINGS PER SHARE  
(IN THOUSANDS, EXCEPT PER SHARE DATA)  
(UNAUDITED)

FULLY DILUTED EARNINGS PER SHARE CALCULATIONS

	Three Months Ended March 31,	
	1995	1996
INCOME DATA:		
Net loss applicable to common shares	\$(2,541)	\$(7,522)
COMMON AND COMMON EQUIVALENT SHARES:		
Weighted average common shares	33,544	40,376
Equivalent common shares from warrants	-- (a)	-- (a)
Equivalent common shares from stock options	-- (a)	-- (a)
Weighted average common shares from conversion of preferred stock	-- (a)	-- (a)
Common and common equivalent shares	33,544	40,376
EARNINGS PER COMMON SHARE:		
Net loss per common and common equivalent shares	\$ (0.08)	\$ (0.19)

(a) Excludes common stock equivalents and convertible preferred stock which are antidilutive.



The schedule contains summary financial information extracted from the accompanying consolidated balance sheet of Echostar Communications Corporation and Subsidiaries as of March 31, 1996 and the related consolidated statements of income and cash flows for the three months ended March 31, 1996 and is qualified in its entirety by reference to those financial statements.

3-MOS		
	DEC-31-1996	
	MAR-31-1996	
		164,813
		212
		11,688
		(1,616)
		27,298
	226,642	
		373,400
		(13,579)
		964,671
	32,870	
		783,427
	17,496	
		0
		404
		131,467
964,671		
		40,654
	41,467	
		36,033
		50,096
		3,383
		621
	6,043	
	(12,012)	
		4,791
(7,221)		
		0
		0
		0
		(7,221)
		(.19)
		(.19)

Includes sales of programming.

Includes the cost of providing programming.