UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2007.

OR

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM ___ TO___.

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.)
9601 South Meridian Boulevard **Englewood, Colorado** (Address of principal executive offices)	**80112** (Zip code)

(303) 723-1000
(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: (1) 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 (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒ **Accelerated Filer** o **Non-Accelerated Filer** o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes o No ☒

As of April 30, 2007, the registrant's outstanding common stock consisted of 208,331,209 shares of Class A common stock and 238,435,208 shares of Class B common stock.

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PART I — FINANCIAL INFORMATION

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We make “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 throughout this report. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we “believe,” “intend,” “plan,” “estimate,” “expect” or “anticipate” will occur and other similar statements), you must remember that our expectations may not be correct, even though we believe they are reasonable. We do not guarantee that any future transactions or events described herein will happen as described or that they will happen at all. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. Whether actual events or results will conform with our expectations and predictions is subject to a number of risks and uncertainties. The risks and uncertainties include, but are not limited to, the following:

- we face intense and increasing competition from satellite and cable television providers as well as new competitors, including telephone companies; our competitors are increasingly offering video service bundled with 2-way high-speed Internet access and telephone services that consumers may find attractive and which are likely to further increase competition. We also expect to face increasing competition from content and other providers who distribute video services directly to consumers over the Internet;
- as technology changes, and in order to remain competitive, we will have to upgrade or replace some, or all, subscriber equipment periodically. We will not be able to pass on to our customers the entire cost of these upgrades;
- DISH Network subscriber growth may decrease, subscriber turnover may increase and subscriber acquisition costs may increase; we may have difficulty controlling other costs of continuing to maintain and grow our subscriber base;
- satellite programming signals are subject to theft; theft of service will continue and could increase in the future, causing us to lose subscribers and revenue, and also resulting in higher costs to us;
- we depend on others to produce programming; programming costs may increase beyond our current expectations; we may be unable to obtain or renew programming agreements on acceptable terms or at all; existing programming agreements could be subject to cancellation; we may be denied access to sports programming; foreign programming is increasingly offered on other platforms; our inability to obtain or renew attractive programming could cause our subscriber additions and related revenue to decline and could cause our subscriber turnover to increase;
- we depend on Federal Communications Commission (“FCC”) program access rules (which will expire this year unless extended by the FCC), and the Telecommunications Act of 1996 as Amended to secure nondiscriminatory access to programming produced by others, neither of which assure that we have fair access to all programming that we need to remain competitive;
- the regulations governing our industry may change;
- absent reversal of the jury verdict in our Tivo patent infringement case, and if we are unable to successfully implement alternative technology, we will be required to pay substantial damages as well as materially modify or eliminate certain user-friendly digital video recorder features that we currently offer to consumers, and we could be forced to discontinue offering digital video recorders to our customers completely, any of which could have a significant adverse affect on our business;
- if our EchoStar X satellite experienced a significant failure, we could lose the ability to deliver local network channels in many markets; if our EchoStar VIII satellite experienced a significant failure, we could lose the ability to provide certain programming to the continental United States;
- our satellite launches may be delayed or fail, or our satellites may fail in orbit prior to the end of their scheduled lives causing extended interruptions of some of the channels we offer;
- we currently do not have commercial insurance covering losses incurred from the failure of satellite launches and/or in-orbit satellites we own;
- service interruptions arising from technical anomalies on satellites or on-ground components of our direct broadcast satellite system, or caused by war, terrorist activities or natural disasters, may cause customer cancellations or otherwise harm our business;
- we are heavily dependent on complex information technologies; weaknesses in our information technology systems could have an adverse impact on our business; we may have difficulty attracting and retaining qualified personnel to maintain our information technology infrastructure;

- we rely on key personnel including Charles W. Ergen, our chairman and chief executive officer, and other executives;
- we may be unable to obtain needed retransmission consents, FCC authorizations or export licenses, and we may lose our current or future authorizations;
- we are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business;
- we may be unable to obtain patent licenses from holders of intellectual property or redesign our products to avoid patent infringement;
- sales of digital equipment and related services to international direct-to-home service providers may decrease;
- we depend on telecommunications providers, independent retailers and others to solicit orders for DISH Network services. Certain of these providers account for a significant percentage of our total new subscriber acquisitions. If we are unable to continue our arrangements with these resellers, we cannot guarantee that we would be able to obtain other sales agents, thus adversely affecting our business;
- we are highly leveraged and subject to numerous constraints on our ability to raise additional debt;
- we may pursue acquisitions, business combinations, strategic partnerships, divestitures and other significant transactions that involve uncertainties; these transactions may require us to raise additional capital, which may not be available on acceptable terms. These transactions, which could become substantial over time, involve a high degree of risk and could expose us to significant financial losses if the underlying ventures are not successful;
- we have entered into certain strategic transactions in Asia, and we may increase our strategic investment activity in these and other international markets. These transactions, which could become substantial over time, involve a high degree of risk and could expose us to significant financial losses if the underlying ventures are not successful;
- weakness in the global or U.S. economy may harm our business generally, and adverse political or economic developments, including increased mortgage defaults as a result of subprime lending practices, may impact some of our markets;
- terrorist attacks, the possibility of war or other hostilities, natural and man-made disasters, and changes in political and economic conditions as a result of these events may continue to affect the U.S. and the global economy and may increase other risks;
- we periodically evaluate and test our internal control over financial reporting in order to satisfy the requirements of Section 404 of the Sarbanes-Oxley Act. Although our management concluded that our internal control over financial reporting was effective as of December 31, 2006, and while no change in our internal control over financial reporting occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting, if in the future we are unable to report that our internal control over financial reporting is effective (or if our auditors do not agree with our assessment of the effectiveness of, or are unable to express an opinion on, our internal control over financial reporting), we could lose investor confidence in our financial reports, which could have a material adverse effect on our stock price and our business; and
- we may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission (“SEC”).

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. In this connection, investors should consider the risks described herein and should not place undue reliance on any forward-looking statements.

We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in other reports we file with the SEC.

In this report, the words “EchoStar,” the “Company,” “we,” “our” and “us” refer to EchoStar Communications Corporation and its subsidiaries, unless the context otherwise requires. “EDBS” refers to EchoStar DBS Corporation and its subsidiaries.

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Item 1. FINANCIAL STATEMENTS

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except share amounts)

	As of	
	March 31, 2007 (Unaudited)	December 31, 2006
Assets		
Current Assets:		
Cash and cash equivalents	$ 965,197	$ 1,923,105
Marketable investment securities	1,203,215	1,109,465
Trade accounts receivable, net of allowance for uncollectible accounts of $15,129 and $15,006, respectively	687,015	665,149
Inventories, net	311,642	237,507
Current deferred tax assets	526,496	548,766
Other current assets	121,576	115,549
Total current assets	3,815,141	4,599,541
Restricted cash and marketable investment securities	171,999	172,941
Property and equipment, net of accumulated depreciation of $3,078,677 and $2,872,015, respectively	3,830,249	3,765,596
FCC authorizations	748,101	748,101
Intangible assets, net	185,276	197,863
Other noncurrent assets, net	315,247	284,654
Total assets	$ 9,066,013	$ 9,768,696
Liabilities and Stockholders’ Equity (Deficit)		
Current Liabilities:		
Trade accounts payable	$ 352,238	$ 283,471
Deferred revenue and other	852,916	819,899
Accrued programming	923,960	913,687
Other accrued expenses	497,154	535,953
Current portion of capital lease obligations, mortgages and other notes payable	38,614	38,464
5 3/4% Convertible Subordinated Notes due 2008 (Note 8)	—	1,000,000
Total current liabilities	2,664,882	3,591,474
Long-term obligations, net of current portion:		
3% Convertible Subordinated Note due 2010	500,000	500,000
5 3/4% Senior Notes due 2008	1,000,000	1,000,000
6 3/8% Senior Notes due 2011	1,000,000	1,000,000
3% Convertible Subordinated Note due 2011	25,000	25,000
6 5/8% Senior Notes due 2014	1,000,000	1,000,000
7 1/8% Senior Notes due 2016	1,500,000	1,500,000
7% Senior Notes due 2013	500,000	500,000
Capital lease obligations, mortgages and other notes payable, net of current portion	394,361	403,857
Deferred tax liabilities	245,645	192,617
Long-term deferred revenue, distribution and carriage payments and other long-term liabilities	266,599	275,131
Total long-term obligations, net of current portion	6,431,605	6,396,605
Total liabilities	9,096,487	9,988,079
Commitments and Contingencies (Note 10)		
Stockholders’ Equity (Deficit):		
Class A common stock, $.01 par value, 1,600,000,000 shares authorized, 253,217,281 and 252,481,907 shares issued, 208,204,481 and 207,469,107 shares outstanding, respectively	2,532	2,525
Class B common stock, $.01 par value, 800,000,000 shares authorized, 238,435,208 shares issued and outstanding	2,384	2,384
Class C common stock, $.01 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Additional paid-in capital	1,957,786	1,927,897
Accumulated other comprehensive income (loss)	51,247	49,874
Accumulated earnings (deficit)	(683,370)	(841,010)
Treasury stock, at cost	(1,361,053)	(1,361,053)
Total stockholders’ equity (deficit)	(30,474)	(219,383)
Total liabilities and stockholders’ equity (deficit)	$ 9,066,013	$ 9,768,696

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	For the Three Months Ended March 31, 2007	2006
Revenue:		
Subscriber-related revenue	$ 2,552,063	$ 2,195,110
Equipment sales	76,267	84,729
Other	16,655	19,552
Total revenue	2,644,985	2,299,391
Costs and Expenses:		
Subscriber-related expenses (exclusive of depreciation shown below — Note 11)	1,328,621	1,107,327
Satellite and transmission expenses (exclusive of depreciation shown below — Note 11)	34,919	38,742
Cost of sales — equipment	60,346	68,797
Cost of sales — other	2,410	1,364
Subscriber acquisition costs:		
Cost of sales — subscriber promotion subsidies (exclusive of depreciation shown below — Note 11)	27,974	33,038
Other subscriber promotion subsidies	322,732	278,500
Subscriber acquisition advertising	50,379	47,417
Total subscriber acquisition costs	401,085	358,955
General and administrative	157,287	129,447
Litigation expense (Note 10)	—	73,992
Depreciation and amortization (Note 11)	320,119	246,571
Total costs and expenses	2,304,787	2,025,195
Operating income (loss)	340,198	274,196
Other Income (Expense):		
Interest income	33,432	21,969
Interest expense, net of amounts capitalized	(119,500)	(129,607)
Other	(1,836)	64,260
Total other income (expense)	(87,904)	(43,378)
Income (loss) before income taxes	252,294	230,818
Income tax (provision) benefit, net	(95,154)	(83,537)
Net income (loss)	$ 157,140	$ 147,281
Denominator for basic and diluted net income (loss) per share:		
Denominator for basic net income (loss) per share — weighted-average common shares outstanding	446,278	443,926
Denominator for diluted net income (loss) per share — weighted-average common shares outstanding	455,208	445,613
Net income (loss) per share:		
Basic net income (loss)	$ 0.35	$ 0.33
Diluted net income (loss)	$ 0.35	$ 0.33

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Three Months Ended March 31, 2007	2006
Cash Flows From Operating Activities:		
Net income (loss)	$ 157,140	$ 147,281
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	320,119	246,571
Equity in losses (earnings) of affiliates	155	957
Realized and unrealized losses (gains) on investments	775	(67,957)
Non-cash, stock-based compensation recognized	5,533	3,259
Deferred tax expense (benefit)	74,925	70,506
Amortization of debt discount and deferred financing costs	4,865	4,359
Other, net	(3,195)	(178)
Change in noncurrent assets	3,366	(239)
Change in long-term deferred revenue, distribution and carriage payments and other long-term liabilities	(8,532)	44,906
Changes in current assets and current liabilities, net	(50,682)	180,654
Net cash flows from operating activities	504,469	630,119
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(955,578)	(375,677)
Sales and maturities of marketable investment securities	865,819	286,903
Purchases of property and equipment	(330,784)	(298,885)
Change in restricted cash and marketable investment securities	2,390	2,910
Purchase of strategic investments included in noncurrent assets and other	(41,775)	(9,541)
Other	127	437
Net cash flows from investing activities	(459,801)	(393,853)
Cash Flows From Financing Activities:		
Redemption of 9 1/8% Senior Notes due 2009	—	(441,964)
Redemption of 5 3/4% Convertible Subordinated Notes due 2008	(999,985)	—
Proceeds from issuance of 7 1/8% Senior Notes due 2016	—	1,500,000
Deferred debt issuance costs	—	(7,500)
Class A common stock repurchases	—	(11,677)
Repayment of capital lease obligations, mortgages and other notes payable	(9,346)	(12,392)
Net proceeds from Class A common stock options exercised and Class A common stock issued under the Employee Stock Purchase Plan	6,025	1,331
Tax benefits recognized on stock option exercises	730	—
Net cash flows from financing activities	(1,002,576)	1,027,798
Net increase (decrease) in cash and cash equivalents	(957,908)	1,264,064
Cash and cash equivalents, beginning of period	1,923,105	615,669
Cash and cash equivalents, end of period	$ 965,197	$ 1,879,733
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 76,739	$ 43,619
Capitalized interest	$ 4,679	$ 2,653
Cash received for interest	$ 23,826	$ 11,205
Cash paid for income taxes	$ 38,880	$ 5,606
Employee benefits paid in Class A common stock	$ 17,674	$ 22,023

The accompanying notes are an integral part of the Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

EchoStar Communications Corporation ("ECC") is a holding company. Its subsidiaries (which together with ECC are referred to as "EchoStar," the "Company," "we," "us" and/or "our") operate two primary interrelated business units:

- *The DISH Networ*k — which provides a direct broadcast satellite ("DBS") subscription television service in the United States; and
- *EchoStar Technologies Corporation* ("ETC") — which designs and develops DBS receivers, antennae and other digital equipment for the DISH Network. We refer to this equipment collectively as "EchoStar receiver systems." ETC also designs, develops and distributes similar equipment for international satellite service providers and others.

We have deployed substantial resources to develop the "EchoStar DBS System." The EchoStar DBS System consists of our Federal Communications Commission ("FCC") authorized DBS and Fixed Satellite Service ("FSS") spectrum, our owned and leased satellites, EchoStar receiver systems, digital broadcast operations centers, customer service facilities, in-home service and call center operations and certain other assets utilized in our operations. Our principal business strategy is to continue developing our subscription television service in the United States to provide consumers with a fully competitive alternative to others in the multi-channel video programming distribution ("MVPD") industry.

2. Significant Accounting Policies

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Certain prior year amounts have been reclassified to conform to the current year presentation. Operating results for the three months ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K/A for the year ended December 31, 2006 ("2006 10-K/A").

Principles of Consolidation

We consolidate all majority owned subsidiaries and investments in entities in which we have controlling influence. Non-majority owned investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the issuer. When we do not have the ability to significantly influence the operating decisions of an issuer, the cost method is used. For entities that are considered variable interest entities we apply the provisions of Financial Accounting Standards Board ("FASB") Interpretation No. (FIN) 46-R, "Consolidation of Variable Interest Entities — An Interpretation of ARB No. 51" ("FIN 46-R"). All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
(Unaudited)

financial statements and the reported amounts of revenues and expenses for each reporting period. Estimates are used in accounting for, among other things, allowances for uncollectible accounts, inventory allowances, self insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair values of financial instruments, fair value of options granted under our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, capital leases, asset impairments, useful lives of property, equipment and intangible assets, retailer commissions, programming expenses, subscriber lives, royalty obligations and smart card replacement obligations. Actual results may differ from previously estimated amounts, and such differences may be material to the Condensed Consolidated Financial Statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively beginning in the period they occur.

Comprehensive Income (Loss)

The components of comprehensive income (loss) are as follows:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Net income (loss)	$ 157,140	$ 147,281
Foreign currency translation adjustments	604	390
Unrealized holding gains (losses) on available-for-sale securities	5,611	21,781
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(4,050)	—
Deferred income tax (expense) benefit attributable to unrealized holding gains (losses) on available-for-sale securities	(792)	(8,161)
Comprehensive income (loss)	$ 158,513	$ 161,291

"Accumulated other comprehensive income (loss)" presented on the accompanying Condensed Consolidated Balance Sheets consists of the accumulated net unrealized gains (losses) on available-for-sale securities and foreign currency translation adjustments, net of deferred taxes.

Basic and Diluted Income (Loss) Per Share

Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS 128") requires entities to present both basic earnings per share ("EPS") and diluted EPS. Basic EPS excludes dilution and is computed by dividing net income (loss) by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock options were exercised and convertible securities were converted to common stock.

The potential dilution from our subordinated notes convertible into common stock was computed using the "if converted method." The potential dilution from stock options exercisable into common stock was computed using the treasury stock method based on the average market value of our Class A common stock. The following table reflects the basic and diluted weighted-average shares outstanding used to calculate basic and diluted earnings per share. Earnings per share amounts for all periods are presented below in accordance with the requirements of SFAS 128.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
(Unaudited)

	For the Three Months Ended March 31, 2007	2006
	(In thousands)	
Numerator:		
Numerator for basic net income (loss) per share — Net income (loss)	$ 157,140	$ 147,281
Interest on subordinated notes convertible into common shares, net of related tax effect	2,447	118
Numerator for diluted net income (loss) per common share	$ 159,587	$ 147,399
Denominator:		
Denominator for basic net income (loss) per common share — weighted-average common shares outstanding	446,278	443,926
Dilutive impact of options outstanding	1,665	1,288
Dilutive impact of subordinated notes convertible into common shares	7,265	399
Denominator for diluted net income (loss) per share — weighted-average diluted common shares outstanding	455,208	445,613
Net income (loss) per share:		
Basic net income (loss)	$ 0.35	$ 0.33
Diluted net income (loss)	$ 0.35	$ 0.33
Shares of Class A common stock issuable upon conversion of:		
5 3/4% Convertible Subordinated Notes due 2008	—	23,100
3% Convertible Subordinated Note due 2010	6,866	6,866
3% Convertible Subordinated Note due 2011	399	399

As of March 31, 2007 and 2006, there were options to purchase 2.8 million and 9.0 million shares of Class A common stock outstanding, respectively, not included in the above denominator as their effect is antidilutive.

Vesting of options and rights to acquire shares of our Class A common stock granted pursuant to our long term incentive plans is contingent upon meeting certain long-term goals which have not yet been achieved. As a consequence, the following are not included in the diluted EPS calculation:

	For the Three Months Ended March 31, 2007	2006
	(In thousands)	
Performance based options	10,471	11,022
Restricted performance units	754	577
Total	11,225	11,599

New Accounting Pronouncements

Accounting for Uncertainty in Income Taxes

We adopted the provisions of FASB Interpretation No. 48, “Accounting for Uncertainty in Income Taxes — an Interpretation of FASB Statement No. 109” (“FIN 48”), on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise’s financial statements in accordance with Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes,” and prescribes a recognition threshold and measurement process for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
(Unaudited)

In addition to filing federal income tax returns, we and one or more of our subsidiaries file income tax returns in all states that impose an income tax and a small number of foreign jurisdictions where we have immaterial operations. We are subject to U.S. federal, state and local income tax examinations by tax authorities for the years beginning in 1996 due to the carryover of previously incurred net operating losses. As of March 31, 2007, no taxing authority has proposed any significant adjustments to our tax positions. We have no significant current tax examinations in process.

As a result of the implementation of FIN 48, we recognized a less than $1 million credit to “Accumulated earnings (deficit).” We have $55 million in unrecognized tax benefits that, if recognized, would affect the effective tax rate. We do not expect that the unrecognized tax benefit will change significantly within the next 12 months.

Accrued interest on tax positions are recorded as a component of interest expense and penalties and are recorded in other income (expense). During the three months ended March 31, 2006, we did not record any interest or penalty expense to earnings. Accrued interest and penalties was less than $1 million at March 31, 2007.

The Fair Value Option for Financial Assets and Financial Liabilities

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, “The Fair Value Option for Financial Assets and Financial Liabilities” (“SFAS 159”), which permits entities to choose to measure financial instruments and certain other items at fair value. This statement is effective as of the beginning of an entity’s first fiscal year that begins after November 15, 2007. We are currently evaluating the impact the adoption of SFAS 159 will have on our financial position and results of operations.

3. Stock-Based Compensation

Stock Incentive Plans

We maintain stock incentive plans to attract and retain officers, directors and key employees. Awards under these plans include both performance and non-performance based equity incentives. As of March 31, 2007, we had options to acquire 22.7 million shares of our Class A common stock and 883,878 restricted stock awards outstanding under these plans. In general, stock options granted through March 31, 2007 have included exercise prices not less than the market value of our Class A common stock at the date of grant and a maximum term of ten years. While historically our Board of Directors has issued options that vest at the rate of 20% per year, some option grants have immediately vested. As of March 31, 2007, we had 65.7 million shares of our Class A common stock authorized for future grant under our stock incentive plans.

Our stock option activity (including performance and non-performance based options) for the three months ended March 31, 2007 was as follows:

	For the Three Months Ended March 31, 2007	
	Options	Weighted- Average Exercise Price
Options outstanding, beginning of period	22,761,833	$ 25.67
Granted	941,250	43.43
Exercised	(252,547)	21.10
Forfeited and Cancelled	(726,800)	10.37
Options outstanding, end of period	22,723,736	26.94
Exercisable at end of period	6,745,936	31.79

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We realized a $1 million tax benefit from share options exercised during each of the three months ended March 31, 2007 and 2006. Based on the average market value of our Class A common stock for the three months ended March 31, 2007, the aggregate intrinsic value for the options outstanding was $361 million. Of that amount, options with an aggregate intrinsic value of $80 million were exercisable at the end of the period.

As of March 31, 2007, the grant date fair value of restricted stock awards (performance and non-performance based) outstanding was as follows:

	For the Three Months Ended March 31, 2007	
	Restricted Stock Awards *	Weighted- Average Grant Date Fair Value
Restricted stock awards outstanding, beginning of period	855,298	$ 30.88
Granted	39,580	43.43
Exercised	—	—
Forfeited and Cancelled	(11,000)	30.05
Restricted stock awards outstanding, end of period	883,878	31.45

* As of March 31, 2007, the restricted stock awards included 753,878 restricted performance units outstanding pursuant to our 2005 long-term, performance-based stock incentive plan (the “2005 LTIP”). Vesting of these restricted performance units is contingent upon meeting a long-term goal which management has determined is not probable as of March 31, 2007.

Long-Term Performance-Based Plans

In February 1999, we adopted a long-term performance-based stock incentive plan (the “1999 LTIP”) within the terms of our 1995 Stock Incentive Plan. The 1999 LTIP provided stock options to key employees which vest over five years at the rate of 20% per year. Exercise of the options is also contingent on the Company achieving an industry-related subscriber goal prior to December 31, 2008.

In January 2005, we adopted the 2005 LTIP within the terms of our 1999 Stock Incentive Plan. The 2005 LTIP provides stock options and restricted performance units, either alone or in combination, which vest over seven years at the rate of 10% per year during the first four years, and at the rate of 20% per year thereafter. Exercise of the options is also contingent on achieving a Company specific subscriber goal within the ten-year term of each award issued under the 2005 LTIP.

Contingent compensation related to the 1999 LTIP and the 2005 LTIP will not be recorded in our financial statements unless and until management concludes achievement of the corresponding goal is probable. Given the competitive nature of our business, small variations in subscriber churn, gross subscriber addition rates and certain other factors can significantly impact subscriber growth. Consequently, while we did not believe achievement of either of the goals was probable as of March 31, 2007, that assessment could change with respect to either goal at any time. In accordance with Statement of Financial Accounting Standards No. 123R (As Amended), “Share-Based Payment” (“SFAS 123R”), if all of the awards under each plan were vested and each goal had been met, we would have recorded total non-cash, stock-based compensation expense of $42 million and $96 million under the 1999 LTIP and the 2005 LTIP, respectively. These amounts would be expensed immediately in our Condensed Consolidated Statements of Operations to the extent the performance award is vested, with the un-vested portion recognized ratably over the remaining vesting period. As of March 31, 2007, if we had determined each goal was probable, we would have expensed $39 million for the 1999 LTIP and $15 million for the 2005 LTIP.

Of the 22.7 million options outstanding under our stock incentive plans as of March 31, 2007, options to purchase 5.5 million shares and 5.0 million shares were outstanding pursuant to the 1999 LTIP and the 2005 LTIP, respectively. These options were granted with exercise prices at least equal to the market value of the underlying shares on the dates they were issued. The weighted-average exercise price of these options is $10.55 under our 1999 LTIP and $30.10 under our 2005 LTIP. The fair value of options granted during the three months ended March 31, 2007 pursuant to the 2005 LTIP, estimated at the date of the grant using a Black-Scholes option pricing model, was $19.07 per option share. Further, pursuant to the 2005 LTIP, there were also 753,878 outstanding restricted performance units as of March 31, 2007 with a weighted-average grant date fair value of $31.47.

ECHOSTAR COMMUNICATIONS CORPORATION
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Stock-Based Compensation

Total non-cash, stock-based compensation expense, net of related tax effect, as of March 31, 2007 and 2006 was $3 million and $2 million, respectively, and was allocated to the same expense categories as the base compensation for key employees who participate in our stock option plans, as follows:

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Subscriber-related expenses	$ 175	$ 108
Satellite and transmission expenses	126	64
General and administrative.	3,137	1,881
Total non-cash, stock based compensation	$ 3,438	$ 2,053

As of March 31, 2007, our total unrecognized compensation cost related to our non-performance based unvested stock options was $59 million. This cost is based on an assumed future forfeiture rate of approximately 6.5% per year and will be recognized over a weighted-average period of approximately three years. Share-based compensation expense is recognized based on awards ultimately expected to vest and is reduced for estimated forfeitures. SFAS 123R requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Changes in the estimated forfeiture rate can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

The fair value of each option grant for the three months ended March 31, 2007 and 2006 was estimated at the date of the grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

	For the Three Months Ended March 31,	
	2007	2006
Risk-free interest rate	4.46%	4.83%
Volatility factor	20.42%	25.20%
Expected term of options in years	6.0	6.4
Weighted-average fair value of options granted	$ 13.70	$ 11.06

We do not currently plan to pay dividends on our common stock, and therefore the dividend yield percentage is set at zero for all periods. We will continue to evaluate the assumptions used to derive the estimated fair value of options for our stock as new events or changes in circumstances become known.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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4. Inventories

Inventories consist of the following:

	As of March 31, 2007	As of December 31, 2006
	(In thousands)	
Finished goods — DBS	$ 168,465	$ 132,604
Raw materials	89,499	50,039
Work-in-process — service repair and refurbishment	50,986	51,870
Work-in-process — new	12,560	14,203
Consignment	2,408	1,669
Inventory allowance	(12,276)	(12,878)
Inventories, net	$ 311,642	$ 237,507

5. Investment Securities

Marketable Investment Securities

We currently classify all marketable investment securities as available-for-sale. We adjust the carrying value of our available-for-sale securities to fair value and report the related temporary unrealized gains and losses as a separate component of “Accumulated other comprehensive income (loss)” within “Total stockholders’ equity (deficit),” net of related deferred income tax. Declines in the fair value of a marketable investment security which are estimated to be “other than temporary” are recognized in the Condensed Consolidated Statements of Operations, thus establishing a new cost basis for such investment. We evaluate our marketable investment securities portfolio on a quarterly basis to determine whether declines in the fair value of these securities are other than temporary. This quarterly evaluation consists of reviewing, among other things, the fair value of our marketable investment securities compared to the carrying amount, the historical volatility of the price of each security and any market and company specific factors related to each security. Generally, absent specific factors to the contrary, declines in the fair value of investments below cost basis for a continuous period of less than six months are considered to be temporary. Declines in the fair value of investments for a continuous period of six to nine months are evaluated on a case by case basis to determine whether any company or market-specific factors exist which would indicate that such declines are other than temporary. Declines in the fair value of investments below cost basis for a continuous period greater than nine months are considered other than temporary and are recorded as charges to earnings, absent specific factors to the contrary.

As of March 31, 2007 and December 31, 2006, we had unrealized gains net of related tax effect of $43 million and $42 million, respectively, as a part of “Accumulated other comprehensive income (loss)” within “Total stockholders’ equity (deficit).” During the three months ended March 31, 2007 and 2006, we did not record any charge to earnings for other than temporary declines in the fair value of our marketable investment securities. In addition, during the three months ended March 31, 2007 and 2006, we recognized in our Condensed Consolidated Statements of Operations realized and unrealized net gains on marketable investment securities of $3 million and $20 million, respectively.

The fair value of our strategic marketable investment securities aggregated $293 million and $321 million as of March 31, 2007 and December 31, 2006, respectively. During the three months ended March 31, 2007, our strategic investments have experienced and continue to experience volatility. If the fair value of our strategic marketable investment securities portfolio does not remain above cost basis or if we become aware of any market or company specific factors that indicate that the carrying value of certain of our securities is impaired, we may be required to record charges to earnings in future periods equal to the amount of the decline in fair value.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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Other Investment Securities

We also have several strategic investments in certain non-marketable equity securities which are included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. Generally, we account for our unconsolidated equity investments under either the equity method or cost method of accounting. Because these equity securities are generally not publicly traded, it is not practical to regularly estimate the fair value of the investments; however, these investments are subject to an evaluation for other than temporary impairment on a quarterly basis. This quarterly evaluation consists of reviewing, among other things, company business plans and current financial statements, if available, for factors that may indicate an impairment of our investment. Such factors may include, but are not limited to, cash flow concerns, material litigation, violations of debt covenants and changes in business strategy. The fair value of these equity investments is not estimated unless there are identified changes in circumstances that may indicate an impairment exists and these changes are likely to have a significant adverse effect on the fair value of the investment. As of March 31, 2007 and December 31, 2006, we had $228 million and $189 million aggregate carrying amount of non-marketable and unconsolidated strategic equity investments, respectively, of which $97 million and $98 million is accounted for under the cost method, respectively. This total also includes the common share component of our strategic investment in a foreign public company, discussed below, which is accounted for under the equity method. During the three months ended March 31, 2007 and 2006, we did not record any charge to earnings for other than temporary declines in the fair value of our non-marketable equity investment securities.

We also have a strategic investment in non-public preferred stock, public common stock and convertible debt of a foreign public company which is included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. The debt is convertible into the issuer’s publicly traded common shares. We account for the convertible debt at fair value with changes in fair value reported each period as unrealized gains or losses in “Other” income or expense in our Condensed Consolidated Statements of Operations. We estimate the fair value of the convertible debt using certain assumptions and judgments in applying a discounted cash flow analysis and the Black-Scholes option pricing model including the fair market value of the underlying common stock price as of that date. As of March 31, 2007 and December 31, 2006, the fair value of the convertible debt was $19 million and $23 million, respectively, based on the trading price of the issuer’s shares on that date. Additionally, during the three months ended March 31, 2007 and 2006, we recognized a pre-tax unrealized loss of $3 million and a gain of $48 million for the change in the fair value of the convertible debt, respectively. During the second quarter of 2006, we converted a portion of the convertible debt to public common shares and determined that we have the ability to significantly influence the operating decisions of the issuer. Consequently, we account for the common share component of our investment under the equity method of accounting. As a result of our change to equity method accounting, we evaluate the common share component of this investment on a quarterly basis to determine whether there has been a decline in the value that is other than temporary. Because the shares are publicly traded, this quarterly evaluation considers the fair market value of the common shares in addition to the other factors described above for equity method investments. Our $71 million carrying value for this investment has exceeded the fair market value of the underlying common stock for over six months. As of March 31, 2007, this decline in fair market value was approximately $22 million. Pursuant to our impairment policy for marketable securities, because we cannot conclude at this time that this decline is other than temporary, as of March 31, 2007, we have not recorded an impairment. However, if by the end of the second quarter of 2007, our carrying value for this investment continues to exceed its fair market value, we will recognize an impairment in accordance with our stated nine-month marketable securities impairment policy even if we believe the decline is temporary, unless there are sufficient factors to the contrary.

Our ability to realize value from our strategic investments in companies that are not publicly traded is dependent on the success of their business and their ability to obtain sufficient capital to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

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Restricted Cash and Marketable Investment Securities

As of March 31, 2007 and December 31, 2006, restricted cash and marketable investment securities included $101 million in escrow related to our litigation with Tivo and amounts set aside for our letters of credit. As of December 31, 2006, restricted cash and marketable investment securities also included amounts set aside as collateral for investments in marketable securities.

6. Satellites

As of March 31, 2007, we were transmitting programming from 14 satellites in geostationary orbit approximately 22,300 miles above the equator. Of these 14 satellites, 11 are owned and three are leased. Each of the owned satellites had an original minimum useful life of at least 12 years. Two of the leased satellites are accounted for as capital leases pursuant to Statement of Financial Accounting Standards No. 13, "Accounting for Leases" ("SFAS 13") and are depreciated over the ten-year terms of the satellite service agreements. Our satellite fleet is a major component of our EchoStar DBS System. While we believe that overall our satellite fleet is generally in good condition, during 2007 and prior periods, certain satellites in our fleet have experienced anomalies, some of which have had a significant adverse impact on their commercial operation. We currently do not carry insurance for any of our owned in-orbit satellites. We believe we generally have in-orbit satellite capacity sufficient to recover, in a relatively short time frame, transmission of most of our critical programming in the event one of our in-orbit satellites were to fail. We could not, however, recover certain local markets, international and other niche programming in the event of such failure, with the extent of disruption dependent on the specific satellite experiencing the failure. Further, programming continuity cannot be assured in the event of multiple satellite losses.

Recent developments with respect to certain of our satellites are discussed below.

EchoStar II

EchoStar II was launched during September 1996 and currently operates at the 148 degree orbital location. The satellite can operate up to 16 transponders at 130 watts per channel. During February 2007, the satellite experienced an anomaly which prevented its north solar array from rotating. Functionality was restored through a backup system. The design life of the satellite has not been affected and the anomaly is not expected to result in the loss of power to the satellite. However, if the backup system fails, a partial loss of power would result which could impact the useful life or commercial operation of the satellite.

Long-Lived Satellite Assets

We account for impairments of long-lived satellite assets in accordance with the provisions of Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS 144"). SFAS 144 requires a long-lived asset or asset group to be tested for recoverability whenever events or changes in circumstance indicate that its carrying amount may not be recoverable. Based on the guidance under SFAS 144, we evaluate our satellite fleet for recoverability as one asset group. While certain of the anomalies discussed above, and previously disclosed, may be considered to represent a significant adverse change in the physical condition of an individual satellite, based on the redundancy designed within each satellite and considering the asset grouping, these anomalies (none of which caused a loss of service to subscribers for an extended period) are not considered to be significant events that would require evaluation for impairment recognition pursuant to the guidance under SFAS 144. Unless and until a specific satellite is abandoned or otherwise determined to have no service potential, the net carrying amount related to the satellite would not be written off.

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7. Intangible Assets

As of March 31, 2007 and December 31, 2006, our identifiable intangibles subject to amortization consisted of the following:

	As of			
	March 31, 2007		December 31, 2006	
	Intangible Assets	Accumulated Amortization	Intangible Assets	Accumulated Amortization
	(In thousands)			
Contract-based	$ 188,345	$ (48,845)	$ 189,426	$ (45,924)
Customer relationships	73,298	(54,723)	73,298	(50,142)
Technology-based	33,500	(6,299)	33,500	(5,655)
Total	$ 295,143	$ (109,867)	$ 296,224	$ (101,721)

Amortization of these intangible assets, recorded on a straight line basis over an average finite useful life primarily ranging from approximately three to twenty years, was $9 million for each of the three months ended March 31, 2007 and 2006. For all of 2007, the aggregate amortization expense related to these identifiable assets is estimated to be $36 million. The aggregate amortization expense is estimated to be $23 million for 2008, $18 million annually for each of the years 2009 through 2012 and $63 million thereafter. Future acquisitions, dispositions or impairments would impact future amortization.

During the three months ended March 31, 2007, we participated in an FCC Auction for licenses in the 1.4 GHz band and were the winning bidder for several licenses totaling $57 million. Of this amount, $17 million was paid and recorded as a deposit on our Condensed Consolidated Balance Sheets during the first quarter of 2007. Formal transfer of the licenses is subject to regulatory approval.

8. Long-Term Debt

5 3/4% Convertible Subordinated Notes due 2008

Effective February 15, 2007, we redeemed all of our outstanding 5 3/4% Convertible Subordinated Notes due 2008. In accordance with the terms of the indenture governing the notes, the $1.0 billion principal amount of the notes was redeemed at 101.643%, for a total of $1.016 billion. The premium paid of $16 million, along with unamortized debt issuance costs of $4 million, were recorded as charges to earnings during the three months ended March 31, 2007.

9. Stockholders’ Equity (Deficit)

Common Stock Repurchases

During 2004, our Board of Directors authorized the repurchase of an aggregate of up to an additional $1.0 billion of our Class A common stock. We did not repurchase any of our Class A common stock pursuant to our repurchase program discussed above during the period from January 1, 2007 through March 31, 2007. The maximum dollar value of shares that may still be purchased under the plan through December 31, 2007 is $626 million.

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10. Commitments and Contingencies

Contingencies

Distant Network Litigation

During October 2006, a District Court in Florida entered a permanent nationwide injunction prohibiting us from offering distant network channels to consumers effective December 1, 2006. Distant networks are ABC, NBC, CBS and Fox network channels which originate outside the community where the consumer who wants to view them, lives. We have turned off all of our distant network channels and are no longer in the distant network business. Termination of these channels resulted in, among other things, a small reduction in average monthly revenue per subscriber and free cash flow, and a temporary increase in subscriber churn. The plaintiffs in that litigation allege that we are in violation of the Court's injunction and have appealed a District Court decision finding that we are not in violation. We cannot predict with any degree of certainty the outcome of that appeal.

Superguide

During 2000, Superguide Corp. ("Superguide") filed suit against us, DirecTV, Thomson and others in the United States District Court for the Western District of North Carolina, Asheville Division, alleging infringement of United States Patent Nos. 5,038,211 (the '211 patent), 5,293,357 (the '357 patent) and 4,751,578 (the '578 patent) which relate to certain electronic program guide functions, including the use of electronic program guides to control VCRs. Superguide sought injunctive and declaratory relief and damages in an unspecified amount.

On summary judgment, the District Court ruled that none of the asserted patents were infringed by us. These rulings were appealed to the United States Court of Appeals for the Federal Circuit. During 2004, the Federal Circuit affirmed in part and reversed in part the District Court's findings and remanded the case back to the District Court for further proceedings. In 2005, SuperGuide indicated that it would no longer pursue infringement allegations with respect to the '211 and '357 patents and those patents have now been dismissed from the suit. The District Court subsequently entered judgment of non-infringement in favor of all defendants as to the '211 and '357 patents and ordered briefing on Thomson's license defense as to the '578 patent. During December 2006, the District Court found that there were disputed issues of fact regarding Thomson's license defense, and ordered a trial solely addressed to that issue. That trial took place in March 2007, and the parties are waiting for a decision from the District Court. We also requested leave to add a license defense as to the '578 patent in view of a new (at the time) license we obtained from a third-party licensed by Superguide. Activity in the case as to us is suspended pending resolution of the Thomson license defense issue.

We examined the '578 patent and believe that it is not infringed by any of our products or services. We will continue to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly electronic programming guide and related features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Broadcast Innovation, L.L.C.

In 2001, Broadcast Innovation, L.L.C. ("Broadcast Innovation") filed a lawsuit against us, DirecTV, Thomson Consumer Electronics and others in Federal District Court in Denver, Colorado. The suit alleges infringement of United States Patent Nos. 6,076,094 (the '094 patent) and 4,992,066 (the '066 patent). The '094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The '066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. We examined these patents and believe that they are not infringed by any of our products or services. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving us as the only defendant.

During 2004, the judge issued an order finding the ‘066 patent invalid. Also in 2004, the Court ruled the ‘094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States Court of Appeals for the Federal Circuit overturned the ‘094 patent finding of invalidity and remanded the case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The Court has stayed the case pending reexamination. Our case remains stayed pending resolution of the Charter case.

We intend to continue to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Tivo Inc.

During April 2006, a Texas jury concluded that certain of our digital video recorders, or DVRs, infringed a patent held by Tivo. The Texas court subsequently issued an injunction prohibiting us from offering DVR functionality. A Court of Appeals has stayed that injunction during the pendency of our appeal.

In accordance with Statement of Financial Accounting Standards No. 5, “Accounting for Contingencies” (“SFAS 5”), we recorded a total reserve of $94 million in “Litigation expense” on our Condensed Consolidated Statement of Operations to reflect the jury verdict, supplemental damages and pre-judgment interest awarded by the Texas court through September 8, 2006. Based on our current analysis of the case, including the appellate record and other factors, we believe it is more likely than not that we will prevail on appeal. Consequently, we are not recording additional amounts for supplemental damages or interest subsequent to the September 8, 2006 judgment date. If the verdict is upheld on appeal, the $94 million amount would increase by approximately $35 million through the end of 2007.

If the verdict is upheld on appeal and we are not able to successfully implement alternative technology (including the successful defense of any challenge that such technology infringes Tivo’s patent), we would owe substantial additional damages and we could also be prohibited from distributing DVRs, or be required to modify or eliminate certain user-friendly DVR features that we currently offer to consumers. In that event we would be at a significant disadvantage to our competitors who could offer this functionality and, while we would attempt to provide that functionality through other manufacturers, the adverse affect on our business could be material.

Acacia

During 2004, Acacia Media Technologies (“Acacia”) filed a lawsuit against us in the United States District Court for the Northern District of California. The suit also named DirecTV, Comcast, Charter, Cox and a number of smaller cable companies as defendants. Acacia is an intellectual property holding company which seeks to license the patent portfolio that it has acquired. The suit alleges infringement of United States Patent Nos. 5,132,992 (the ‘992 patent), 5,253,275 (the ‘275 patent), 5,550,863 (the ‘863 patent), 6,002,720 (the ‘720 patent) and 6,144,702 (the ‘702 patent). The ‘992, ‘863, ‘720 and ‘702 patents have been asserted against us.

The patents relate to various systems and methods related to the transmission of digital data. The ‘992 and ‘702 patents have also been asserted against several Internet content providers in the United States District Court for the Central District of California. During 2004 and 2005, the Court issued Markman rulings which found that the ‘992 and ‘702 patents were not as broad as Acacia had contended, and that certain terms in the ‘702 patent were indefinite. In April 2006, EchoStar and other defendants asked the Court to rule that the claims of the ‘702 patent

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are invalid and not infringed. That motion is pending. In June and September 2006, the Court held Markman hearings on the '992, '863, '720 and '275 patents, and issued a ruling during December 2006. We believe the decision is generally favorable to us, but we can not predict whether it will result in dismissal of the case.

Acacia's various patent infringement cases have been consolidated for pre-trial purposes in the United States District Court for the Northern District of California. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Forgent

During 2005, Forgent Networks, Inc. ("Forgent") filed a lawsuit against us in the United States District Court for the Eastern District of Texas. The suit also named DirecTV, Charter, Comcast, Time Warner Cable, Cable One and Cox as defendants. The suit alleges infringement of United States Patent No. 6,285,746 (the '746 patent).

The '746 patent discloses, among other things, a video teleconferencing system which utilizes digital telephone lines. We have examined this patent and do not believe that it is infringed by any of our products or services. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe this patent, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. Trial is currently scheduled for May 2007 in Tyler, Texas. On October 2, 2006, the Patent and Trademark Office granted a petition for reexamination of the '746 patent. On October 27, 2006, the Patent and Trademark Office issued its initial office action rejecting all of the claims of the '746 patent in light of several prior art references. Forgent will have an opportunity to challenge the initial office action. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The non-satellite defendants have settled with Forgent, leaving us and DirecTV as the only defendants.

Finisar Corporation

Finisar Corporation ("Finisar") obtained a $100 million verdict in the United States District Court for the Eastern District of Texas against DirecTV for patent infringement. Finisar alleged that DirecTV's electronic program guide and other elements of its system infringe United States Patent No. 5,404,505 (the '505 patent).

In July 2006, we, together with NagraStar LLC, filed a Complaint for Declaratory Judgment in the United States District Court for the District of Delaware against Finisar that asks the Court to declare that they and we do not infringe, and have not infringed, any valid claim of the '505 patent. Trial is not currently scheduled. We intend to vigorously defend our rights in this action. In the event that a Court ultimately determines that we infringe this patent, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify our system architecture. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Trans Video

In August 2006, Trans Video Electronic, Ltd. ("Trans Video") filed a patent infringement action against us in the United States District Court for the Northern District of California. The suit alleges infringement of United States Patent Nos. 5,903,621 (the '621 patent) and 5,991,801 (the '801 patent). The patents relate to various methods related to the transmission of digital data by satellite. Trial has been set for July 2008. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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Global Communications

In April 2007, Global Communications, Inc. (“Global”) filed a patent infringement action against us in the United States District Court for the Eastern District of Texas. The suit alleges infringement of United States Patent No. 6,947,702. This patent, which involves satellite reception, was issued in September 2005. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe the 6,947,702 patent, we may be subject to substantial damages, which may include treble damages and/or an injunction. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Retailer Class Actions

During 2000, lawsuits were filed by retailers in Colorado state and federal court attempting to certify nationwide classes on behalf of certain of our satellite hardware retailers. The plaintiffs are requesting the Courts declare certain provisions of, and changes to, alleged agreements between us and the retailers invalid and unenforceable, and to award damages for lost incentives and payments, charge backs, and other compensation. We are vigorously defending against the suits and have asserted a variety of counterclaims. The federal court action has been stayed during the pendency of the state court action. We filed a motion for summary judgment on all counts and against all plaintiffs. The plaintiffs filed a motion for additional time to conduct discovery to enable them to respond to our motion. The Court granted limited discovery which ended during 2004. The plaintiffs claimed we did not provide adequate disclosure during the discovery process. The Court agreed, and recently denied our motion for summary judgment as a result. The final impact of the Court’s ruling cannot be fully assessed at this time. Trial has been set for August 2008. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Enron Commercial Paper Investment

During October 2001, we received approximately $40 million from the sale of Enron commercial paper to a third party broker. That commercial paper was ultimately purchased by Enron. During November 2003, an action was commenced in the United States Bankruptcy Court for the Southern District of New York against approximately 100 defendants, including us, who invested in Enron’s commercial paper. The complaint alleges that Enron’s October 2001 purchase of its commercial paper was a fraudulent conveyance and voidable preference under bankruptcy laws. We dispute these allegations. We typically invest in commercial paper and notes which are rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations. At the time of our investment in Enron commercial paper, it was considered to be high quality and low risk. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity.

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11. Depreciation and Amortization Expense

Depreciation and amortization expense consists of the following:

	For the Three Months Ended March 31, 2007	2006
	(In thousands)	
Equipment leased to customers	$ 206,679	$ 147,909
Satellites	59,044	55,730
Furniture, fixtures, equipment and other	42,838	32,517
Identifiable intangible assets subject to amortization	9,137	9,172
Buildings and improvements	2,421	1,243
Total depreciation and amortization	$ 320,119	$ 246,571

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations do not include depreciation expense related to satellites or equipment leased to customers.

12. Segment Reporting

Financial Data by Business Unit

Statement of Financial Accounting Standards No. 131, “Disclosures About Segments of an Enterprise and Related Information” (“SFAS 131”) establishes standards for reporting information about operating segments in annual financial statements of public business enterprises and requires that those enterprises report selected information about operating segments in interim financial reports issued to stockholders. Operating segments are components of an enterprise about which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Total assets by segment have not been specified because the information is not available to the chief operating decision-maker. Under this definition we currently operate as two business units. The “All Other” category consists of revenue and net income (loss) from other operating segments for which the disclosure requirements of SFAS 131 do not apply.

	For the Three Months Ended March 31, 2007	2006
	(In thousands)	
Revenue:		
DISH Network	$ 2,583,788	$ 2,241,390
ETC	35,574	53,692
All other	34,640	8,755
Eliminations	(9,017)	(4,446)
Total revenue	$ 2,644,985	$ 2,299,391
Net income (loss):		
DISH Network	$ 157,235	$ 155,000
ETC	(5,496)	(5,402)
All other	5,401	(2,317)
Total net income (loss)	$ 157,140	$ 147,281

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
(Unaudited)

13. Related Party

We own 50% of NagraStar L.L.C. ("NagraStar"), a joint venture that is our exclusive provider of encryption and related security systems intended to assure that only paying customers have access to our programming. Although we are not required to consolidate NagraStar, we do have the ability to significantly influence its operating policies; therefore, we account for our investment in NagraStar under the equity method of accounting. During the three months ended March 31, 2007 and 2006, we purchased $19 million and $21 million of security access devices from NagraStar, respectively. As of March 31, 2007 and December 31, 2006, amounts payable to NagraStar totaled $6 million and $3 million, respectively. Additionally, as of March 31, 2007, we were committed to purchase $29 million of security access devices from NagraStar during 2007.

14. Subsequent Event

On April 11, 2007, Anik F3, a Telesat FSS satellite, was successfully launched and has commenced commercial operations at the 118.7 degree orbital location. We have leased all of the capacity on the satellite for a period of 15 years.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

EXPLANATION OF KEY METRICS AND OTHER ITEMS

Subscriber-related revenue. "Subscriber-related revenue" consists principally of revenue from basic, movie, local, pay-per-view, and international subscription television services, equipment rental fees, additional outlet fees from subscribers with multiple receivers, digital video recorder ("DVR") fees, advertising sales, fees earned from our DishHOME Protection Plan, equipment upgrade fees, high definition ("HD") programming and other subscriber revenue. Therefore, not all of the amounts we include in "Subscriber-related revenue" are recurring on a monthly basis. All prior period amounts were reclassified to conform to the current period presentation.

Equipment sales. "Equipment sales" include sales of non-DISH Network digital receivers and related components to an international DBS service provider and to other international customers. "Equipment sales" also includes unsubsidized sales of DBS accessories to retailers and other distributors of our equipment domestically and to DISH Network subscribers.

Effective the second quarter of 2006, we reclassified certain warranty and service related revenue from "Equipment sales" to "Subscriber-related revenue." All prior period amounts were reclassified to conform to the current period presentation.

"Other" sales. "Other" sales consist principally of satellite transmission revenue.

Subscriber-related expenses. "Subscriber-related expenses" principally include programming expenses, costs incurred in connection with our in-home service and call center operations, overhead costs associated with our installation business, copyright royalties, billing costs, residual commissions paid to our distributors, refurbishment and repair costs related to EchoStar receiver systems, subscriber retention and other variable subscriber expenses. All prior period amounts were reclassified to conform to the current period presentation.

Satellite and transmission expenses. "Satellite and transmission expenses" include costs associated with the operation of our digital broadcast centers, the transmission of local channels, satellite telemetry, tracking and control services, satellite and transponder leases, and other related services.

Cost of sales — equipment. "Cost of sales — equipment" principally includes costs associated with non-DISH Network digital receivers and related components sold to an international DBS service provider and to other international customers. "Cost of sales — equipment" also includes unsubsidized sales of DBS accessories to retailers and other distributors of our equipment domestically and to DISH Network subscribers.

Effective the second quarter of 2006, we reclassified certain warranty and service related expenses from "Cost of sales — equipment" to "Subscriber-related expenses" and "Depreciation and amortization." All prior period amounts were reclassified to conform to the current period presentation.

Cost of sales — other. "Cost of sales — other" principally includes costs related to satellite transmission services.

Subscriber acquisition costs. In addition to leasing receivers, we generally subsidize installation and all or a portion of the cost of EchoStar receiver systems in order to attract new DISH Network subscribers. Our "Subscriber acquisition costs" include the cost of EchoStar receiver systems sold to retailers and other distributors of our equipment, the cost of receiver systems sold directly by us to subscribers, net costs related to our promotional incentives, and costs related to installation and acquisition advertising. We exclude the value of equipment capitalized under our lease program for new subscribers from "Subscriber acquisition costs."

SAC. We are not aware of any uniform standards for calculating the "average subscriber acquisition costs per new subscriber activation," or SAC, and we believe presentations of SAC may not be calculated consistently by different companies in the same or similar businesses. We include all new DISH Network subscribers in our calculation, including DISH Network subscribers added with little or no subscriber acquisition costs.

Prior to January 1, 2006, we calculated SAC for the period by dividing the amount of our expense line item "Subscriber acquisition costs" for the period, by our gross new DISH Network subscribers added during that period. Separately, we then disclosed our "Equivalent SAC" for the period by adding the value of equipment capitalized under our lease program for new subscribers, and other offsetting amounts, as described below, to our "Subscriber acquisition cost" expense line item prior to dividing by our gross new subscriber number. Management believes subscriber acquisition cost measures are commonly used by those evaluating companies in the multi-channel video programming distribution ("MVPD") industry. Because our Equivalent SAC includes all of the costs of acquiring subscribers (i.e., subsidized and capitalized equipment), our management focuses on Equivalent SAC as the more comprehensive measure of how much we are spending to acquire new subscribers. As such, effective January 1, 2006, we began disclosing only "Equivalent SAC," which we now refer to as SAC. SAC is now calculated as "Subscriber acquisition costs," plus the value of equipment capitalized under our lease program for new subscribers, divided by gross subscriber additions. During the first quarter of 2006, we included in our calculation of SAC the benefit of payments we received in connection with equipment not returned to us from disconnecting lease subscribers and returned equipment that is made available for sale rather than being redeployed through our lease program, as described in that Form 10-Q. Effective the second quarter of 2006, our revised SAC calculation no longer includes these benefits. Instead, these benefits are separately disclosed. All prior period SAC calculations have been revised to conform to the current period calculation.

General and administrative expenses. "General and administrative expenses" consists primarily of employee-related costs associated with administrative services such as legal, information systems and accounting and finance, including non-cash, stock-based compensation expense. It also includes outside professional fees (i.e. legal, information systems and accounting services) and other items associated with facilities and administration.

Interest expense. "Interest expense" primarily includes interest expense, prepayment premiums and amortization of debt issuance costs associated with our senior debt and convertible subordinated debt securities (net of capitalized interest) and interest expense associated with our capital lease obligations.

"Other" income (expense). The main components of "Other" income and expense are unrealized gains and losses from changes in fair value of non-marketable strategic investments accounted for at fair value, equity in earnings and losses of our affiliates, gains and losses realized on the sale of investments, and impairment of marketable and non-marketable investment securities.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as "Net income (loss)" plus "Interest expense" net of "Interest income," "Taxes" and "Depreciation and amortization."

DISH Network subscribers. We include customers obtained through direct sales, and through our retail networks and other distribution relationships, in our DISH Network subscriber count. We also provide DISH Network service to hotels, motels and other commercial accounts. For certain of these commercial accounts, we divide our total revenue for these commercial accounts by an amount approximately equal to the retail price of our most widely distributed programming package, America's Top 100 (but taking into account, periodically, price changes and other factors), and include the resulting number, which is substantially smaller than the actual number of commercial units served, in our DISH Network subscriber count.

Average monthly revenue per subscriber ("ARPU"). We are not aware of any uniform standards for calculating ARPU and believe presentations of ARPU may not be calculated consistently by other companies in the same or similar businesses. We calculate average monthly revenue per subscriber, or ARPU, by dividing average monthly "Subscriber-related revenues" for the period (total "Subscriber-related revenue" during the period divided by the number of months in the period) by our average DISH Network subscribers for the period. Average DISH Network subscribers are calculated for the period by adding the average DISH Network subscribers for each month and dividing by the number of months in the period. Average DISH Network subscribers for each month are calculated by adding the beginning and ending DISH Network subscribers for the month and dividing by two.

Subscriber churn rate/subscriber turnover. We are not aware of any uniform standards for calculating subscriber churn rate and believe presentations of subscriber churn rates may not be calculated consistently by different companies in the same or similar businesses. We calculate percentage monthly subscriber churn by dividing the number of DISH Network subscribers who terminate service during each month by total DISH Network subscribers as of the beginning of that month. We calculate average subscriber churn rate for any period by dividing the number of DISH Network subscribers who terminated service during that period by the average number of DISH Network subscribers subject to churn during the period, and further dividing by the number of months in the period. Average DISH Network subscribers subject to churn during the period are calculated by adding the DISH Network subscribers as of the beginning of each month in the period and dividing by the total number of months in the period.

***Free cash flow*.** We define free cash flow as "Net cash flows from operating activities" less "Purchases of property and equipment," as shown on our Condensed Consolidated Statements of Cash Flows.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued

RESULTS OF OPERATIONS

Three Months Ended March 31, 2007 Compared to the Three Months Ended March 31, 2006.

	For the Three Months Ended March 31,		Variance	
	2007	2006	Amount	%
		(In thousands)		
Statements of Operations Data				
Revenue:				
Subscriber-related revenue	$ 2,552,063	$ 2,195,110	$ 356,953	16.3
Equipment sales	76,267	84,729	(8,462)	(10.0)
Other	16,655	19,552	(2,897)	(14.8)
Total revenue	2,644,985	2,299,391	345,594	15.0
Costs and Expenses:				
Subscriber-related expenses	1,328,621	1,107,327	221,294	20.0
% of Subscriber-related revenue	**52.1%**	**50.4%**		
Satellite and transmission expenses	34,919	38,742	(3,823)	(9.9)
% of Subscriber-related revenue	**1.4%**	**1.8%**		
Cost of sales — equipment	60,346	68,797	(8,451)	(12.3)
% of Equipment sales	**79.1%**	**81.2%**		
Cost of sales — other	2,410	1,364	1,046	76.7
Subscriber acquisition costs	401,085	358,955	42,130	11.7
General and administrative	157,287	129,447	27,840	21.5
% of Total revenue	**5.9%**	**5.6%**		
Litigation expense	—	73,992	(73,992)	(100.0)
Depreciation and amortization	320,119	246,571	73,548	29.8
Total costs and expenses	2,304,787	2,025,195	279,592	13.8
Operating income (loss)	340,198	274,196	66,002	24.1
Other Income (Expense):				
Interest income	33,432	21,969	11,463	52.2
Interest expense, net of amounts capitalized	(119,500)	(129,607)	10,107	7.8
Other	(1,836)	64,260	(66,096)	NM
Total other income (expense)	(87,904)	(43,378)	(44,526)	NM
Income (loss) before income taxes	252,294	230,818	21,476	9.3
Income tax (provision) benefit, net	(95,154)	(83,537)	(11,617)	(13.9)
Effective tax rate	**37.7%**	**36.2%**		
Net income (loss)	$ 157,140	$ 147,281	$ 9,859	6.7
Other Data:				
DISH Network subscribers, as of period end (in millions)	13.415	12.265	1.150	9.4
DISH Network subscriber additions, gross (in millions)	0.890	0.794	0.096	12.1
DISH Network subscriber additions, net (in millions)	0.310	0.225	0.085	37.8
Average monthly subscriber churn rate	1.46%	1.57%	(0.11)%	(7.0)
Average monthly revenue per subscriber ("ARPU")	$ 64.17	$ 60.26	$ 3.91	6.5
Average subscriber acquisition cost per subscriber ("SAC")	$ 663	$ 697	$ (34)	(4.9)
EBITDA	$ 658,481	$ 585,027	$ 73,454	12.6

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued

DISH Network subscribers. As of March 31, 2007, we had approximately 13.415 million DISH Network subscribers compared to approximately 12.265 million subscribers at March 31, 2006, an increase of 9.4%. DISH Network added approximately 890,000 gross new subscribers for the three months ended March 31, 2007, compared to approximately 794,000 gross new subscribers during the same period in 2006, an increase of 96,000 gross new subscribers. The increase in gross new subscribers resulted in large part from increased advertising and the effectiveness of our HD and other seasonal programming and advanced product promotions during the quarter. A substantial majority of our gross new subscribers are acquired through our equipment lease program.

DISH Network added approximately 310,000 net new subscribers for the three months ended March 31, 2007, compared to approximately 225,000 net new subscribers during the same period in 2006, an increase of 37.8%. This increase resulted from the increase in gross new subscribers discussed above and a decline in subscriber churn. As the size of our subscriber base increases, even if our subscriber churn rate remains constant or declines, increasing numbers of gross new DISH Network subscribers are required to sustain net subscriber growth.

Our gross new subscribers, our net new subscriber additions, and our entire subscriber base are negatively impacted when existing and new competitors offer more attractive alternatives, including, among other things, video services bundled with broadband and other telecommunications services, better priced or more attractive programming packages or more compelling consumer electronic products and services, including DVRs, video on demand services, receivers with multiple tuners, HD programming, or HD and standard definition local channels. We also expect to face increasing competition from content and other providers who distribute video services directly to consumers over the Internet. In addition, we will be unable to continue to grow our subscriber base at current rates if we cannot control our customer churn.

Subscriber-related revenue. DISH Network "Subscriber-related revenue" totaled $2.552 billion for the three months ended March 31, 2007, an increase of $357 million or 16.3% compared to the same period in 2006. This increase was directly attributable to continued DISH Network subscriber growth and the increase in "ARPU" discussed below.

ARPU. Monthly average revenue per subscriber was $64.17 during the three months ended March 31, 2007 versus $60.26 during the same period in 2006. The $3.91 or 6.5% increase in ARPU is primarily attributable to price increases in February 2007 and 2006 on some of our most popular programming packages, higher equipment rental fees resulting from increased penetration of our equipment leasing programs, revenue from increased availability of standard and HD local channels by satellite, increased penetration of HD programming and fees for DVRs.

Equipment sales. For the three months ended March 31, 2007, "Equipment sales" totaled $76 million, a decrease of $8 million or 10.0% compared to the same period during 2006. This decrease principally resulted from a decline in sales of non-DISH Network digital receivers and related components to international customers, partially offset by an increase in domestic sales of DBS accessories.

Subscriber-related expenses. "Subscriber-related expenses" totaled $1.329 billion during the three months ended March 31, 2007, an increase of $221 million or 20.0% compared to the same period in 2006. The increase in "Subscriber-related expenses" was primarily attributable to the increase in the number of DISH Network subscribers. "Subscriber-related expenses" represented 52.1% and 50.4% of "Subscriber-related revenue" during the three months ended March 31, 2007 and 2006, respectively. The increase in this expense to revenue ratio primarily resulted from increased programming costs, together with higher in-home service and refurbishment and repair costs for returned EchoStar receiver systems associated with increased penetration of our equipment lease programs.

In the normal course of business, we enter into various contracts with programmers to provide content. Our programming contracts generally require us to make payments based on the number of subscribers to which the respective content is provided. Consequently, our programming expenses will continue to increase to the extent we are successful in growing our subscriber base. In addition, because programmers continue to raise the price of content, our "Subscriber-related expenses" as a percentage of "Subscriber-related revenue" could materially increase absent corresponding price increases in our DISH Network programming packages.

Satellite and transmission expenses. "Satellite and transmission expenses" totaled $35 million during the three months ended March 31, 2007, a $4 million or 9.9% decrease compared to the same period in 2006. This decrease primarily resulted from a decline in back-haul costs. "Satellite and transmission expenses" totaled 1.4% and 1.8% of "Subscriber-related revenue" during the three months ended March 31, 2007 and 2006, respectively. These expenses will increase in the future as we increase the size of our satellite fleet, if we obtain in-orbit satellite insurance, as we increase the number and operations of our digital broadcast centers and as additional local markets and other programming services are launched.

Cost of sales — equipment. "Cost of sales — equipment" totaled $60 million during the three months ended March 31, 2007, a decrease of $8 million or 12.3% compared to the same period in 2006. This decrease primarily resulted from a decline in charges for defective, slow moving and obsolete inventory and in the sale of non-DISH Network digital receivers and related components to international customers, partially offset by an increase in costs associated with domestic sales of DBS accessories. "Cost of sales — equipment" represented 79.1% and 81.2% of "Equipment sales," during the three months ended March 31, 2007 and 2006, respectively. The decrease in the expense to revenue ratio principally related to lower 2007 charges for defective, slow moving and obsolete inventory, partially offset by a decline in margins on sales of non-DISH Network digital receivers and related components sold to international customers and domestic sales of DBS accessories.

Subscriber acquisition costs. "Subscriber acquisition costs" totaled $401 million for the three months ended March 31, 2007, an increase of $42 million or 11.7% compared to the same period in 2006. The increase in "Subscriber acquisition costs" was attributable to an increase in gross new subscribers, partially offset by a higher number of DISH Network subscribers participating in our equipment lease program for new subscribers and a decrease in SAC discussed below.

SAC. SAC was $663 during the three months ended March 31, 2007 compared to $697 during the same period in 2006, a decrease of $34, or 4.9%. This decrease was primarily attributable to the redeployment benefits of our equipment lease program for new subscribers, discussed below, and lower average equipment costs and acquisition marketing. As previously discussed, the calculation of SAC for prior periods has been revised to conform to the current year presentation.

Our principal method for reducing the cost of subscriber equipment, which is included in SAC, is to lease our receiver systems to new subscribers rather than selling systems to them at little or no cost. Upon termination of service, subscribers are required to return the leased equipment to us or be charged for the equipment. Leased equipment that is returned to us and which we redeploy to new lease customers results in reduced capital expenditures, and thus reduced SAC.

The percentage of our new subscribers choosing to lease rather than purchase equipment continued to increase for the three months ended March 31, 2007 compared to the same period in 2006. During the three months ended March 31, 2007 and 2006, the amount of equipment capitalized under our lease program for new subscribers totaled $189 million and $195 million, respectively. This decrease in capital expenditures under our lease program for new subscribers resulted primarily from an increase in redeployment of equipment returned by disconnecting lease program subscribers, a reduction in accessory costs related to the introduction of less costly installation technology, fewer receivers per installation as the number of dual tuner receivers we install continues to increase, and lower hardware costs per receiver. Capital expenditures resulting from our equipment lease program for new subscribers have been, and we expect will continue to be, partially mitigated by, among other things, the redeployment of equipment returned by disconnecting lease program subscribers. However, to remain competitive we will have to upgrade or replace subscriber equipment periodically as technology changes, and the associated costs may be substantial. To the extent technological changes render a portion of our existing equipment obsolete, we would be unable to redeploy all returned equipment and would realize less benefit from the SAC reduction associated with redeployment of that returned lease equipment.

As previously discussed, our SAC calculation does not include the benefit of payments we received in connection with equipment not returned to us from disconnecting lease subscribers and returned equipment that is made available for sale rather than being redeployed through our lease program. During the three months ended March 31, 2007 and 2006, these amounts totaled $15 million and $26 million, respectively.

Our "Subscriber acquisition costs," both in aggregate and on a per new subscriber activation basis, may materially increase in the future to the extent that we introduce more aggressive promotions if we determine that they are necessary to respond to competition, or for other reasons. See further discussion under *"Liquidity and Capital Resources — Subscriber Retention and Acquisition Costs."*

General and administrative expenses. "General and administrative expenses" totaled $157 million during the three months ended March 31, 2007, an increase of $28 million or 21.5% compared to the same period in 2006. This increase was primarily attributable to outside professional fees, personnel expense including non-cash, stock-based compensation expense, and related costs to support the growth of the DISH Network. "General and administrative expenses" represented 5.9% and 5.6% of "Total revenue" during the three months ended March 31, 2007 and 2006, respectively. The increase in the ratio of those expenses to "Total revenue" was primarily attributable to increased infrastructure expenses to support the growth of the DISH Network, discussed above.

Litigation expense. We recorded $74 million of "Litigation expense" during the three months ended March 31, 2006 as a result of the jury verdict in the Tivo lawsuit. Based on our current analysis of the case, including the appellate record and other factors, we believe it is more likely than not that we will prevail on appeal. See Note 10 in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Depreciation and amortization. "Depreciation and amortization" expense totaled $320 million during the three months ended March 31, 2007, a $74 million or 29.8% increase compared to the same period in 2006. The increase in "Depreciation and amortization" expense was primarily attributable to depreciation of equipment leased to subscribers resulting from increased penetration of our equipment lease programs, and additional depreciation related to satellites and other depreciable assets placed in service to support the DISH Network.

Interest income. "Interest income" totaled $33 million during the three months ended March 31, 2007, an increase of $11 million compared to the same period in 2006. This increase principally resulted from higher cash and marketable investment securities balances and higher total percentage returns earned on our cash and marketable investment securities during the first quarter of 2007.

Interest expense, net of amounts capitalized. "Interest expense" totaled $120 million during the three months ended March 31, 2007, a decrease of $10 million or 7.8% compared to the same period in 2006. This decrease primarily resulted from a net decrease in interest expense of $4 million related to redemptions and issuances of debt during 2006 and 2007, and a decrease in prepayment premiums and write-off of debt issuance costs related to the redemptions totaling $3 million.

Other. "Other" expense totaled $2 million during the three months ended March 31, 2007, a decrease of $66 million compared to "Other" income of $64 million during the same period in 2006. The decrease primarily resulted from a $48 million unrealized gain in the value of a non-marketable strategic investment accounted for at fair value and a $19 million gain on the exchange of a non-marketable investment for a publicly traded stock during the first quarter of 2006. There can be no assurance that we will ultimately realize any unrealized gains on our non-marketable strategic investment. See Note 5 in the Notes to the Condensed Consolidated Financial Statements for further discussion regarding our non-marketable and marketable investment securities.

***Earnings before interest, taxes, depreciation and amortization*.** EBITDA was $658 million during the three months ended March 31, 2007, an increase of $73 million or 12.6% compared to the same period in 2006.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued

The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
EBITDA	$ 658,481	$ 585,027
Less:		
Interest expense, net	86,068	107,638
Income tax provision	95,154	83,537
Depreciation and amortization	320,119	246,571
Net income (loss)	$ 157,140	$ 147,281

EBITDA is not a measure determined in accordance with accounting principles generally accepted in the United States, or GAAP, and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. EBITDA is used as a measurement of operating efficiency and overall financial performance and we believe it to be a helpful measure for those evaluating companies in the MVPD industry. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

Income tax (provision) benefit, net. Our income tax provision was $95 million during the three months ended March 31, 2007, an increase of $12 million or 13.9% compared to during the same period in 2006. The increase in the provision is primarily related to the improvement in "Income (loss) before income taxes" and a 1.5% increase in the effective tax rate. During the three months ended March 31, 2006, our effective tax rate was favorably impacted by the utilization of state tax net operating loss carryforwards.

Net income (loss). Net income was $157 million during the three months ended March 31, 2007, an increase of $10 million compared to $147 million for the same period in 2006. The increase was primarily attributable to the changes in revenue and expenses discussed above.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued

LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents and Marketable Investment Securities

We consider all liquid investments purchased within 90 days of their maturity to be cash equivalents. See *"Item 3. — Quantitative and Qualitative Disclosures about Market Risk"* for further discussion regarding our marketable investment securities. Our restricted and unrestricted cash, cash equivalents and marketable investment securities as of March 31, 2007 totaled $2.340 billion, including $172 million of restricted cash and marketable investment securities, compared to $3.206 billion, including $173 million of restricted cash and marketable investment securities as of December 31, 2006. The $865 million decrease in restricted and unrestricted cash, cash equivalents and marketable investment securities primarily related to the redemption of our 5¾% Convertible Subordinated Notes due 2008.

The following discussion highlights our free cash flow and cash flow activities during the three months ended March 31, 2007 compared to the same period in 2006.

Free Cash Flow

We define free cash flow as "Net cash flows from operating activities" less "Purchases of property and equipment," as shown on our Condensed Consolidated Statements of Cash Flows. We believe free cash flow is an important liquidity metric because it measures, during a given period, the amount of cash generated that is available to repay debt obligations, make investments, fund acquisitions and for certain other activities. Free cash flow is not a measure determined in accordance with GAAP and should not be considered a substitute for "Operating income," "Net income," "Net cash flows from operating activities" or any other measure determined in accordance with GAAP. Since free cash flow includes investments in operating assets, we believe this non-GAAP liquidity measure is useful in addition to the most directly comparable GAAP measure — "Net cash flows from operating activities."

During the three months ended March 31, 2007 and 2006, free cash flow was significantly impacted by changes in operating assets and liabilities as shown in the "Net cash flows from operating activities" section of our Condensed Consolidated Statements of Cash Flows included herein. Operating asset and liability balances can fluctuate significantly from period to period and there can be no assurance that free cash flow will not be negatively impacted by material changes in operating assets and liabilities in future periods, since these changes depend upon, among other things, management's timing of payments and control of inventory levels, and cash receipts. In addition to fluctuations resulting from changes in operating assets and liabilities, free cash flow can vary significantly from period to period depending upon, among other things, subscriber growth, subscriber revenue, subscriber churn, subscriber acquisition costs including amounts capitalized under our equipment lease programs, operating efficiencies, increases or decreases in purchases of property and equipment and other factors.

The following table reconciles free cash flow to "Net cash flows from operating activities."

	For the Three Months Ended March 31,	
	2007	2006
	(In thousands)	
Free cash flow	$ 173,685	$ 331,234
Add back:		
Purchases of property and equipment	330,784	298,885
Net cash flows from operating activities	$ 504,469	$ 630,119

The $158 million decline in free cash flow during the three months ended March 31, 2007 compared to the same period in 2006 resulted from a decrease in "Net cash flows from operating activities" of $126 million, or 19.9%, and an increase in "Purchases of property and equipment" of $32 million, or 10.7%. The decrease in "Net cash flows from operating activities" was primarily attributable to a $281 million decrease in cash resulting from changes in operating assets and liabilities, partially offset by a $156 million increase in net income, net of changes in: (i) "Depreciation and amortization" expense, (ii) "Realized and unrealized losses (gains) on investments," (iii) "Deferred tax expense (benefit)" and (iv) other expense items. The increase in "Purchases of property and equipment" during the first quarter of 2007 compared to the same period in 2006 was primarily attributable to an increase in expenditures for satellite construction and equipment under our existing subscriber lease program, partially offset by a decline in overall corporate capital expenditures and in spending for equipment under our new subscriber lease program.

Our future capital expenditures could increase or decrease depending on the strength of the economy, strategic opportunities or other factors.

Subscriber Turnover

Our percentage monthly subscriber churn for the three months ended March 31, 2007 was 1.46%, compared to 1.57% for the same period in 2006. Our future subscriber churn may be negatively impacted by a number of factors, including but not limited to, an increase in non-pay or involuntary disconnects resulting from economic and other drivers, the expiration of customers from commitment periods associated with certain promotions, an increase in competition from existing competitors and new entrants offering more compelling promotions, as well as new advanced products and services. Competitor bundling of video services with 2-way high-speed Internet access and telephone services may also contribute more significantly to churn over time. Additionally, certain of our promotions allow consumers with relatively lower credit scores to become subscribers, and these subscribers typically churn at a higher rate. However, these subscribers are also acquired at a lower cost resulting in a smaller economic loss upon disconnect. There can be no assurance that these and other factors will not contribute to relatively higher churn than we have experienced historically. Furthermore, our average monthly subscriber churn rate fluctuates from period to period due to seasonality. Typically, subscribers churn at a higher rate during the second and third quarters each year than during the first and fourth quarters.

Additionally, as the size of our subscriber base increases, even if our churn percentage remains constant or declines, increasing numbers of gross new DISH Network subscribers are required to sustain net subscriber growth.

Increases in theft of our signal, or our competitors' signals, also could cause subscriber churn to increase in future periods. We use microchips embedded in credit card-sized access cards, called "smart cards," or security chips in our EchoStar receiver systems to control access to authorized programming content. Our signal encryption has been compromised by theft of service and could be further compromised in the future. We continue to respond to compromises of our encryption system with security measures intended to make signal theft of our programming more difficult. During 2005, we completed the replacement of our smart cards. While the smart card replacement did not fully secure our system, we continue to implement software patches and other security measures to help protect our service. There can be no assurance that our security measures will be effective in reducing theft of our programming signals. If we are required to replace existing smart cards, the cost could exceed $100 million.

Subscriber Acquisition and Retention Costs

Our subscriber acquisition and retention costs can vary significantly from period to period which can in turn cause significant variability to our net income (loss) and free cash flow between periods. Our "Subscriber acquisition costs," SAC and "Subscriber-related expenses" may materially increase to the extent that we introduce more aggressive promotions in the future if we determine they are necessary to respond to competition, or for other reasons.

Capital expenditures resulting from our equipment lease program for new subscribers have been, and we expect will continue to be, partially mitigated by, among other things, the redeployment of equipment returned by disconnecting lease program subscribers. However, to remain competitive we will have to upgrade or replace subscriber equipment periodically as technology changes, and the associated costs may be substantial. To the extent technological changes render existing equipment obsolete, we would cease to benefit from the SAC reduction associated with redeployment of that returned lease equipment.

Several years ago, we began deploying satellite receivers capable of exploiting 8PSK modulation technology. Since that technology is now standard in all of our new satellite receivers, our cost to migrate programming channels to that technology in the future will be substantially lower than if it were necessary to replace all existing consumer equipment. As we continue to implement 8PSK technology, bandwidth efficiency will improve, significantly increasing the number of programming channels we can transmit over our existing satellites as an alternative or supplement to the acquisition of additional spectrum or the construction of additional satellites. New channels we add to our service using only that technology may allow us to further reduce conversion costs and create additional revenue opportunities. We have also implemented MPEG-4 technology in all satellite receivers for new customers who subscribe to our HD programming packages. This technology should result in further bandwidth efficiencies over time. We have not yet determined the extent to which we will convert the EchoStar DBS System to these new technologies, or the period of time over which the conversions will occur. Provided that Echostar X continues to operate normally and other planned satellites are successfully deployed, this increased satellite capacity and our 8PSK transition will afford us greater flexibility in delaying and reducing the costs otherwise required to convert our subscriber base to MPEG-4.

While we may be able to generate increased revenue from such conversions, the deployment of equipment including new technologies will increase the cost of our consumer equipment, at least in the short-term. Our expensed and capitalized subscriber acquisition and retention costs will increase to the extent we subsidize those costs for new and existing subscribers. These increases may be mitigated to the extent we successfully redeploy existing receivers and implement other equipment cost reduction strategies.

In an effort to reduce subscriber turnover, we offer existing subscribers a variety of options for upgraded and add on equipment. We generally lease receivers and subsidize installation of EchoStar receiver systems under these subscriber retention programs. As discussed above, we will have to upgrade or replace subscriber equipment periodically as technology changes. As a consequence, our retention costs, which are included in "Subscriber-related expenses," and our capital expenditures related to our equipment lease program for existing subscribers, will increase, at least in the short-term, to the extent we subsidize the costs of those upgrades and replacements. Our capital expenditures related to subscriber retention programs could also increase in the future to the extent we increase penetration of our equipment lease program for existing subscribers, if we introduce other more aggressive promotions, if we offer existing subscribers more aggressive promotions for HD receivers or EchoStar receivers with other enhanced technologies, or for other reasons.

Cash necessary to fund retention programs and total subscriber acquisition costs are expected to be satisfied from existing cash and marketable investment securities balances and cash generated from operations to the extent available. We may, however, decide to raise additional capital in the future to meet these requirements. If we decided to raise capital today, a variety of debt and equity funding sources would likely be available to us. However, there can be no assurance that additional financing will be available on acceptable terms, or at all, if needed in the future.

Obligations and Future Capital Requirements

During the three months ended March 31, 2007, our satellite-related obligations increased to $2.845 billion, net of first quarter payments, primarily as a result of entering into additional satellite launch contracts. Operating lease and purchase obligations did not change materially during the same period.

We expect that our future working capital, capital expenditure and debt service requirements will be satisfied primarily from existing cash and marketable investment securities balances and cash generated from operations. Our ability to generate positive future operating and net cash flows is dependent upon, among other things, our ability to retain existing DISH Network subscribers. There can be no assurance we will be successful in executing our business plan. The amount of capital required to fund our future working capital and capital expenditure needs will vary, depending on, among other things, the rate at which we acquire new subscribers and the cost of subscriber acquisition and retention, including capitalized costs associated with our new and existing subscriber equipment lease programs. The amount of capital required will also depend on the levels of investment necessary to support possible strategic initiatives including our plans to expand the number of local markets where we offer HD channels. Our capital expenditures will vary depending on the number of satellites leased or under construction at any point in time. Our working capital and capital expenditure requirements could increase materially in the event of, among other factors, increased competition for subscription television customers, significant satellite failures, or general economic downturn. These factors could require that we raise additional capital in the future.

From time to time we evaluate opportunities for strategic investments or acquisitions that may complement our current services and products, enhance our technical capabilities, improve or sustain our competitive position, or otherwise offer growth opportunities. We may make investments in or partner with others to expand our business into mobile and portable video, data and voice services. Future material investments or acquisitions may require that we obtain additional capital, assume third party debt or other long-term obligations. Also, our Board of Directors approved extending the plan to repurchase our Class A common stock, which could require that we raise additional capital. The maximum dollar value of shares that may still be purchased under the plan through December 31, 2007 is $626 million. There can be no assurance that we could raise all required capital or that required capital would be available on acceptable terms.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments

As of March 31, 2007, our restricted and unrestricted cash, cash equivalents and marketable investment securities had a fair value of $2.340 billion. Of that amount, a total of $2.048 billion was invested in: (a) cash; (b) debt instruments of the U.S. Government and its agencies; (c) commercial paper and notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and (d) instruments with similar risk characteristics to the commercial paper described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, among other things, fund operations, make strategic investments and expand the business. Consequently, the size of this portfolio fluctuates significantly as cash is received and used in our business.

Our restricted and unrestricted cash, cash equivalents and marketable investment securities had an average annual return for the three months ended March 31, 2007 of 5.5%. A hypothetical 10% decrease in interest rates would result in a decrease of approximately $13 million in annual interest income. The value of certain of the investments in this portfolio can be impacted by, among other things, the risk of adverse changes in securities and economic markets, as well as the risks related to the performance of the companies whose commercial paper and other instruments we hold. However, the high quality of these investments (as assessed by independent rating agencies) reduces these risks. The value of these investments can also be impacted by interest rate fluctuations.

At March 31, 2007, all of the $2.048 billion was invested in fixed or variable rate instruments or money market type accounts. While an increase in interest rates would ordinarily adversely impact the fair value of fixed and variable rate investments, we normally hold these investments to maturity. Consequently, neither interest rate fluctuations nor other market risks typically result in significant realized gains or losses to this portfolio. A decrease in interest rates has the effect of reducing our future annual interest income from this portfolio, since funds would be re-invested at lower rates as the instruments mature.

Included in our marketable investment securities portfolio balance is equity of public companies we hold for strategic and financial purposes. As of March 31, 2007, we held strategic and financial equity investments of public companies with a fair value of $293 million. We may make additional strategic and financial investments in debt and other equity securities in the future. The fair value of our strategic and financial equity investments can be significantly impacted by the risk of adverse changes in securities markets, as well as risks related to the performance of the companies whose securities we have invested in, risks associated with specific industries, and other factors. These investments are subject to significant fluctuations in fair value due to the volatility of the securities markets and of the underlying businesses. A hypothetical 10% adverse change in the price of our public strategic equity investments would result in approximately a $29 million decrease in the fair value of that portfolio.

We currently classify all marketable investment securities as available-for-sale. We adjust the carrying value of our available-for-sale securities to fair value and report the related temporary unrealized gains and losses as a separate component of "Accumulated other comprehensive income (loss)" within "Total stockholders' equity (deficit)," net of related deferred income tax. Declines in the fair value of a marketable investment security which are estimated to be "other than temporary" are recognized in the Condensed Consolidated Statements of Operations, thus establishing a new cost basis for such investment. We evaluate our marketable investment securities portfolio on a quarterly basis to determine whether declines in the fair value of these securities are other than temporary. This quarterly evaluation consists of reviewing, among other things, the fair value of our marketable investment securities compared to the

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — Continued

carrying amount, the historical volatility of the price of each security and any market and company specific factors related to each security. Generally, absent specific factors to the contrary, declines in the fair value of investments below cost basis for a continuous period of less than six months are considered to be temporary. Declines in the fair value of investments for a continuous period of six to nine months are evaluated on a case by case basis to determine whether any company or market-specific factors exist which would indicate that such declines are other than temporary. Declines in the fair value of investments below cost basis for a continuous period greater than nine months are considered other than temporary and are recorded as charges to earnings, absent specific factors to the contrary.

As of March 31, 2007, we had unrealized gains net of related tax effect of $43 million as a part of “Accumulated other comprehensive income (loss)” within “Total stockholders’ equity (deficit).” During the three months ended March 31, 2007, we did not record any charge to earnings for other than temporary declines in the fair value of our marketable investment securities. In addition, during the three months ended March 31, 2007, we recognized in our Condensed Consolidated Statements of Operations realized and unrealized net gains on marketable investment securities of $3 million. During the three months ended March 31, 2007, our strategic investments have experienced and continue to experience volatility. If the fair value of our strategic marketable investment securities portfolio does not remain above cost basis or if we become aware of any market or company specific factors that indicate that the carrying value of certain of our securities is impaired, we may be required to record charges to earnings in future periods equal to the amount of the decline in fair value.

We also have several strategic investments in certain non-marketable equity securities which are included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. Generally, we account for our unconsolidated equity investments under either the equity method or cost method of accounting. Because these equity securities are generally not publicly traded, it is not practical to regularly estimate the fair value of the investments; however, these investments are subject to an evaluation for other than temporary impairment on a quarterly basis. This quarterly evaluation consists of reviewing, among other things, company business plans and current financial statements, if available, for factors that may indicate an impairment of our investment. Such factors may include, but are not limited to, cash flow concerns, material litigation, violations of debt covenants and changes in business strategy. The fair value of these equity investments is not estimated unless there are identified changes in circumstances that may indicate an impairment exists and these changes are likely to have a significant adverse effect on the fair value of the investment. As of March 31, 2007, we had $228 million aggregate carrying amount of non-marketable and unconsolidated strategic equity investments, of which $97 million is accounted for under the cost method. This total also includes the common share component of our strategic investment in a foreign public company, discussed below, which is accounted for under the equity method. During the three months ended March 31, 2007, we did not record any charge to earnings for other than temporary declines in the fair value of our non-marketable equity investment securities.

We also have a strategic investment in non-public preferred stock, public common stock and convertible debt of a foreign public company which is included in “Other noncurrent assets, net” on our Condensed Consolidated Balance Sheets. The debt is convertible into the issuer’s publicly traded common shares. We account for the convertible debt at fair value with changes in fair value reported each period as unrealized gains or losses in “Other” income or expense in our Condensed Consolidated Statements of Operations. We estimate the fair value of the convertible debt using certain assumptions and judgments in applying a discounted cash flow analysis and the Black-Scholes option pricing model including the fair market value of the underlying common stock price as of that date. As of March 31, 2007, the fair value of the convertible debt was $19 million based on the trading price of the issuer’s shares on that date. Additionally, during the three months ended March 31, 2007, we recognized a pre-tax unrealized loss of $3 million for the change in the fair value of the convertible debt. During the second quarter of 2006, we converted a portion of the convertible debt to public common shares and determined that we have the ability to significantly influence the operating decisions of the issuer. Consequently, we account for the common share component of our investment under the equity method of accounting. As a result of our change to equity method accounting, we evaluate the common share component of this investment on a quarterly basis to determine whether there has been a decline in the value that is other than temporary. Because the shares are publicly traded, this quarterly evaluation considers the fair market value of the common shares in addition to the other factors described above for equity method investments. Our $71 million carrying value for this investment has exceeded the fair market value of the underlying common stock for over six months. As of March 31, 2007, this decline in fair market value was approximately $22 million. Pursuant to our impairment policy for marketable securities, because we cannot conclude at this time that this decline is other than temporary, as of March 31, 2007, we have not recorded an impairment. However, if by the end of the second quarter of 2007, our carrying value for this investment continues to exceed its fair market value, we will recognize an impairment in accordance with our stated nine-month marketable securities impairment policy even if we believe the decline is temporary, unless there are sufficient factors to the contrary.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK — Continued

Our ability to realize value from our strategic investments in companies that are not publicly traded is dependent on the success of their business and their ability to obtain sufficient capital to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

As of March 31, 2007, we had fixed-rate debt, mortgages and other notes payable of $5.561 billion on our Condensed Consolidated Balance Sheets. We estimated the fair value of this debt to be approximately $5.656 billion using quoted market prices for our publicly traded debt, which constitutes approximately 90% of our debt, and an analysis based on certain assumptions discussed below for our private debt. In completing our analysis for our private debt, we evaluate market conditions, related securities, various public and private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding credit spreads, volatility, and the impact of these factors on the value of the notes. The fair value of our debt is affected by fluctuations in interest rates. A hypothetical 10% decrease in assumed interest rates would increase the fair value of our debt by approximately $164 million. To the extent interest rates increase, our costs of financing would increase at such time as we are required to refinance our debt. As of March 31, 2007, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately $35 million.

In general, we do not use derivative financial instruments for hedging or speculative purposes, but we may do so in the future.

Item 4. CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Distant Network Litigation

During October 2006, a District Court in Florida entered a permanent nationwide injunction prohibiting us from offering distant network channels to consumers effective December 1, 2006. Distant networks are ABC, NBC, CBS and Fox network channels which originate outside the community where the consumer who wants to view them, lives. We have turned off all of our distant network channels and are no longer in the distant network business. Termination of these channels resulted in, among other things, a small reduction in average monthly revenue per subscriber and free cash flow, and a temporary increase in subscriber churn. The plaintiffs in that litigation allege that we are in violation of the Court's injunction and have appealed a District Court decision finding that we are not in violation. We cannot predict with any degree of certainty the outcome of that appeal.

Superguide

During 2000, Superguide Corp. ("Superguide") filed suit against us, DirecTV, Thomson and others in the United States District Court for the Western District of North Carolina, Asheville Division, alleging infringement of United States Patent Nos. 5,038,211 (the '211 patent), 5,293,357 (the '357 patent) and 4,751,578 (the '578 patent) which relate to certain electronic program guide functions, including the use of electronic program guides to control VCRs. Superguide sought injunctive and declaratory relief and damages in an unspecified amount.

On summary judgment, the District Court ruled that none of the asserted patents were infringed by us. These rulings were appealed to the United States Court of Appeals for the Federal Circuit. During 2004, the Federal Circuit affirmed in part and reversed in part the District Court's findings and remanded the case back to the District Court for further proceedings. In 2005, SuperGuide indicated that it would no longer pursue infringement allegations with respect to the '211 and '357 patents and those patents have now been dismissed from the suit. The District Court subsequently entered judgment of non-infringement in favor of all defendants as to the '211 and '357 patents and ordered briefing on Thomson's license defense as to the '578 patent. During December 2006, the District Court found that there were disputed issues of fact regarding Thomson's license defense, and ordered a trial solely addressed to that issue. That trial took place in March 2007, and the parties are waiting for a decision from the District Court. We also requested leave to add a license defense as to the '578 patent in view of a new (at the time) license we obtained from a third-party licensed by Superguide. Activity in the case as to us is suspended pending resolution of the Thomson license defense issue.

We examined the '578 patent and believe that it is not infringed by any of our products or services. We will continue to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly electronic programming guide and related features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Broadcast Innovation, L.L.C.

In 2001, Broadcast Innovation, L.L.C. ("Broadcast Innovation") filed a lawsuit against us, DirecTV, Thomson Consumer Electronics and others in Federal District Court in Denver, Colorado. The suit alleges infringement of United States Patent Nos. 6,076,094 (the '094 patent) and 4,992,066 (the '066 patent). The '094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The '066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. We examined these patents and believe that they are not infringed by any of our products or services. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving us as the only defendant.

During 2004, the judge issued an order finding the '066 patent invalid. Also in 2004, the Court ruled the '094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States

Court of Appeals for the Federal Circuit overturned the ‘094 patent finding of invalidity and remanded the case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The Court has stayed the case pending reexamination. Our case remains stayed pending resolution of the Charter case.

We intend to continue to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Tivo Inc.

During April 2006, a Texas jury concluded that certain of our digital video recorders, or DVRs, infringed a patent held by Tivo. The Texas court subsequently issued an injunction prohibiting us from offering DVR functionality. A Court of Appeals has stayed that injunction during the pendency of our appeal.

In accordance with Statement of Financial Accounting Standards No. 5, “Accounting for Contingencies” (“SFAS 5”), we recorded a total reserve of $94 million in “Litigation expense” on our Condensed Consolidated Statement of Operations to reflect the jury verdict, supplemental damages and pre-judgment interest awarded by the Texas court through September 8, 2006. Based on our current analysis of the case, including the appellate record and other factors, we believe it is more likely than not that we will prevail on appeal. Consequently, we are not recording additional amounts for supplemental damages or interest subsequent to the September 8, 2006 judgment date. If the verdict is upheld on appeal, the $94 million amount would increase by approximately $35 million through the end of 2007.

If the verdict is upheld on appeal and we are not able to successfully implement alternative technology (including the successful defense of any challenge that such technology infringes Tivo’s patent), we would owe substantial additional damages and we could also be prohibited from distributing DVRs, or be required to modify or eliminate certain user-friendly DVR features that we currently offer to consumers. In that event we would be at a significant disadvantage to our competitors who could offer this functionality and, while we would attempt to provide that functionality through other manufacturers, the adverse affect on our business could be material.

Acacia

During 2004, Acacia Media Technologies (“Acacia”) filed a lawsuit against us in the United States District Court for the Northern District of California. The suit also named DirecTV, Comcast, Charter, Cox and a number of smaller cable companies as defendants. Acacia is an intellectual property holding company which seeks to license the patent portfolio that it has acquired. The suit alleges infringement of United States Patent Nos. 5,132,992 (the ‘992 patent), 5,253,275 (the ‘275 patent), 5,550,863 (the ‘863 patent), 6,002,720 (the ‘720 patent) and 6,144,702 (the ‘702 patent). The ‘992, ‘863, ‘720 and ‘702 patents have been asserted against us.

The patents relate to various systems and methods related to the transmission of digital data. The ‘992 and ‘702 patents have also been asserted against several Internet content providers in the United States District Court for the Central District of California. During 2004 and 2005, the Court issued Markman rulings which found that the ‘992 and ‘702 patents were not as broad as Acacia had contended, and that certain terms in the ‘702 patent were indefinite. In April 2006, EchoStar and other defendants asked the Court to rule that the claims of the ‘702 patent are invalid and not infringed. That motion is pending. In June and September 2006, the Court held Markman hearings on the ‘992, ‘863, ‘720 and ‘275 patents, and issued a ruling during December 2006. We believe the decision is generally favorable to us, but we can not predict whether it will result in dismissal of the case.

Acacia’s various patent infringement cases have been consolidated for pre-trial purposes in the United States District Court for the Northern District of California. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Forgent

During 2005, Forgent Networks, Inc. ("Forgent") filed a lawsuit against us in the United States District Court for the Eastern District of Texas. The suit also named DirecTV, Charter, Comcast, Time Warner Cable, Cable One and Cox as defendants. The suit alleges infringement of United States Patent No. 6,285,746 (the '746 patent).

The '746 patent discloses, among other things, a video teleconferencing system which utilizes digital telephone lines. We have examined this patent and do not believe that it is infringed by any of our products or services. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe this patent, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly features that we currently offer to consumers. Trial is currently scheduled for May 2007 in Tyler, Texas. On October 2, 2006, the Patent and Trademark Office granted a petition for reexamination of the '746 patent. On October 27, 2006, the Patent and Trademark Office issued its initial office action rejecting all of the claims of the '746 patent in light of several prior art references. Forgent will have an opportunity to challenge the initial office action. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages. The non-satellite defendants have settled with Forgent, leaving us and DirecTV as the only defendants.

Finisar Corporation

Finisar Corporation ("Finisar") obtained a $100 million verdict in the United States District Court for the Eastern District of Texas against DirecTV for patent infringement. Finisar alleged that DirecTV's electronic program guide and other elements of its system infringe United States Patent No. 5,404,505 (the '505 patent).

In July 2006, we, together with NagraStar LLC, filed a Complaint for Declaratory Judgment in the United States District Court for the District of Delaware against Finisar that asks the Court to declare that they and we do not infringe, and have not infringed, any valid claim of the '505 patent. Trial is not currently scheduled. We intend to vigorously defend our rights in this action. In the event that a Court ultimately determines that we infringe this patent, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to modify our system architecture. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Trans Video

In August 2006, Trans Video Electronic, Ltd. ("Trans Video") filed a patent infringement action against us in the United States District Court for the Northern District of California. The suit alleges infringement of United States Patent Nos. 5,903,621 (the '621 patent) and 5,991,801 (the '801 patent). The patents relate to various methods related to the transmission of digital data by satellite. Trial has been set for July 2008. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe any of the patents, we may be subject to substantial damages, which may include treble damages and/or an injunction. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Global Communications

In April 2007, Global Communications, Inc. ("Global") filed a patent infringement action against us in the United States District Court for the Eastern District of Texas. The suit alleges infringement of United States Patent No. 6,947,702. This patent, which involves satellite reception, was issued in September 2005. We intend to vigorously defend this case. In the event that a Court ultimately determines that we infringe the 6,947,702 patent, we may be subject to substantial damages, which may include treble damages and/or an injunction. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Retailer Class Actions

During 2000, lawsuits were filed by retailers in Colorado state and federal court attempting to certify nationwide classes on behalf of certain of our satellite hardware retailers. The plaintiffs are requesting the Courts declare certain provisions of, and changes to, alleged agreements between us and the retailers invalid and unenforceable, and to award damages for lost incentives and payments, charge backs, and other compensation. We are vigorously defending against the suits and have asserted a variety of counterclaims. The federal court action has been stayed during the pendency of the state court action. We filed a motion for summary judgment on all counts and against all plaintiffs. The plaintiffs filed a motion for additional time to conduct discovery to enable them to respond to our motion. The Court granted limited discovery which ended during 2004. The plaintiffs claimed we did not provide adequate disclosure during the discovery process. The Court agreed, and recently denied our motion for summary judgment as a result. The final impact of the Court's ruling cannot be fully assessed at this time. Trial has been set for August 2008. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Enron Commercial Paper Investment

During October 2001, we received approximately $40 million from the sale of Enron commercial paper to a third party broker. That commercial paper was ultimately purchased by Enron. During November 2003, an action was commenced in the United States Bankruptcy Court for the Southern District of New York against approximately 100 defendants, including us, who invested in Enron's commercial paper. The complaint alleges that Enron's October 2001 purchase of its commercial paper was a fraudulent conveyance and voidable preference under bankruptcy laws. We dispute these allegations. We typically invest in commercial paper and notes which are rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations. At the time of our investment in Enron commercial paper, it was considered to be high quality and low risk. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

Other

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K/A for 2006 includes a detailed discussion of our risk factors. During the three months ended March 31, 2007, there were no material changes in risk factors as previously disclosed.

Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table provides information regarding purchases of our Class A common stock from January 1, 2007 through March 31, 2007.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (b)
	(In thousands, except share data)			
January 1 - January 31, 2007	—	$ —	—	$ 625,811
February 1 - February 28, 2007	—	$ —	—	$ 625,811
March 1 - March 31, 2007	—	$ —	—	$ 625,811
Total	—	$ —	—	$ 625,811

(a) During the period from January 1, 2007 through March 31, 2007, we did not repurchase any of our Class A common stock pursuant to our repurchase program. The maximum dollar value of shares that may still be purchased under the plan through December 31, 2007 is $626 million.

(b) Our Board of Directors authorized the purchase of up to $1.0 billion of our Class A common stock on August 9, 2004. Prior to 2007, we purchased a total of 13.6 million shares for a total of $374 million. During 2006, our Board of Directors approved extending this repurchase program to expire on the earlier of December 31, 2007 or when an aggregate amount of $1.0 billion of stock has been purchased. Purchases under our repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors. We may elect not to purchase the maximum amount of shares allowable under this program and we may also enter into additional share repurchase programs authorized by our Board of Directors.

Item 5. OTHER INFORMATION

Amended and Restated Bylaws

On May 8, 2007, EchoStar's Board of Directors approved certain amendments to our Amended and Restated Bylaws, which include the following changes: (i) conforming to the Direct Registration System (newly-adopted Nasdaq Marketplace Rule 4350(l)) by clarifying that outstanding shares may exist in certificated or uncertificated form; (ii) deleting a provision regarding the types of consideration that may be used for payment of shares that was more restrictive than the applicable statute; (iii) adding the Chairman of the Board of Directors and the Chief Executive Officer (CEO), and removing the President (or in his absence a Vice President), from the list of persons who may call special meetings of stockholders; (iv) providing that the Chairman of the Board of Directors presides over stockholder meetings (previously "Robert's Rules of Order" governed disputes at stockholder meetings, in the absence of guidance under Nevada law, the Articles of Incorporation, or the Bylaws); (v) adding an advance notice bylaw provision that requires advance written notice of stockholder proposals; (vi) allowing special meetings of the Board of Directors to be called by the Chairman, the Vice-Chairman of the Board of Directors, the CEO, or any two directors (previously special meetings of our Board of Directors could be called by the President (or Vice-President in his absence) or by any one director); (vii) clarifying that the CEO is an elective officer; (viii) deleting a reference to adopting emergency Bylaws; (ix) making conforming changes to other applicable provisions of the Bylaws; and (x) making technical changes, including but not limited to: reflecting EchoStar's current address and corporate structure; allowing for notices to be sent via email; specifying that a director appointed to fill a vacancy holds office for the remainder of the resigned director's term; and adding a provision relating to the organization of meetings of the Board of Directors.

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The foregoing summary description of our Amended and Restated Bylaws does not purport to be complete and is qualified in its entirety by reference to our Amended and Restated Bylaws, which are attached hereto as Exhibit 3.1 and incorporated herein by reference.

Item 6. EXHIBITS

(a) Exhibits.

3.1	Amended and Restated Bylaws of EchoStar.
31.1	Section 302 Certification by Chairman and Chief Executive Officer.
31.2	Section 302 Certification by Executive Vice President and Chief Financial Officer.
32.1	Section 906 Certification by Chairman and Chief Executive Officer.
32.2	Section 906 Certification by Executive Vice President and Chief Financial Officer.

SIGNATURES

Pursuant to the requirements 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

By: /s/ *Charles W. Ergen*
Charles W. Ergen
Chairman and Chief Executive Officer
(Duly Authorized Officer)

By: /s/ *Bernard L. Han*
Bernard L. Han
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2007

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EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Bylaws of EchoStar.
31.1	Section 302 Certification by Chairman and Chief Executive Officer.
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32.1	Section 906 Certification by Chairman and Chief Executive Officer.
32.2	Section 906 Certification by Executive Vice President and Chief Financial Officer.

Exhibit 3.1

AMENDED AND RESTATED

BYLAWS

OF

ECHOSTAR COMMUNICATIONS CORPORATION

(effective May 8, 2007)

ARTICLE I

Principal Office and Corporate Seal

Section 1.1. Principal Office. The principal office and place of business of EchoStar Communications Corporation (the “Corporation”) is presently at 9601 S. Meridian Boulevard, Englewood, Colorado 80112.

Section 1.2. Other Offices. Other offices and places of business either within or outside Nevada or Colorado may be established from time to time by resolution of the Board of Directors or as the business of the Corporation may require. The registered office of the Corporation required by Title 7, Chapter 78 of the Nevada Revised Statutes to be maintained in Nevada may be changed from time to time by the Board of Directors.

Section 1.3. Seal. The seal of the Corporation shall have inscribed thereon the name of the Corporation and the word “Seal”, and shall be in such form as may be approved by the Board of Directors or Secretary, which shall have the power to alter the same at its or his pleasure. The Corporation may use the seal by causing it, or a facsimile thereof, to be impressed or affixed or in any other manner reproduced.

ARTICLE II

Shares and Transfer Thereof

Section 2.1. Stock Certificates and Uncertificated Shares. Every holder of stock in the Corporation shall be entitled to have a certificate signed by or in the name of the Corporation by the Chief Executive Officer, the President or a Vice President, and by the Secretary or an Assistant Secretary, or their designee of the Corporation, certifying the number of shares of stock owned by him in the Corporation; provided, however, that the Corporation may authorize the issuance of uncertificated shares of some or all of any or all classes or series of the Corporation’s stock. Any such issuance of uncertificated shares shall have no effect on existing certificates for shares until such certificates are surrendered to the Corporation, or on the respective rights and obligations of the Stockholders. Whenever any such certificate is countersigned or otherwise authenticated by a transfer agent or a transfer clerk and by a registrar (other than the Corporation), then a facsimile of the signatures of any corporate officers or agents, the transfer agent or transfer clerk or the registrar of the Corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. In the event that any officer or officers who have signed, or whose facsimile signatures have been used on any certificate or certificates for stock cease to be an officer or officers because of death, resignation or other reason, before the certificate or certificates for stock have been delivered by the Corporation, the certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed the certificate or certificates, or whose facsimile signature or signatures have been used thereon, had not ceased to be an officer or officers of the Corporation.

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, the certificate shall contain a statement setting forth the office or agency of the Corporation from which Stockholders may obtain a copy of a statement or summary of the powers, designations, preferences, participating, optional, or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the Stockholders shall be identical whether or not their shares of stock are represented by certificates.

Each certificate representing shares shall state the following upon the face thereof: the name of the state of the Corporation's organization, the name of the person to whom issued; the number and class of shares and the designation of the series, if any, which such certificate represents; the par value of each share, if any, represented by such certificate or a statement that the shares are without par value. Certificates of stock shall be in such form consistent with law as shall be prescribed by the Board of Directors. No certificate shall be issued until the shares represented thereby are fully paid.

Section 2.2. Record. A record shall be kept of the name of each person or other entity holding the stock of the Corporation issued, the number of shares held by each such person, the date thereof and, in the case of cancellation, the date of cancellation. The Corporation shall be entitled to treat the person or other entity in whose name shares of stock of the Corporation stand on the books of the Corporation as the absolute owner thereof, and thus a holder of record of such shares of stock, for all purposes as regards the Corporation, and the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Nevada.

Section 2.3. Lost, Stolen or Destroyed Stock Certificates; Issuance of New Certificates. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative, to give the Corporation a bond or other security sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

Section 2.4. Closing of Transfer Books — Record Date. For the purpose of determining Stockholders entitled to notice of or to vote at any meeting of Stockholders, or any adjournment thereof, or entitled to receive payment of any dividend, or in order to make a determination of Stockholders for any other proper purpose, the Board of Directors may provide that the stock transfer books shall be closed for a stated period, but not to exceed in any case sixty (60) days. If the stock transfer books shall be closed for the purpose of determining Stockholders entitled to notice of, or to vote at a meeting of Stockholders, such books shall be closed for at least ten (10) days immediately preceding such meeting. In lieu of closing the stock transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of Stockholders, such date in any case to be not more than sixty (60) or less than ten (10) days prior to the date on which the particular action requiring such determination of Stockholders is to be taken. If the Board of Directors does not order the stock transfer books closed, or fix in advance a record date, as above provided, then the record date for the determination of Stockholders entitled to notice of, or to vote at any meeting of Stockholders, or any adjournment thereof, or entitled to receive payment of any dividend or for the determination of Stockholders for any proper purpose shall at the close of business on the day before the day on which notice is given or, if notice is waived, at the close of business on the day prior to the date on which the particular action requiring such determination of Stockholders is to be taken.

Section 2.5. Transfer of Shares. Upon surrender to the Corporation or to a transfer agent of the Corporation of a certificate of stock duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, and such documentary stamps as may be required by law, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, and cancel the old certificate. Upon written notice to the Corporation or to a transfer agent of the Corporation from the holder of record of any uncertificated shares of stock requesting a registration of transfer of such uncertificated shares to another person, accompanied by proper evidence of succession, assignment or authority to transfer, and such documentary stamps as may be required by law, it shall be the duty of the Corporation to register such uncertificated shares of stock in the name of such other person on the books of the Corporation as the successor holder of record of such uncertificated shares of stock. Every such transfer of stock shall be entered on the stock book of the Corporation which shall be kept at its principal office or by its registrar duly appointed.

Section 2.6. Transfer Agents, Registrars and Paying Agents. The Board of Directors may, at its discretion, appoint one or more transfer agents, registrars and agents for making payment upon any class of stock, bond, debenture or other security of the Corporation. Such agents and registrars may be located either within or outside Nevada. They shall have such rights and duties and shall be entitled to such compensation as may be agreed.

ARTICLE III

Stockholders and Meetings Thereof

Section 3.1. Place of Meeting. Meetings of Stockholders shall be held at the principal office of the Corporation or at such other place, either within or without Nevada, as shall be determined by the Board of Directors.

Section 3.2. Annual Meeting. The annual meeting of Stockholders of the Corporation for the election of directors, and for the transaction of such other business as may properly come before the meeting, shall be held as determined by resolution of the Board of Directors. If a quorum be not present, the meeting may be adjourned from time to time, but no single adjournment shall exceed sixty (60) days. If the election of directors shall not be held at the annual meeting of Stockholders, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of Stockholders as soon thereafter as convenient.

Section 3.3. Special Meetings. Special meetings of Stockholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chairman of the Board of Directors, the Chief Executive Officer, the Board of Directors, or the holders of not less than one-third (1/3) of the voting power of the Corporation. Any holder or holders of not less than one-third (1/3) of the voting power of the Corporation who desire to call a special meeting pursuant to this Article III, Section 3.3 shall notify the Chairman of the Board of Directors in writing that a special meeting of the Stockholders shall be called and shall state the purpose of the meeting and include any information required by applicable law or these Bylaws. Within thirty (30) days after notice to the Chairman of the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, or the Secretary shall set the date, time and location of the Stockholders meeting. Business transacted at any special meeting shall be confined to the purposes stated in the notice thereof.

Section 3.4. Notice of Meeting. Written notice stating the place, day and hour of any annual or special meeting of Stockholders, and the purpose or purposes for which the meeting is called, shall be given not less than ten (10) days nor more than sixty (60) days before the date of the meeting, either personally by mail, or by a form of electronic transmission permitted for such purpose by applicable law and each national securities exchange upon which the Corporation’s voting stock is then listed, by or at the direction of the Chairman of the Board of Directors, the Chief Executive Officer, the President (or in his absence by a Vice President), the Secretary, the Board of Directors, or the officer or persons calling the meeting, to each Stockholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail postage prepaid, directed to the Stockholder at such Stockholder’s address as it appears on the records of the Corporation. If sent by electronic transmission, such notice shall be deemed to be given when sent to the Stockholder at such Stockholder’s electronic address as it appears on the records of the Corporation. Failure to deliver such notice or obtain a waiver thereof shall not cause the meeting to be lost, but it shall be adjourned by the Stockholders present for a period not to exceed sixty (60) days until any deficiency to notice or waiver shall be supplied.

Section 3.5. Adjournment. When a meeting is for any reason adjourned to another time, notice will not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting any business may be transacted which might have been transacted at the original meeting.

Section 3.6. Organization. Meetings of Stockholders shall be presided over by the Chairman of the Board of Directors, or in the absence of the Chairman of the Board of Directors, by the Vice Chairman of the Board of Directors, or in his absence by the Chief Executive Officer, or in his absence by the President, or in his absence by a Vice President, or in the absence of the foregoing persons by a chairman designated by the Board of Directors, or in the absence of such designation by a chairman elected at the meeting by a majority of the votes which all Stockholders present in person or by proxy are entitled to cast. The Secretary, or in the absence of the Secretary an Assistant Secretary, shall act as secretary of the meeting, but in the absence of the Secretary and any Assistant Secretary the chairman of the meeting may appoint any person to act as secretary of the meeting.

The order of business at each such meeting shall be as determined by the chairman of the meeting. The chairman of the meeting shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts and things as are necessary or desirable for the proper conduct of the meeting, including, without limitation, the establishment of procedures for the maintenance of order and safety, limitations on the time allotted to questions or comments on the affairs of the Corporation, restrictions on entry to such meeting after the time prescribed for the commencement thereof and the opening and closing of the voting polls.

Section 3.7. Voting Records. The officer or agent having charge of the stock transfer books for shares of the Corporation shall make, at least ten (10) days, before each meeting of Stockholders, a complete record of the Stockholders entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the number of shares held by each, which record, for a period of ten (10) days prior to such meeting, shall be kept on file at the principal office of the Corporation, whether within or without Nevada, and shall be subject to inspection by any Stockholder for any purpose germane to the meeting at any time during the whole time of the meeting. The original stock transfer books shall be prima facie evidence as to who are the Stockholders entitled to examine such record or transfer books or to vote at any meeting of Stockholders.

Section 3.8. Quorum. At each meeting of Stockholders, except where otherwise provided by Title 7, Chapter 78 of the Nevada Revised Statutes or the Articles of Incorporation or these Bylaws, the holders of a majority of the voting power of stock entitled to vote on a matter at the meeting, present in person or represented by proxy, shall constitute a quorum. For purposes of the foregoing, where a separate vote by class or series is required for any matter, the holders of a majority of the voting power of such class or series, present in person or represented by proxy, shall constitute a quorum to take action with respect to that vote on that matter. Two or more classes or series of stock shall be considered a single class if the holders thereof are entitled to vote together as a single class at the meeting. In the absence of a quorum of the holders of a majority of the voting power of any class of stock entitled to vote on a matter, the holders of a majority of the voting power of such class so present or represented may adjourn the meeting of such class from time to time in the manner provided by Section 3.5 of these Bylaws until a quorum of such class shall be so present or represented for a period not to exceed sixty (60) days at any one adjournment. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally notified. The Stockholders present at a duly organized meeting may continue to transact business until adjourned, notwithstanding the withdrawal of Stockholders so that less than a quorum remains.

Section 3.9. Proxies. A Shareholder may vote either in person or by proxy executed in writing by the Shareholder or by his duly authorized attorney in fact. No proxy shall be valid after six (6) months from the date of its execution, unless otherwise provided in the proxy.

Section 3.10. Action by Written Consent. Unless the Articles of Incorporation or these Bylaws specifically provide otherwise, any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if, before or after the action, a written consent thereto is signed by shareholders holding at least a majority of the voting power, except that if any greater proportion of voting power is required for such action at a meeting, then such greater proportion of written consents shall be required. In no instance where action is authorized by written consent need a meeting of shareholders be called or noticed.

Section 3.11. Voting. Each outstanding share, regardless of class, shall be entitled to one vote, and each fractional share shall be entitled to a corresponding fractional vote on each matter submitted to a vote at a meeting of Stockholders, except as may be otherwise provided in the Articles of Incorporation. If the Articles of Incorporation provide for more or less than one vote for any class or series of shares on any matter, every reference in these Bylaws to a majority or other proportion of stock shall refer to such a majority or other proportion of the voting power of all of the shares of those classes or series of shares. In the election of directors, each record holder of stock entitled to vote at such election shall have the right to vote in person or by proxy the number of shares owned by him, for as many persons as there are directors to be elected, and for whose election he has the right to vote unless the Articles of Incorporation otherwise provide. Cumulative voting shall not be allowed.

Section 3.12. Advance Notice of Stockholder Proposals. At any annual meeting of Stockholders, proposals by Stockholders and persons nominated for election as directors by Stockholders shall be considered only if advance notice thereof has been timely given as provided herein and such proposals or nominations are otherwise proper for consideration under applicable law and the Articles of Incorporation and Bylaws of the Corporation. To be timely, a Stockholder’s notice must be delivered to, or mailed and received by, the Secretary of the Corporation at the principle office of the Corporation not less than ninety (90) nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of Stockholders; provided, however that in the event the annual meeting of Stockholders is not within thirty (30) days before or after such anniversary date then notice by the Stockholder must be received not later than the tenth (10th) day following the day on which such notice of the date of the annual meeting was mailed or first publicly announced or disclosed (in a public filing or otherwise), whichever occurs first. Any Stockholder who gives notice of any such proposal shall deliver therewith the text of the proposal to be presented and a brief written statement of the reasons why such Stockholder favors the proposal and setting forth such Stockholder's name and address, the number and class of all shares of each class of stock of the Corporation beneficially owned by such Stockholder and any material interest of such Stockholder in the proposal (other than as a stockholder). Any Stockholder desiring to nominate any person for election as a director of the Corporation shall deliver with such notice a statement in writing setting forth the name of the person to be nominated, the number and class of all shares of each class of stock of the Corporation beneficially owned by such person, the information regarding such person required by paragraphs (a), (e) and (f) of Item 401 of Regulation S-K adopted by the Securities and Exchange Commission (or the corresponding provisions of any regulation subsequently adopted by the Securities and Exchange Commission applicable to the Corporation), such person's signed consent to serve as a director of the Corporation if elected, such Stockholder's name and address and the number and class of all shares of each class of stock of the Corporation beneficially owned by such Stockholder. The chairman presiding at the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall determine whether such notice has been duly given and shall direct that proposals and nominees not be considered if such notice has not been given.

ARTICLE IV

Directors: Powers and Meetings

Section 4.1. General Powers. The business and affairs of the Corporation shall be managed by its Board of Directors, except as otherwise provided in Title 7, Chapter 78 of the Nevada Revised Statutes or the Articles of Incorporation.

Section 4.2. Performance of Duties. A director of the Corporation shall perform his duties as a director, including his duties as a member of any committee of the Board of Directors upon which he may serve, in good faith, in a manner he reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under similar circumstances. In performing his duties, a director shall be entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, in each case prepared or presented by persons and groups listed in paragraphs (a), (b), and (c) of this Section 4.2; but he shall not be considered to be acting in good faith if he has knowledge concerning the matter in question that would cause such reliance to be unwarranted. A person who so performs his duties shall not have any liability by reason of being or having been a director of the Corporation. Those persons and groups upon whose information, opinions, reports, and statements a director is entitled to rely are:

(a) One or more officers or employees of the Corporation whom the director reasonably believes to be reliable and competent in the matters presented;

(b) Counsel, public accountants, or other persons as to matters which the director reasonably believes to be within such person's professional or expert competence; or

(c) A committee of the Board of Directors upon which he does not serve, duly designated in accordance with the provisions of the Articles of incorporation or the Bylaws, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

Section 4.3. Number; Tenure; Qualification; Chairman. The number of directors which shall constitute the whole Board of Directors of the Corporation shall be fixed from time to time by resolution of the Board of Directors or Stockholders (any such resolution of the Board of Directors or Stockholders being subject to any later resolution of either of them). The number of directors of the Corporation shall be not less than three (3) nor more than ten (10) who need not be Stockholders of the Corporation or residents of the State of Nevada and who shall be elected at the annual meeting of Stockholders or some adjournment thereof, except that there need be only as many directors as there are Stockholders in the event that the outstanding shares are held of record by fewer than three (3) persons. Directors shall hold office until the next succeeding annual meeting of Stockholders or until their successors shall have been elected and shall qualify or until his earlier resignation or removal. No provision of this section shall be restrictive upon the right of the Board of Directors to fill vacancies or upon the right of Stockholders to remove Directors as is hereinafter provided. The Board of Directors may designate one director as the Chairman of the Board of Directors.

Section 4.4. Resignation. Any Director of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the Chief Executive Officer, the President, or the Secretary of the Corporation. Such resignation shall take effect at the date of receipt of such notice or at any later time specified therein and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective. When one or more directors shall resign from the Board of Directors, effective at a future date, a majority of the directors then in office, including those who have so resigned, shall have power to fill such vacancy or vacancies, the vote thereon to take effect when such resignation or resignations shall become effective, each director so appointed to hold office during the remainder of the term of office of the resigning director or directors.

Section 4.5. Annual Meeting. The annual meeting of the Board of Directors shall be held at the same place and on the same day as the annual meeting of Stockholders, and no notice shall be required in connection therewith. The annual meeting of the Board of Directors shall be for the purpose of electing the elective officers of the Corporation and the transaction of such other business as may come before the meeting.

Section 4.6. Regular Meetings. Regular meetings of the Board of Directors may be held at such places within or without Nevada and at such times as the Board of

Directors may from time to time determine, and if so determined notice thereof need not be given.

Section 4.7. Special Meetings. Special meetings of the Board of Directors may be called at any time by the Chairman of the Board of Directors, the Vice-Chairman of the Board of Directors, the Chief Executive Officer, or by any two (2) directors, and may be held within or outside the State of Nevada at such time and place as the notice or waiver thereof may specify. Notice of such meetings shall be mailed to the last known address of each director at least five (5) days, or shall be given to a director in person or by telephone, facsimile or email at least forty-eight (48) hours prior to the date or time fixed for the meeting. Special meetings of the Board of Directors may be held at any time that all directors are present in person, and presence of any director at a meeting shall constitute waiver of notice of such meeting, except as otherwise provided by law. Unless specifically required by law, the Articles of Incorporation or these Bylaws, neither the business to be transacted at, nor the purpose of, any meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 4.8. Meetings by Telephone. Members of the Board of Directors or any committee designated by the Board of Directors may participate in a meeting of the Board of Directors or committee by means of telephone conference or similar communications equipment by which all persons participating in the meeting can hear each other at the same time. Such participation shall constitute presence in person at the meeting.

Section 4.9. Quorum. A quorum at all meetings of the Board of Directors shall consist of a majority of the number of directors then holding office, but a smaller number may adjourn from time to time without further notice, until a quorum be secured. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by Title 7, Chapter 78 of the Nevada Revised Statutes, the Articles of Incorporation or these Bylaws.

Section 4.10. Manner of Acting. If a quorum is present, the affirmative vote of a majority of the directors present at the meeting and entitled to vote on that particular matter shall be the act of the Board of Directors, unless the vote of a greater number is required by law or the Articles of Incorporation.

Section 4.11. Action by Written Consent. Unless the Articles of Incorporation or these Bylaws specifically provide otherwise, any action required or permitted to be taken at a meeting of the Board of Directors, or any committee designated by such board may be taken without a meeting if the action is evidenced by one or more written consents describing the action taken, signed by each director or committee member, and delivered to the Secretary for inclusion in the minutes or for filing with the corporate records. Action taken under this section is effective when all directors or committee members have signed the consent, unless the consent specifies a different effective date. Such consents shall have the same force and effect as a unanimous vote of the directors or committee members and may be stated as such in any document.

Section 4.12. Vacancies. Any vacancy occurring in the Board of Directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors. A director elected or appointed to fill a vacancy shall be elected or appointed for the unexpired term of his predecessor in office, and shall hold such office until his successor is fully elected and shall qualify or until his earlier resignation or removal. Any directorship to be filled by reason of an increase in the number of directors shall be filled by the affirmative vote of a majority of the directors then in office, which may be less than a quorum, or by an election at an annual meeting, or at a special meeting, of Stockholders called for that purpose. Any director elected or appointed to fill a vacancy shall hold office until the next annual meeting of Stockholders and until his successor shall have been elected and shall qualify or until his earlier resignation or removal.

Section 4.13. Compensation. Unless otherwise restricted by the Articles of Incorporation or these Bylaws, directors may receive fees, compensation, and expense reimbursement as may be established by appropriate resolution of the Board of Directors for service on the Board of Directors and its committees, including without limitation attendance at and travel to meetings of the Board of Directors and its committees.

Section 4.14. Committees. The Board of Directors may by resolution designate one or more directors to constitute one or more committees which each shall have and may exercise all authority in the management of the Corporation as the Board of Directors to the extent provided in such resolution for such committee; but no such committee shall have the authority of the Board of Directors in reference to amending the Articles of Incorporation, adopting a plan of merger or consolidation, recommending to the Stockholders the sale, lease, exchange, or other disposition of all or substantially all of the property and assets of the Corporation otherwise than in the usual and regular course of its business, recommending to the Stockholders a voluntary dissolution of the Corporation or a revocation thereof, or amending the Bylaws of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. Unless the Board of Directors appoints alternative members pursuant to this bylaw, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member of the committee. The designation of such committees and the delegation thereto of authority shall not operate to relieve the Board of Directors, or any member thereof, of any responsibility imposed by law. Each member of the Board of Directors, whether or not such director is a member of such committees, shall be entitled to receive notice of each meeting of each committee of the Board of Directors and each member of the Board of Directors shall be entitled to attend each meeting of any such committee, whether or not such director is a member of such committee.

Section 4.15. Committee Rules. Unless the Board of Directors otherwise provides and subject to Section 4.1 of these Bylaws, a majority of the entire authorized number of members of such committee shall constitute a quorum for the transaction of business, the vote of a majority of the members present at a meeting at the time of such vote if a quorum is then present shall be the act of such committee, and in other respects each committee shall conduct its business in the same manner as the Board of Directors conducts its business pursuant to this Article IV of these Bylaws.

Section 4.16. Removal. The Stockholders may, at a meeting called for the express purpose of removing directors, by the vote of Stockholders representing not less than two-thirds of the voting power of the issued and outstanding stock entitled to voting power, remove the entire Board of Directors or any lesser number, with or without cause.

Section 4.17. Organization. Meetings of the Board of Directors shall be presided over by the Chairman of the Board of Directors, or in his absence by the Vice Chairman of the Board of Directors, or in his absence by Chief Executive Officer, or in his absence by a chairman chosen at the meeting by a majority of the directors present at the meeting.

ARTICLE V

Officers

Section 5.1. Officers; Election; Term of Office. The elective officers of the Corporation shall be a Chief Executive Officer, a President, any number of Vice Presidents, a Secretary, any number of Assistant Secretaries, a Treasurer and any number of Assistant Treasurers, who shall be elected annually by the Board of Directors at its annual meeting. Unless removed in accordance with the procedures established by law and these Bylaws or unless provided in the resolution of the Board of Directors electing any officer, the said officers shall serve until the next succeeding annual meeting of the Board of Directors and until their respective successors are elected and shall qualify or until their earlier resignation or removal. Any two or more offices may be held by the same person at the same time. The officers of the Corporation shall be natural persons of the age of eighteen (18) years or older. The Board of Directors may elect or appoint such other officers and agents as it may deem advisable, who shall hold office during the pleasure of the Board of Directors, and shall be paid such compensation as may be directed by the Board of Directors.

Section 5.2. Powers and Duties. The officers of the Corporation shall respectively exercise and perform the respective powers, duties and functions as are stated below, and as may be assigned to them by the Board of Directors, not inconsistent with these Bylaws.

(a) Chief Executive Officer. The Chief Executive Officer shall, subject to the control of the Board of Directors, have the ultimate responsibility for the management and control of the affairs and business of the Corporation, and shall perform all duties and have all powers which are commonly incident to the office of Chief Executive Officer or which are delegated to him by the Board of Directors or as may be provided by law. In the absence of the Chairman of the Board of Directors and the Vice Chairman of the Board of Directors, he shall preside at all meetings of Stockholders and of the Board of Directors at which he shall be present.

(b) President. The President shall, subject to the control of the Board of Directors and the Chief Executive Officer, have general supervision, direction and control of the business and officers of the Corporation. In the absence of the Chairman of the Board of Directors, the Vice Chairman of the Board of Directors and the Chief Executive Officer, he shall preside at all meetings of the Stockholders and of the Board of Directors at which he shall be present. The Chief Executive Officer, the President, a Vice President, the Secretary or an Assistant Secretary, unless some other person is specifically authorized by the Board of Directors, shall sign all bonds, deeds, mortgages, leases and contracts of the Corporation. The President shall perform all the duties commonly incident to his office and such other duties as the Board of Directors, the Chairman of the Board of Directors or the Chief Executive Officer shall designate or as may be provided by law.

(c) Vice President. In the absence or disability of the President, or at the Chief Executive Officer's or President's request, the Vice President or Vice Presidents, in order of their rank as fixed by the Board of Directors, and if not ranked, the Vice Presidents in the order designated by the Board of Directors, or, in the absence of such designation, in the order designated by the Chief Executive Officer or the President, shall perform all the duties of the President, and when so acting, shall have all the powers of, and be subject to all the restrictions on the President. Each Vice President shall have such other powers and perform such other duties as may from time to time be assigned to him by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the President or as may be provided by law.

(d) Secretary. The Secretary shall keep accurate minutes of all meetings of the Stockholders, the Board of Directors and any committees. He shall keep, or cause to be kept, a register of the Stockholders of the Corporation and shall be responsible for the giving of notice of meetings of the Stockholders, the Board of Directors and any committees, and shall see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law. The Secretary shall be custodian of the records and of the seal of the Corporation and shall attest the affixing of the seal of the Corporation when so authorized. The Secretary shall perform all duties commonly incident to his office and such other duties as may from time to time be assigned to him by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the President or as may be provided by law.

(e) Assistant Secretary. An Assistant Secretary may, at the request of the Secretary, or in the absence or disability of the Secretary, perform all the duties of the Secretary. He shall perform such other duties as may assigned to him by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Secretary or as may be provided by law.

(f) Treasurer. The Treasurer, subject to the order of the Board of Directors, shall have the care and custody of the money, funds, securities, receipts, valuable papers and documents of the Corporation. The Treasurer shall keep accurate books of accounts of the Corporation's transactions, which shall be the property of the Corporation, and shall render financial reports and statements of condition of the Corporation when so requested by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the President. The Treasurer shall perform all duties commonly incident to his office and such other duties as may, from time to time, be assigned to him by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer or the President or as may be provided by law.

(g) Assistant Treasurer. An Assistant Treasurer may, at the request of the Treasurer, or in the absence or disability of the Treasurer, perform all of the duties of the Treasurer. He shall perform such other duties as may be assigned to him by the Board of Directors, the Chairman of the Board of Directors, the Chief Executive Officer, the President or the Treasurer or as may be provided by law.

(h) Other Officers. The other officers, if any, of the Corporation shall have such powers and duties in the management of the Corporation as shall be stated in a resolution of the Board of Directors which is not inconsistent with these Bylaws and, to the extent not so stated, as generally pertain to their respective offices, subject to the control of the Board of Directors. The Board of Directors may require any officer, agent or employee to give security for the faithful performance of his duties.

Section 5.3. Salaries. All officers of the Corporation may receive salaries or other compensation if so ordered and fixed by the Board of Directors. The Board of Directors shall have the authority to fix salaries in advance for stated periods or render the same retroactive as the Board of Directors may deem advisable.

Section 5.4. Inability to Act. In the event of absence or inability of any officer to act, the Board of Directors may delegate the power or duties of such officer to any other officer, director or person whom it may select.

Section 5.5. Resignation; Removal; Vacancies. Any officer or agent may resign at any time upon written notice to the Board of Directors, the Chief Executive Officer, the President or the Secretary of the Corporation. Such resignation shall take effect at the time specified therein, and unless otherwise specified therein no acceptance of such resignation shall be necessary to make it effective. Any officer or agent may be removed by the Board of Directors whenever, in its judgment, the best interest of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Election or appointment of an officer or agent shall not, of itself, create contract rights. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise may be filled by the Board or Directors at any regular or special meeting.

ARTICLE VI

Finance

Section 6.1. Reserve Fund. The Board of Directors, in its uncontrolled discretion, may set aside from time to time, out of the net profits or earned surplus of the Corporation, such sum or sums as it deems expedient as a reserve fund to meet contingencies, for equalizing dividends, for maintaining any property of the Corporation, and for any other purposes.

Section 6.2. Checks and Deposits. The monies of the Corporation shall be deposited in the name of the Corporation in such bank or banks or trust companies, as the Board of Directors shall designate, and may be drawn out only on checks signed in the name of the Corporation by such person or persons as the Board of Directors by appropriate resolution may direct. Notes and commercial paper, when authorized by the Board of Directors, shall be signed in the name of the Corporation by such officer or officers or agent or agents as shall thereto be authorized from time to time.

Section 6.3. Fiscal Year. The fiscal year of the Corporation shall end on December 31 of each year or shall be as otherwise determined by resolution of the Board of Directors.

ARTICLE VII

Bankruptcy/Insolvency

The Corporation shall not, without the affirmative vote of the whole Board of Directors of the Corporation, institute any proceedings to adjudicate the Corporation a bankrupt or insolvent, consent to the institution of bankruptcy or insolvency proceedings against the Corporation, file a petition seeking or consenting to reorganization or relief under any applicable federal or state law relating to bankruptcy, consent to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Corporation or a substantial part of its property or admit its inability to pay its debts generally as they become due or authorize any of the foregoing to be done or taken on behalf of the Corporation.

ARTICLE VIII

Waiver of Notice

With any notices required by law or under the Articles of Incorporation or these Bylaws to be given to any Stockholder or director of the Corporation, a waiver thereof in writing signed by the person entitled to such notice, whether before, at, or after the time stated therein, shall be the equivalent to the giving of such notice.

ARTICLE IX

Indemnification of Directors, Officers and Others

Section 9.1. To the full extent permitted by Title 7, Chapter 78 of the Nevada Revised Statutes, Section 7502, as the same may be amended from time to time, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative and whether formal or informal (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he conducted himself in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceedings, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, or conviction, or upon a plea of nolo contendere or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal action or proceeding, had reasonable cause to believe that his conduct was unlawful.

Section 9.2. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as director, officer, employee or agent of another corporation, partnership, joint venture, trust, or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interest of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

Section 9.3. To the extent that a director, officer, or employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Sections 9.1 and 9.2 of this Article IX, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

Section 9.4. Any indemnification under Section 9.1 and 9.2 of this Article IX (unless ordered by a Court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the office, director and employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 9.1 and 9.2 of this Article IX. Such determination shall be made (a) by the Board of Directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (b) if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (c) by the affirmative vote of the holders of a majority of the voting power and represented at a meeting called for such purpose.

Section 9.5. Expenses (including attorneys fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation as they are incurred and in advance of the final disposition of such action, suit or proceeding as authorized by the Board of Directors as provided in Section 9.4 of this Article IX upon receipt of an undertaking by or on behalf of the director, officer, employee or agent to repay such amount if it shall ultimately be determined by a final order of a court of competent jurisdiction that he or she is not entitled to be indemnified by the Corporation as authorized in this Article IX.

Section 9.6. The Board of Directors may exercise the Corporation's power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability hereunder or otherwise.

Section 9.7. The indemnification provided by this Article IX shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under the Articles of Incorporation, these Bylaws, agreement, vote or shareholders or disinterested directors, Title 7, Chapter 78 of the Nevada Revised Statutes, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and representatives of such person.

Section 9.8. The Corporation shall have the power to indemnify current or former directors, officers, employees and agents to the fullest extent provided by the laws of the State of Nevada.

ARTICLE X

Amendments

These Bylaws may be amended or repealed, and new Bylaws may be adopted, at the annual meeting of the Board of Directors or at any regular or special meeting of the Board of Directors.

ARTICLE XI

Miscellaneous

Section 11.1. Loans. The Corporation may loan money to, guarantee the obligations of and otherwise assist directors, officers and employees of the Corporation, or directors of another corporation of which the Corporation owns a majority of the voting stock, only upon compliance with the requirements of Title 7, Chapter 78 of the Nevada Revised Statutes.

No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by resolution of the Board of Directors. Such activity may be general or confined to specific instances.

Section 11.2. Contracts. The Board of Directors may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances.

/s/ David K. Moskowitz

David K. Moskowitz
Secretary

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Charles W. Ergen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EchoStar Communications Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2007

/s/ Charles W. Ergen
Chairman and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Bernard L. Han, certify that:

1. I have reviewed this quarterly report on Form 10-Q of EchoStar Communications Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 10, 2007

/s/ Bernard L. Han
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Communications Corporation (the "Company"), hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	May 10, 2007
Name:	/s/ *Charles W. Ergen*
Title:	Chairman of the Board of Directors and Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Communications Corporation (the "Company"), hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2007 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated:	May 10, 2007
Name:	*/s/ Bernard L. Han*
Title:	Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.