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

FORM 10-Q

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 1997

OR

[ ] 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	88-0336997
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification no.)

90 INVERNESS CIRCLE EAST ENGLEWOOD, COLORADO	80112
(Address of principal executive offices)	(Zip code)

(303) 799-8222
(Registrant's telephone number, including area code)

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

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

AS OF MAY 9, 1997, THE REGISTRANT'S OUTSTANDING VOTING STOCK CONSISTED OF 11,801,999 SHARES OF CLASS A COMMON STOCK, 29,804,401 SHARES OF CLASS B COMMON STOCK, AND 1,616,681 SHARES OF 8% SERIES A CUMULATIVE PREFERRED STOCK, EACH $0.01 PAR VALUE.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	DECEMBER 31, 1996	MARCH 31, 1997
ASSETS		(Unaudited)
Current Assets:		
Cash and cash equivalents	$ 39,231	$ 30,452
Marketable investment securities	18,807	3,528
Trade accounts receivable, net of allowance for uncollectible accounts of $1,494 and $1,642, respectively	13,516	31,174
Inventories	72,767	57,043
Income tax refund receivable	4,830	4,391
Subscriber acquisition costs, net	68,129	81,184
Other current assets	18,356	16,556
Total current assets	235,636	224,328
Restricted Cash and Marketable Investment Securities:		
ESBC Notes escrow	47,491	17,907
Other	31,800	33,795
Property and equipment, net	590,621	677,266
FCC authorizations, net	72,667	92,100
Deferred tax assets	79,339	79,339
Other noncurrent assets	83,826	31,255
Total assets	$1,141,380	$1,155,990
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Trade accounts payable	$ 40,819	$ 41,290
Deferred revenue - DISH Network-SM-	102,366	131,572
Deferred revenue - C-band	734	682
Accrued expenses and other current liabilities	30,495	38,701
Deferred tax liabilities	12,563	12,563
Current portion of long-term debt	11,334	11,834
Total current liabilities	198,311	236,642
Long-term deferred signal carriage revenue	5,949	6,682
Dish Notes	437,127	451,907
ESBC Notes	386,165	398,399
Mortgage and other notes payable, excluding current portion	51,428	48,298
Other long-term liabilities	1,203	3,586
Total liabilities	1,080,183	1,145,514
COMMITMENTS AND CONTINGENCIES (NOTE 6)		
Stockholders' Equity:		
Preferred Stock, 20,000,000 shares authorized, 1,616,681 shares of 8% Series A Cumulative Preferred Stock issued and outstanding, including accrued dividends of $3,347,000 and $3,648,000, respectively	18,399	18,700
Class A Common Stock, $.01 par value, 200,000,000 shares authorized, 11,115,582 and 11,776,406 shares issued and outstanding, respectively	111	118
Class B Common Stock, $.01 par value, 100,000,000 shares authorized, 29,804,401 shares issued and outstanding	298	298
Class C Common Stock, $.01 par value, 100,000,000 shares authorized, none outstanding	--	--
Common Stock Warrants	16	16
Additional paid-in capital	158,113	170,252
Unrealized holding gains (losses) on available-for-sale securities, net of deferred taxes	(11)	(12)
Accumulated deficit	(115,729)	(178,896)
Total stockholders' equity	61,197	10,476

Total liabilities and stockholders' equity	$1,141,380	$1,155,990

See accompanying Notes to Condensed Consolidated Financial Statements.

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

	THREE MONTHS ENDED MARCH 31, 1996	THREE MONTHS ENDED MARCH 31, 1997
Revenue:		
DTH products and technical services	$ 36,741	$ 11,662
DISH Network-SM- promotions - subscription television services and products	--	32,308
DISH Network-SM- subscription television services	464	25,399
C-band programming	3,449	2,163
Loan origination and participation income	813	491
Total revenue	41,467	72,023
Expenses:		
DTH products and technical services	32,750	9,487
DISH Network-SM- programming	105	19,425
C-band programming	3,178	1,763
Selling, general and administrative	10,733	32,027
Subscriber promotion subsidies	--	13,142
Amortization of subscriber acquisition costs	--	28,102
Depreciation and amortization	3,330	12,673
Total expenses	50,096	116,619
Operating loss	(8,629)	(44,596)
Other Income (Expense):		
Interest income	2,677	1,772
Interest expense, net of amounts capitalized	(6,043)	(19,846)
Minority interest in loss of consolidated joint venture and other	(17)	(177)
Total other income (expense)	(3,383)	(18,251)
Net loss before income taxes	(12,012)	(62,847)
Income tax (provision) benefit, net	4,791	(19)
Net loss	$ (7,221)	$(62,866)
Net loss attributable to common shares	$ (7,522)	$(63,167)
Weighted average common shares outstanding	40,376	40,922
Loss per common and common equivalent share	$ (0.19)	$ (1.54)

See accompanying Notes to Condensed Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)
(Unaudited)

	THREE MONTHS ENDED MARCH 31, 1996	THREE MONTHS ENDED MARCH 31, 1997
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (7,221)	$(62,866)
Adjustments to reconcile net loss to net cash flows from operating activities:		
Depreciation and amortization	3,330	12,673
Amortization of subscriber acquisition costs	--	28,102
Deferred income tax benefit	(1,371)	--
Amortization of debt discount and deferred financing costs	5,347	18,542
Change in reserve for excess and obsolete inventory	227	(2,302)
Change in long-term deferred signal carriage revenue	3,790	733
Other, net	(138)	2,432
Changes in current assets and current liabilities, net	3,794	(2,637)
Net cash flows provided by (used in) operating activities	7,758	(5,323)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable investment securities	(2)	--
Sales of marketable investment securities	15,479	15,279
Purchases of restricted marketable investment securities	(15,500)	(1,995)
Purchases of property and equipment	(2,715)	(12,486)
Offering proceeds and investment earnings placed in escrow	(178,452)	(416)
Funds released from escrow accounts	17,785	30,000
Expenditures for satellite systems under construction	(13,292)	(30,084)
Investment in convertible subordinated debentures from SSET	--	(500)
Investment in convertible subordinated debentures from DBSI	(3,000)	--
Long-term notes receivable from DBSC	(7,500)	--
Expenditures for FCC authorizations	(13,636)	--
Other	--	(280)
Net cash flows used in investing activities	(200,833)	(482)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from issuance of ESBC Notes	337,043	--
Repayments of mortgage indebtedness and notes payable	(1,022)	(3,130)
Stock options exercised	113	156
Net cash flows provided by (used in) financing activities	336,134	(2,974)
Net increase (decrease) in cash and cash equivalents	143,059	(8,779)
Cash and cash equivalents, beginning of period	21,754	39,231
Cash and cash equivalents, end of period	$ 164,813	$ 30,452
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest, net of amounts capitalized	$ 354	$ 612
Cash paid for income taxes	--	--
8% Series A Cumulative Preferred Stock dividends	301	301
Class A Common Stock issued for DBSC Merger	--	11,941
Satellite launch payment for EchoStar II applied to EchoStar I launch	15,000	--
Employee incentives funded by issuance of Class A Common Stock	7	49

See accompanying Notes to Condensed Consolidated Financial Statements.

1. ORGANIZATION AND BUSINESS ACTIVITIES

PRINCIPAL BUSINESS

EchoStar Communications Corporation ("ECC"), together with its subsidiaries ("EchoStar" or the "Company"), is primarily engaged in the operation of a direct broadcast satellite ("DBS") subscription television service (the "DISH Network-SM-"), which commenced operations in March 1996. The DISH Network-SM- currently provides approximately 120 channels of near laser disc quality digital video programming and over 30 channels of near CD quality audio programming to consumers throughout the continental United States. In addition to the DISH Network-SM-, EchoStar designs, manufactures, distributes and installs satellite direct-to-home ("DTH") products, distributes DTH programming domestically, and provides consumer financing of EchoStar's DISH Network-SM- and domestic DTH products and services. EchoStar's primary business objective is to become one of the leading providers of subscription television and other satellite-delivered services in the United States. EchoStar had approximately 479,600 subscribers to DISH Network-SM- services as of March 31, 1997.

RECENT DEVELOPMENTS

On February 24, 1997, EchoStar and The News Corporation Limited ("News") announced an agreement (the "Agreement") pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS license for 28 frequencies at 110DEG. West Longitude ("WL") awarded to MCI Communications Corporation ("MCI") during a Federal Communications Commission ("FCC") auction during 1996. Subsequently, the parties discussed, and agreed upon, potentially mutually agreeable changes to the structure of the transactions. However, during late April 1997, substantial disagreements arose between the parties regarding their obligations under the Agreement.

On May 8, 1997 EchoStar filed a Complaint in the United States District Court for the District of Colorado (the "Court"), Civil Action No. 97-960, requesting that the Court confirm EchoStar's position, and declare that News is obligated pursuant to the Agreement to lend $200 million to EchoStar without interest and upon such other terms as the Court orders. No assurance can be given that the Court will grant EchoStar's request for expedited relief. Further, while EchoStar believes that the Court should grant its request requiring News to loan EchoStar the $200 million, and is very confident of its position, no assurance can be given that the Court will grant that request.

On May 9, 1997, as a result of numerous material breaches of the Agreement by News, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation, seeking specific performance of the Agreement, and damages, including lost profits that were expected as a result of the transactions contemplated by the Agreement, which could exceed $5 billion. While EchoStar is confident of its position and believes it will ultimately prevail in the litigation, there can be no assurance that EchoStar will prevail, of the amount of damages EchoStar will collect if it prevails, or that timely relief will be granted.

BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. All significant intercompany accounts and transactions have been eliminated in consolidation. Operating results for the three months ended March 31, 1997 are not necessarily indicative of the results that may be expected for the year ended December 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 1996. Certain prior year amounts have been reclassified to conform with the current year presentation.

SIGNIFICANT RISKS AND UNCERTAINTIES

The commencement of EchoStar's DBS business has dramatically changed EchoStar's operating results and financial position when compared to its historical results. Annual interest expense on EchoStar's long-term notes, and depreciation of satellites and related assets are each of a magnitude that exceeds historical levels of income before income taxes. Consequently, beginning in 1995 EchoStar reported significant net losses and expects such net losses to continue through at least 1999. As of March 31, 1997, EchoStar expects to invest approximately an additional $305 million to fund contractor financing obligations with respect to its first four satellites and to complete the construction phase (including applicable insurance) and launch of additional satellites ("EchoStar III and EchoStar IV"). EchoStar's plans also include the financing, construction and launch of two fixed service satellites, additional DBS satellites, and Ku-band and KuX-band satellites, assuming receipt of all required FCC licenses and permits. As a result of the factors discussed above, EchoStar requires additional capital to complete the construction and launch of EchoStar III and EchoStar IV and fully implement its business plan. There can be no assurance that necessary funds will be available or, if available, that they will available on terms acceptable to EchoStar. A further increase in subscriber acquisition costs, or significant delays or launch failures would significantly and adversely affect EchoStar's operating results and financial condition.

EchoStar is currently dependent on one manufacturing source for its receivers. This manufacturer presently manufactures receivers in sufficient quantities to meet currently expected demand. If EchoStar's sole manufacturer is unable for any reason to produce receivers in a quantity sufficient to meet demand, EchoStar's liquidity and results of operations would be adversely affected.

As previously described, EchoStar expects that its net losses will continue as it builds its subscription television business such that negative stockholders' equity will result during the second quarter of 1997 unless it receives additional equity financing. Although a negative equity position has significant implications, including, but not limited to, non-compliance with Nasdaq National Market listing criteria, EchoStar believes that such event will not materially affect the implementation and execution of its business strategy. When EchoStar ceases to satisfy Nasdaq's National Market listing criteria, EchoStar's Class A Common Stock will be subject to being delisted unless an exception is granted by the National Association of Securities Dealers. If an exception is not granted, trading in EchoStar Class A Common Stock would thereafter be conducted in the over-the-counter market. Consequently, it may be more difficult to dispose of, or to obtain accurate quotations for, EchoStar Class A Common Stock. Accordingly, delisting may result in a decline in the trading market for EchoStar's Class A Common Stock, which, among other things, could potentially depress EchoStar's stock and bond prices and impair EchoStar's ability to obtain additional financing.

In accordance with its Agreement with News, as described above, EchoStar had expected to meet its short- and medium-term capital needs through financial commitments from News. As a result of the failure by News to honor its obligations under the Agreement, EchoStar does not currently have adequate capital to continue its contemplated business plan beyond the second quarter of 1997. EchoStar has had preliminary discussions with a number of investment banking firms to investigate alternatives to meet its short- and medium-term needs. EchoStar also intends to speak with major vendors about possible vendor financing, and with other potential strategic partners who had indicated interest in transactions with EchoStar prior to execution of the Agreement with News. While there can be no assurance, EchoStar believes that it can arrange transactions to meet its short- and medium-term obligations without material changes to its business plan. No assurance can be given that any such arrangements will be made, or that if made they will be on terms favorable to EchoStar. EchoStar intends to seek recovery from News for any costs of financing in excess of the costs of the financing committed to by News under the Agreement.

2. SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management 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 financial statements and the reported amounts of revenues and expenses for each reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Company considers all liquid investments purchased with original maturities of 90 days or less to be cash equivalents. Cash equivalents as of December 31, 1996 and March 31, 1997 principally consisted of money market funds, corporate notes and commercial paper; such balances are stated at cost which equates to market value.

INCOME TAXES

Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," requires that the tax benefit of net operating losses ("NOLs") for financial reporting purposes be recorded as an asset and that deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the consolidated balance sheets. To the extent that management assesses the realization of deferred tax assets to be less than "more likely than not," a valuation reserve is established. EchoStar has reserved the first quarter addition to its deferred tax assets.

NET LOSS ATTRIBUTABLE TO COMMON SHARES

Net loss attributable to common shares is calculated based on the weighted-average number of shares of common stock issued and outstanding for the respective periods. Common stock equivalents (warrants and employee stock options) are excluded as they are antidilutive. Net loss attributable to common shares is also adjusted for cumulative dividends on the 8% Series A Cumulative Preferred Stock.

3. INVENTORIES

Inventories consist of the following (in thousands):

	DECEMBER 31, 1996	MARCH 31, 1997
EchoStar Receiver Systems	$32,799	$35,210
Consigned DBS receiver components	23,525	11,680
DBS receiver components	15,736	11,965
Finished goods - C-band	600	512
Finished goods - International	3,491	1,924
Spare parts and other	2,279	3,717
Reserve for excess and obsolete inventory	(5,663)	(7,965)
	$72,767	$57,043

4. OTHER NONCURRENT ASSETS

Other noncurrent assets consist of the following (in thousands):

	DECEMBER 31, 1996	MARCH 31, 1997
Notes receivable from DBSC, including accrued interest of $3,382 and $0, respectively	$49,382	$ --
Deferred debt issuance costs	21,284	21,768
SSET convertible subordinated debentures	3,649	4,075
Investment in DBSC	4,044	--
DBSI convertible subordinated debentures	4,640	4,640
Other, net	827	772
	$83,826	$31,255

5. ACQUISITION OF DIRECT BROADCASTING SATELLITE CORPORATION

In December 1995, EchoStar announced its intention to acquire the remaining 60% of Direct Broadcasting Satellite Corporation, a Delaware corporation ("DBSC"), which it did not previously own. DBSC's principal assets include an FCC conditional construction permit and specific orbital slot assignments for certain DBS frequencies. From December 1995 through January 1997, EchoStar advanced DBSC a total of $46.0 million to enable it to meet commitments under a satellite construction contract ("EchoStar III"). On January 8, 1997, EchoStar consummated the merger of DBSC with one of its wholly-owned subsidiaries ("New DBSC"). As of March 31, 1997, EchoStar has issued approximately 644,000 shares of its Class A Common Stock and expects to issue an additional 13,000 shares of its Class A Common Stock to acquire the remaining 60% of DBSC which it did not previously own. This transaction was accounted for as a purchase and the excess of the purchase price over the fair value of DBSC's tangible assets was allocated to DBSC's FCC authorizations. Upon consummation of the DBSC merger, the notes receivable from DBSC and EchoStar's investment in DBSC were eliminated on a consolidated basis.

6. COMMITMENTS AND CONTINGENCIES

PURCHASE COMMITMENTS

The Company has entered into agreements with various manufacturers to purchase DBS satellite receivers and related components manufactured based on EchoStar's supplied specifications and necessary to receive DBS programming offered by the Company. As of March 31, 1997, remaining commitments total approximately $133.0 million and the total of all outstanding purchase order commitments with domestic and foreign suppliers was $136.2 million. All of the purchases related to these commitments are expected to be made during 1997. The Company expects to finance these purchases from available cash and cash flows generated from sales of DISH Network-SM- programming and related DBS inventory. EchoStar expects that its 1997 purchases of DBS satellite receivers and related components will significantly exceed its existing contractual commitments.

OTHER RISKS AND CONTINGENCIES

As previously discussed, on February 24, 1997, EchoStar and News announced the Agreement pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS license for 28 frequencies at 110DEG. WL awarded to MCI during an FCC auction during 1996. Subsequently, the parties discussed, and agreed upon, potentially mutually agreeable changes to the structure of the transactions. However, during late April 1997, substantial disagreements arose between the parties regarding their obligations under the Agreement.

On May 8, 1997 EchoStar filed a Complaint with the Court, Civil Action No. 97-960, requesting that the Court confirm EchoStar's position, and declare that News is obligated pursuant to the Agreement to lend $200 million to EchoStar without interest and upon such other terms as the Court orders. No assurance can be given that the Court will grant EchoStar's request for expedited relief. Further, while EchoStar believes that the Court should grant its request requiring News to loan EchoStar the $200 million, and is very confident of its position, no assurance can be given that the Court will grant that request.

On May 9, 1997, as a result of numerous material breaches of the Agreement by News, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation, seeking specific performance of the Agreement, and damages, including lost profits that were expected as a result of the transactions contemplated by the Agreement, which could exceed $5 billion. While EchoStar is confident of its position and believes it will ultimately prevail in the litigation, there can be no assurance that EchoStar will prevail, of the amount of damages EchoStar will collect if it prevails, or that timely relief will be granted.

On September 26, 1996, EchoStar Satellite Corporation ("ESC") filed suit against Sagem, S.A., ("Sagem") a French corporation, in connection with a manufacturing agreement entered into in April 1995. Sagem, Inc., a wholly owned subsidiary of Sagem, was added as a party to the litigation in a subsequent amendment. Under the agreements between the parties, Sagem and Sagem, Inc. were to provide 560,000 digital satellite receivers to ESC throughout 1995 and 1996. Sagem and Sagem, Inc. failed to deliver any production receivers to ESC. ESC thereafter terminated the agreements between the parties. ESC brought claims against Sagem and Sagem, Inc. for breach of contract and

declaratory relief. ESC sought return of a $10.0 million down payment made to Sagem, $15.0 million placed in escrow with Bank of America, a $373,000 prepayment made to Sagem, Inc. for finished goods, contractual late fees, lost profits, interest, attorneys' fees, costs, and expenses. Sagem and Sagem, Inc. filed counterclaims seeking damages of approximately $25.0 million. On April 25, 1997, ESC and Sagem executed a settlement and release agreement under which Sagem agreed to return the $10.0 million down payment made to Sagem and agreed to release the $15.0 million placed in escrow with Bank of America. ESC and Sagem have released all claims against each other.

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

7. SUMMARY FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS

The Dish Notes are fully, unconditionally and jointly and severally guaranteed by all subsidiaries of Dish, Ltd. (collectively, the "Dish Notes Guarantors"), except certain de minimis domestic and foreign subsidiaries. Dish, Ltd. is a wholly-owned subsidiary of EchoStar Satellite Broadcasting Corporation ("ESBC"), a wholly-owned subsidiary of ECC.

The ESBC Notes are initially guaranteed by ECC on a subordinated basis. On and after the Dish Guarantee Date (as defined in the ESBC Notes Indenture), the ESBC Notes will be guaranteed by Dish, Ltd., which guarantee will rank PARI PASSU with all senior unsecured indebtedness of Dish, Ltd. From January 8, 1997, the date which the merger with DBSC was consummated, the ESBC Notes are guaranteed by New DBSC, which guarantee ranks PARI PASSU with all senior unsecured indebtedness of New DBSC.

The consolidated net assets of Dish, Ltd., including the non-guarantors, exceeded the consolidated net assets of the Dish Notes Guarantors by approximately $166,000 and $103,000 as of December 31, 1996 and March 31, 1997, respectively. Summarized consolidated financial information for Dish, Ltd., including the subsidiary guarantors, is as follows (in thousands):

	THREE MONTHS ENDED MARCH 31, 1996	1997
STATEMENT OF OPERATIONS DATA:		
Revenue	$ 41,026	$ 71,462
Expenses	49,934	114,766
Operating loss	(8,908)	(43,304)
Other income (expense)	(3,234)	(14,925)
Net loss before income taxes	(12,142)	(58,229)
(Provision for) benefit from income taxes	4,852	(19)
Net loss	$ (7,290)	$ (58,248)

	DECEMBER 31, 1996	MARCH 31, 1997
BALANCE SHEET DATA:		
Current assets	$ 198,981	$ 190,105
Property and equipment, net	499,989	499,039
Other noncurrent assets	131,995	134,685
Total assets	$ 830,965	$ 823,829
Current liabilities	$ 197,081	$ 231,338
Long-term liabilities	630,421	647,277
Stockholder's equity	3,463	(54,786)
Total liabilities and stockholder's equity	$ 830,965	$ 823,829

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

ALL STATEMENTS CONTAINED HEREIN, AS WELL AS STATEMENTS MADE IN PRESS RELEASES AND ORAL STATEMENTS THAT MAY BE MADE BY THE COMPANY OR BY OFFICERS, DIRECTORS OR EMPLOYEES OF THE COMPANY ACTING ON THE COMPANY'S BEHALF, THAT ARE NOT STATEMENTS OF HISTORICAL FACT, CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT COULD CAUSE THE ACTUAL RESULTS OF THE COMPANY TO BE MATERIALLY DIFFERENT FROM THE HISTORICAL RESULTS OF OR FROM ANY FUTURE RESULTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY ARE THE FOLLOWING: THE AVAILABILITY OF SUFFICIENT CAPITAL ON SATISFACTORY TERMS TO FINANCE THE COMPANY'S BUSINESS PLAN; INCREASED COMPETITION FROM CABLE, DIRECT BROADCAST SATELLITE ("DBS"), OTHER SATELLITE SYSTEM OPERATORS, AND OTHER PROVIDERS OF SUBSCRIPTION TELEVISION SERVICES; THE INTRODUCTION OF NEW TECHNOLOGIES AND COMPETITORS INTO THE SUBSCRIPTION TELEVISION BUSINESS; INCREASED SUBSCRIBER ACQUISITION COSTS AND SUBSCRIBER PROMOTION SUBSIDIES; THE ABILITY OF THE COMPANY TO OBTAIN NECESSARY SHAREHOLDER AND BOND-HOLDER APPROVAL OF ANY STRATEGIC TRANSACTIONS; THE ABILITY OF THE COMPANY TO OBTAIN NECESSARY AUTHORIZATIONS FROM THE FEDERAL COMMUNICATIONS COMMISSION ("FCC"); GENERAL BUSINESS AND ECONOMIC CONDITIONS AND OTHER RISK FACTORS DESCRIBED FROM TIME TO TIME IN THE COMPANY'S REPORTS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC"). IN ADDITION TO STATEMENTS, WHICH EXPLICITLY DESCRIBE SUCH RISKS AND UNCERTAINTIES, READERS ARE URGED TO CONSIDER STATEMENTS LABELED WITH THE TERMS "BELIEVES," "BELIEF," "EXPECTS," "PLANS," "ANTICIPATES," OR "INTENDS" TO BE UNCERTAIN AND FORWARD-LOOKING. ALL CAUTIONARY STATEMENTS MADE HEREIN SHOULD BE READ AS BEING APPLICABLE TO ALL RELATED FORWARD-LOOKING STATEMENTS WHEREVER THEY APPEAR. IN THIS CONNECTION, INVESTORS SHOULD CONSIDER THE RISKS DESCRIBED HEREIN.

OVERVIEW

EchoStar currently operates four related businesses: (i) operation of the DISH Network-SM- and the EchoStar DBS System; (ii) design, manufacture, marketing, installation and distribution of various DTH products worldwide (including EchoStar Receiver Systems and C-band systems); (iii) domestic distribution of DTH programming services; and (iv) consumer financing of EchoStar's domestic products and programming services. During March 1996 EchoStar began broadcasting and selling programming services available from the DISH Network-SM-. EchoStar expects to derive its future revenue principally from periodic subscription fees for DISH Network-SM- programming and, to a lesser extent, from the sale of DBS equipment. The growth of DBS service and equipment sales has had, and will continue to have, a material negative impact on EchoStar's domestic sales of C-band DTH products. However, during the three months ended March 31, 1997, such negative impact was more than offset by sales of EchoStar Receiver Systems and related subscription television services. EchoStar expects the decline in its sales of domestic C-band DTH products to continue at an accelerated rate.

On February 24, 1997, EchoStar and The News Corporation Limited ("News") announced an agreement (the "Agreement") pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS license for 28 frequencies at 110DEG. West Longitude ("WL") awarded to MCI Communications Corporation ("MCI") during an FCC auction during 1996. Subsequently, the parties discussed, and agreed upon, potentially mutually agreeable changes to the structure of the transactions. However, during late April 1997, substantial disagreements arose between the parties regarding their obligations under the Agreement.

On May 8, 1997 EchoStar filed a Complaint in the United States District Court for the District of Colorado (the "Court"), Civil Action No. 97-960, requesting that the Court confirm EchoStar's position, and declare that News is obligated pursuant to the Agreement to lend $200 million to EchoStar without interest and upon such other terms as the Court orders. No assurance can be given that the Court will grant EchoStar's request for expedited relief. Further, while EchoStar believes that the Court should grant its request requiring News to loan EchoStar the $200 million, and is very confident of its position, no assurance can be given that the Court will grant that request.

On May 9, 1997, as a result of numerous material breaches of the Agreement by News, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation, seeking specific performance of the Agreement, and damages, including lost profits that were expected as a result of the transactions contemplated by the Agreement, which could exceed $5 billion. While EchoStar is confident of its position and believes it will ultimately prevail in the litigation, there can be no assurance that EchoStar will prevail, of the amount of damages EchoStar will collect if it prevails, or that timely relief will be granted.

In accordance with its Agreement with News, as described above, EchoStar had expected to meet its short- and medium-term capital needs through financial commitments from News. As a result of the failure by News to honor its obligations under the Agreement, EchoStar does not currently have adequate capital to continue its contemplated business plan beyond the second quarter of 1997. EchoStar has had preliminary discussions with a number of investment banking firms to investigate alternatives to meet its short- and medium-term needs. EchoStar also intends to speak with major vendors about possible vendor financing, and with other potential strategic partners who had indicated interest in transactions with EchoStar prior to execution of the Agreement with News. While there can be no assurance, EchoStar believes that it can arrange transactions to meet its short- and medium-term obligations without material changes to its business plan. No assurance can be given that any such arrangements will be made, or that if made they will be on terms favorable to EchoStar. EchoStar intends to seek recovery from News for any costs of financing in excess of the costs of the financing committed to by News under the Agreement.

RESULTS OF OPERATIONS

THREE MONTHS ENDED MARCH 31, 1997 COMPARED TO THE THREE MONTHS ENDED MARCH 31, 1996.

REVENUE. Total revenue for the three months ended March 31, 1997 was $72.0 million, an increase of $30.5 million, or 74%, as compared to total revenue for the three months ended March 31, 1996 of $41.5 million. The increase in total revenue in 1997 was primarily attributable to the introduction of EchoStar's DISH Network-SM- service during March 1996. In the future, EchoStar expects to derive its revenue principally from DISH Network-SM- subscription television services. As of March 31, 1997, EchoStar had approximately 479,600 DISH Network-SM- subscribers.

The increase in total revenue for the three months ended March 31, 1997 was partially offset by a decrease in international and domestic sales of C-band satellite receivers and equipment. The domestic and international demand for C-band DTH products continued to decline during the first quarter of 1997; this decline is expected to continue for the foreseeable future and had been expected by EchoStar as described below. Consistent with the increases in total revenue during the three months ended March 31,1997, EchoStar experienced a corresponding increase in trade accounts receivable at March 31, 1997. The Company expects this trend to continue as the number of DISH Network-SM- subscribers increases, and as EchoStar develops additional channels of distribution for DISH Network-SM- equipment.

Revenue from domestic sales of DTH products and technical services decreased $19.2 million, or 80%, to $4.8 million during the three months ended March 31, 1997. Domestically, EchoStar sold approximately 173,000 satellite receivers during the three months ended March 31, 1997, as compared to approximately 45,000 receivers sold during the comparable period in 1996. Of the total number of satellite receivers sold during the three months ended March 31, 1997, approximately 171,000 were EchoStar Receiver Systems. Although there was a significant increase in the number of satellite receivers sold in the first quarter of 1997 as compared to same period in 1996, overall revenue from domestic sales of DTH products decreased as a result of the revenue recognition policy applied to DBS satellite receivers sold under EchoStar's promotions, combined with decreasing sales of, and lower prices charged for, C-band products. Included in the number of DTH satellite receivers sold during the first quarter of 1996 are sales of a competitor's DBS receiver manufactured and supplied by a third-party manufacturer. Such sales, which ceased during the second quarter of 1996 coincident with the launch of DISH Network-SM- service, totaled approximately 18,000 units during the three months ended March 31, 1996. Revenues generated from the sale of competitor DBS receivers aggregated approximately $7.7 million during the three months ended March 31, 1996. No revenue has been or will be generated from the sale of competitor DBS receivers in 1997.

Revenue from international sales of DTH products for the three months ended March 31, 1997 was $6.9 million, a decrease of $5.8 million, or 46%, as compared to the same period in 1996. This decrease was directly attributable to a decrease in the number of analog satellite receivers sold, combined with decreased prices on products sold. Internationally, EchoStar sold approximately 53,000 analog satellite receivers in the three months ended March 31, 1997, a decrease of 30%, compared to approximately 76,000 units sold in the comparable period in 1996. Overall, EchoStar's international markets for analog DTH products continued to decline in the first quarter of

1997 as consumer anticipation of new international digital services continued to increase. This international decline in demand for analog satellite receivers, which was expected by the Company, is similar to the decline which has occurred in the United States. To offset the anticipated decline in demand for analog satellite receivers, EchoStar has been negotiating with digital service providers to distribute their proprietary receivers in EchoStar's international markets. While EchoStar is actively pursuing these distribution opportunities, no assurance can be given that such negotiations will be successful.

C-band programming revenue totaled $2.2 million for the three months ended March 31, 1997, a decrease of $1.3 million, or 37%, compared to the three months ended March 31, 1996. This decrease was primarily attributable to the industry-wide decline in demand for domestic C-band programming services. C-band programming revenue is expected to continue to decrease for the foreseeable future.

Loan origination and participation income was $491,000 for the three months ended March 31, 1997, a decrease of $322,000 or 40%, compared to the same period in 1996. The decrease in loan origination and participation income during the three months ended March 31, 1997 was primarily due to a decrease in the number of consumer loans and leases funded. Historically, EchoStar has maintained agreements with third-party finance companies to make consumer credit available to EchoStar customers. These financing plans provide consumers the opportunity to lease or finance their EchoStar Receiver Systems, including installation costs and certain DISH Network-SM- programming packages, on competitive terms. Consumer financing provided by third parties is generally non-recourse to EchoStar. EchoStar currently maintains one such agreement which expires during 1997. The third-party finance company with which EchoStar maintains the above mentioned agreement has notified the Company that it does not intend to renew the agreement. EchoStar is currently negotiating similar agreements with other third-party finance companies. There can be no assurance that EchoStar will be successful in these negotiations, or if successful, that any such new agreements will commence prior to the termination of the existing agreement. In the event that EchoStar is unsuccessful in executing a new agreement with a third-party finance company during 1997, future loan origination income will be adversely affected and growth of the DISH Network-SM- subscriber base may be negatively impacted.

DTH AND DISH NETWORK-SM- EXPENSES. DTH and DISH Network-SM- expenses for the three months ended March 31, 1997 aggregated $43.8 million, an increase of $7.8 million, or 22% compared to the same period in 1996. This increase is directly attributable to the introduction of DISH Network-SM- service in March 1996, partially offset by decreases in other DTH expenses. DTH products and technical services expense decreased $23.3 million, or 71%, to $9.5 million during the three months ended March 31, 1997. These expenses include the costs of C-band systems and the costs of EchoStar Receiver Systems and related components sold prior to commencement of EchoStar's promotions. Subscriber promotion subsidies aggregated $13.1 million for the three months ended March 31, 1997 and represent expenses associated with EchoStar's various promotions. DISH Network-SM- programming expenses totaled $19.4 million for the three months ended March 31, 1996. The Company expects that DISH Network-SM- programming expenses will increase in future periods in proportion to increases in the number of DISH Network-SM- subscribers. Such expenses, relative to related revenues, will vary based on the services subscribed to by DISH Network-SM- customers, the number and types of Pay-Per-View events purchased by subscribers, and the extent to which EchoStar is able to realize volume discounts from programming providers.

C-band programming expenses totaled $1.8 million for the three months ended March 31, 1997, a decrease of $1.4 million, or 45%, as compared to the same period in 1996. This decrease is consistent with the decrease in C-band programming revenue. As previously described, domestic demand for C-band DTH products has continued to decrease as a result of the introduction and widespread consumer acceptance of DBS products and services.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, general and administrative ("SG&A") expenses totaled $32.0 million for the three months ended March 31, 1996, an increase of $21.3 million as compared to the same period in 1996. SG&A expenses as a percentage of total revenue increased to 44% for the three months ended March 31, 1997 as compared to 26% for the same period in 1996. The increase in SG&A expenses was principally attributable to: (i) increased personnel expenses as a result of introduction of DISH Network-SM- service in March 1996; (ii) marketing and advertising expenses associated with the launch and ongoing operation of the DISH Network-SM-; and (iii) increased expenses associated with operation of DISH Network-SM- call centers and subscriber management related services. In future periods, EchoStar expects that SG&A expenses as a percentage of total revenue will decrease as subscribers are added.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. EBITDA (including amortization of subscriber acquisition costs of $28.1 million) for the three months ended March 31, 1997 was negative $3.8 million, a decrease of $1.5 million, compared to negative EBITDA of $5.3 million for the same period in 1996. This decrease in negative EBITDA resulted from the factors affecting revenue and expenses discussed above.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense for the three months ended March 31, 1997, including the amortization of subscriber acquisition costs, aggregated $40.8 million, an increase of $37.4 million, as compared to the same period 1996. The increase in depreciation and amortization expenses resulted from depreciation expenses associated with EchoStar I and EchoStar II (placed in service during the first quarter of 1996, and the fourth quarter of 1996, respectively), and amortization of subscriber acquisition costs.

OTHER INCOME AND EXPENSE. Other expense, net totaled $18.3 million for the three months ended March 31, 1997, an increase of $14.9 million, as compared to the same period 1996. The increase in other expense in the first quarter of 1997 resulted primarily from an increase in interest expense associated with the March 1996 issuance of the ESBC Notes.

INCOME TAX BENEFIT. The decrease in the income tax benefit of $4.8 million (from $4.8 million for the three months ended March 31, 1996 to an income tax provision of $19,000 for the three months ended March 31, 1997) principally resulted from EchoStar's decision to fully reserve the first quarter addition to its net deferred tax asset. EchoStar's net deferred tax assets (approximately $66.8 million at March 31, 1997) relate to temporary differences for amortization of original issue discount on the Dish and ESBC Notes, net operating loss carryforwards, and various accrued expenses which are not deductible until paid. If future operating results differ materially and adversely from EchoStar's current expectations, its judgment regarding the magnitude of its reserve may change.

LIQUIDITY AND CAPITAL RESOURCES

Capital expenditures, including expenditures for satellite systems under construction, totaled $16.0 million and $42.6 million during the three months ended March 31, 1996 and 1997, respectively. During the three months ended March 31, 1997, net cash flows used in operations totaled $5.3 million compared to $7.8 million provided by operations for the three months ended March 31, 1996. EchoStar anticipates that its capital expenditure and working capital requirements, including subscriber acquisition costs, will increase substantially throughout 1997 as it aggressively builds its DISH Network-SM- subscriber base, and as it constructs, launches and deploys additional satellites in connection with its DBS business.

Effective June 1, 1997, EchoStar will allow independent retailers to offer a standard EchoStar Receiver System to consumers for a suggested retail price of $199 (the "1997 Promotion"). Unlike the "EchoStar Promotion," which requires consumers to purchase a prepaid one-year subscription to the DISH Network's-SM- America's Top 50 CD-SM- programming package for $300, the 1997 Promotion will allow consumers to subscribe to the DISH Network's-SM- various programming offerings on a month-to-month basis. While there can be no assurance, EchoStar believes that the 1997 Promotion may significantly increase consumer demand for DISH Network-SM- services.

The 1997 Promotion will significantly increase EchoStar's working capital requirements. At commencement of the 1997 Promotion, transaction proceeds, which will vary dependent on the type of EchoStar Receiver System purchased and the number of additional outlet receivers purchased, are expected to approximate $225 to $275 per new subscriber. Transaction costs, consisting of costs of goods sold and activation fees and bonuses paid to dealers and distributors, are expected to range from $425 to $500 per new subscriber upon commencement of the 1997 Promotion. Thus, each subscriber initially added pursuant to the 1997 Promotion will result in a net use of cash of approximately $200 to $275. Comparatively, the EchoStar Promotion, which will continue to be available to consumers, results in approximately breakeven net cash flows at the time of subscriber activation. EchoStar expects that transaction costs associated with both the EchoStar and 1997 Promotions will decrease during the remainder of 1997 as additional cost reductions for EchoStar Receiver Systems are realized.

The excess of transaction costs over related proceeds will be recognized as subscriber promotion subsidies in the Company's statements of operations. EBITDA in future periods will be negatively affected to the extent that a larger portion of future subscriber additions result from the 1997 Promotion rather than from the EchoStar Promotion. This adverse EBITDA impact will result from the immediate recognition of all transaction costs at activation under the 1997 Promotion. Comparatively, a portion of EchoStar Promotion transaction costs are deferred and amortized over the initial prepaid subscription period.

In addition to the working capital requirements discussed above, during the remainder of 1997 EchoStar expects to expend: (i) approximately $99.7 million in connection with the launch, insurance and deployment of EchoStar III and EchoStar IV; (ii) approximately $34.0 million related to the construction of EchoStar III and EchoStar IV; and (iii) approximately $12.9 million for debt service relating to contractor financing of EchoStar I, EchoStar II and EchoStar III. Expected capital expenditures may increase in the event of delays, cost overruns, increased costs associated with certain potential change orders under the Company's satellite or launch contracts, or a change in launch providers.

EchoStar's 1997 working capital, capital expenditure and debt service requirements are expected to be funded from existing cash and marketable investment securities balances, balances held in the ESBC Notes Escrow, cash generated from operations, and additional debt, equity or other financing. The Company anticipates that additional financing (which may be in the form of interim financing as described below) will be necessary prior to June 30, 1997. There can be no assurance that additional debt, equity or other financing will be available on terms acceptable to EchoStar, or at all. Further increases in subscriber acquisition costs, inadequate supplies of DBS receivers, or significant launch delays or failures would significantly and adversely affect EchoStar's operating results and financial condition.

In accordance with its Agreement with News, as previously described above, EchoStar had expected to meet its short- and medium-term capital needs through financial commitments from News. As a result of the failure by News to honor its obligations under the Agreement, EchoStar does not currently have adequate capital to continue its contemplated business plan beyond the second quarter of 1997. EchoStar has had preliminary discussions with a number of investment banking firms to investigate alternatives to meet its short- and medium-term needs. EchoStar also intends to speak with major vendors about possible vendor financing, and with other potential strategic partners who had indicated interest in transactions with EchoStar prior to execution of the Agreement with News. While there can be no assurance, EchoStar believes that it can arrange transactions to meet its short- and medium-term obligations without material changes to its business plan. No assurance can be given that any such arrangements will be made, or that if made they will be on terms favorable to EchoStar. EchoStar intends to seek recovery from News for any costs of financing in excess of the costs of the financing committed to by News under the Agreement.

Beyond 1997, EchoStar will expend approximately $88.6 million to repay contractor financing of EchoStar I, EchoStar II, EchoStar III and EchoStar IV. Additionally, EchoStar has committed to expend in 1998 approximately $69.7 million to construct, launch and support EchoStar IV. EchoStar's contracts with Lockheed Martin for the construction of EchoStar III and EchoStar IV provide for the payment by EchoStar of substantial penalties in the event of termination of such contracts. To meet the aforementioned requirements and to fully execute its business plan, EchoStar will require significant additional capital. The Company anticipates that its future capital requirements will be met from additional debt or equity financings and from cash generated by operations. There can be no assurance that additional debt, equity or other financing will be available on terms acceptable to EchoStar, or at all.

During March 1997, EchoStar's wholly-owned subsidiary, DISH Network-SM- Credit Corporation ("DNCC"), began offering an internally-financed consumer lease plan to prospective DISH Network-SM- customers. This plan provides for a four-year lease term at competitive rates to qualified consumers. EchoStar will assume all credit risk related to the lease program. Initially, EchoStar plans to implement DNCC's consumer lease program on a limited basis. Additional capital will be required for EchoStar to implement the program on a larger scale. There can be no assurance additional capital will be available for the lease program on terms acceptable to EchoStar, or at all.

EchoStar expects that its net losses will continue as it builds its subscription television business such that negative stockholders' equity will result during the second quarter of 1997 unless it receives additional equity financing. Although a negative equity position has significant implications, including, but not limited to, non-compliance with Nasdaq National Market listing criteria, EchoStar believes that such event will not materially affect the implementation and execution of its business strategy. When EchoStar ceases to satisfy Nasdaq's National Market listing criteria, EchoStar's Class A Common Stock will be subject to being delisted unless an exception is granted by the National Association of Securities Dealers. If an exception is not granted, trading in EchoStar Class A Common Stock would thereafter be conducted in the over-the-counter market. Consequently, it may be more difficult to dispose of, or to obtain accurate quotations for, EchoStar Class A Common Stock. Accordingly, delisting may result in a decline in the trading market for EchoStar's Class A Common Stock, which could, among other things, potentially depress EchoStar's stock and bond prices and impair EchoStar's ability to obtain additional financing.

EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In March 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 128, "Earnings Per Share" (SFAS No. 128), which supersedes Accounting Principles Board Opinion No. 15, "Earnings Per Share" ("APB No. 15"). SFAS No. 128 simplifies the requirements for reporting earnings per share ("EPS") by requiring companies only to report "basic" and "diluted" EPS. SFAS No. 128 is effective for both interim and annual periods ending after December 15, 1997 but requires retroactive restatement upon adoption. EchoStar will adopt SFAS No. 128 in the fourth quarter of 1997. EchoStar does not believe such adoption will have a material effect on either its previously reported or future results of operations.

In March 1997, the FASB issued Statement of Financial Accounting Standards No. 129, "Disclosure of Information about Capital Structure" (SFAS No. 129), which continues the existing requirements of APB No. 15 but expands the number of companies subject to portions of its requirements. Specifically, SFAS No. 129 requires that entities previously exempt from the requirements of APB No. 15 disclose the pertinent rights and privileges of all securities other than ordinary common stock. SFAS No. 129 is effective for periods ending after December 15, 1997. EchoStar was not exempt from APB No. 15; accordingly, the adoption of SFAS No. 129 will not have any effect on EchoStar.

PART II - OTHER INFORMATION

ITEM 3. LEGAL PROCEEDINGS

On February 24, 1997, EchoStar and The News Corporation Limited ("News") announced an agreement (the "Agreement") pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS license for 28 frequencies at 110DEG. West Longitude awarded to MCI Communications Corporation during a Federal Communications Commission auction during 1996. Subsequently, the parties discussed, and agreed upon, potentially mutually agreeable changes to the structure of the transactions. However, during late April 1997, substantial disagreements arose between the parties regarding their obligations under the Agreement.

On May 8, 1997 EchoStar filed a Complaint in the United States District Court for the District of Colorado (the "Court"), Civil Action No. 97-960, requesting that the Court confirm EchoStar's position, and declare that News is obligated pursuant to the Agreement to lend $200 million to EchoStar without interest and upon such other terms as the Court orders. No assurance can be given that the Court will grant EchoStar's request for expedited relief. Further, while EchoStar believes that the Court should grant its request requiring News to loan EchoStar the $200 million, and is very confident of its position, no assurance can be given that the Court will grant that request.

On May 9, 1997, as a result of numerous material breaches of the Agreement by News, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation, seeking specific performance of the Agreement, and damages, including lost profits that were expected as a result of the transactions contemplated by the Agreement, which could exceed $5 billion. While EchoStar is confident of its position and believes it will ultimately prevail in the litigation, there can be no assurance that EchoStar will prevail, of the amount of damages EchoStar will collect if it prevails, or that timely relief will be granted.

On September 26, 1996, EchoStar Satellite Corporation ("ESC") filed suit against Sagem, S.A., ("Sagem") a French corporation, in connection with a manufacturing agreement entered into in April 1995. Sagem, Inc., a wholly owned subsidiary of Sagem, was added as a party to the litigation in a subsequent amendment. Under the agreements between the parties, Sagem and Sagem, Inc. were to provide 560,000 digital satellite receivers to ESC throughout 1995 and 1996. Sagem and Sagem, Inc. failed to deliver any production receivers to ESC. ESC thereafter terminated the agreements between the parties. ESC brought claims against Sagem and Sagem, Inc. for breach of contract and declaratory relief. ESC sought return of a $10.0 million down payment made to Sagem, $15.0 million placed in escrow with Bank of America, a $373,000 prepayment made to Sagem, Inc. for finished goods, contractual late fees, lost profits, interest, attorneys' fees, costs, and expenses. Sagem and Sagem, Inc. filed counterclaims seeking damages of approximately $25.0 million. On April 25, 1997, ESC and Sagem executed a settlement and release agreement under which Sagem agreed to return the $10.0 million down payment made to Sagem and agreed to release the $15.0 million placed in escrow with Bank of America. ESC and Sagem have released all claims against each other.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

- 2.1 Binding Letter Agreement dated February 19, 1997 between The News Corporation Limited and EchoStar Communications Corporation.
- 23 Consent of Independent Public Accountants.
- 27 Financial Data Schedule.

(b) Reports on Form 8-K

(i) A Report on Form 8-K dated February 20, 1997 was filed to report under Item 5, Other Events, the execution of a binding Letter Agreement between EchoStar Communications Corporation and The News Corporation Limited.

(ii) A Report on Form 8-K dated April 28, 1997 was filed to report under Item 5, Other Events, the delay of regulatory filings in connection with a binding Letter Agreement between EchoStar Communications Corporation and The News Corporation Limited.

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/ STEVEN B. SCHAVER

Steven B. Schaver
Chief Operating Officer and Chief Financial Officer
(PRINCIPAL FINANCIAL OFFICER)

By: /s/ JOHN R. HAGER

John R. Hager
Controller
(PRINCIPAL ACCOUNTING OFFICER)

Date: May 12, 1997

THE NEWS CORPORATION LIMITED
1211 Avenue of the Americas
New York, New York 10036

February 19, 1997

EchoStar Communications Corporation
90 Inverness Circle East
Englewood, Colorado 80112

Ladies and Gentlemen:

This letter agreement ("Agreement") confirms the conditions upon which The News Corporation Limited or an affiliate ("News") will acquire shares of capital stock of EchoStar Communications Corporation ("ECC").

1. THE TRANSACTION. News and ECC hereby agree to enter into a definitive agreements (the "Definitive Agreements") containing the terms set forth on the attached Term Sheet, and such other terms as the parties may otherwise agree to.

2. DEFINITIVE AGREEMENTS. As soon as practicable after the date hereof, our respective legal counsel will promptly and diligently negotiate in good faith and use their respective best efforts to agree on the Definitive Agreements, which will contain mutually agreeable representations and warranties (including, with respect to ECC, Organization and Qualifications, Capitalization, Authority, No Conflicts, Required Filings and Consents, SEC Reports and Financial Statements (including Absence of Certain Changes or Events from the date of the Financial Statements through March 7, 1997), and with respect to News, Organization and Qualifications, Authority, No Conflicts, Required Filings and Consents), mutually agreeable provisions for indemnification and shareholder arrangements and other appropriate terms and conditions. News and ECC shall cooperate with each other to the fullest extent in the preparation of the Definitive Agreements and all related documents, in the obtaining of all necessary consents and in complying with all regulatory requirements. News and ECC shall in good faith proceed to promptly negotiate and execute the Definitive Agreements and all related documents with respect to this transaction. Although the parties intend to diligently negotiate and promptly enter into the Definitive Agreements, the parties acknowledge and agree that this Agreement contains all of the essential terms of the transactions contemplated hereby and, in the event that the parties do not enter into Definitive Agreements, that this Agreement is a binding Agreement and shall form the basis for consummation of the transactions contemplated hereby.

3. PURCHASER'S INVESTIGATION: CONFIDENTIALITY. ECC and News will permit each other and their respective accounting and legal representatives to conduct an investigation and evaluation of ECC and ASkyB, will provide such assistance as is reasonably requested and will give access at reasonable times to information related to the assets and operations of ECC and ASkyB. Except to the extent that information provided by ECC and ASkyB is in the public domain or is or becomes ascertainable from public sources, such information concerning ECC and ASkyB shall be kept in strict confidence.

4. CONDUCT OF BUSINESS. During the period from the date hereof to the execution of the Definitive Agreements, (a) the businesses of ECC and ASkyB will be carried on in accordance with past custom and practice, (b) ECC and ASkyB will not enter into any contract, agreement or transaction other than in the ordinary course of business and in accordance with past custom and practice, and (c) ECC will not remove any of its assets by way of dividend, distribution, withdrawal or any other means without the prior written consent of News. Following execution of the Definitive Agreements the businesses of ECC and ASkyB will be conducted in consultation with each of News and ECC.

5. CLOSING CONDITIONS. The closing of the transactions contemplated hereby is conditional upon:

   (a) the obtaining of all necessary governmental, shareholder, bondholder and other third-party consents and approvals, including Hart-Scott-Rodino and board of director approvals of ECC and News; and

(b) News being satisfied that its due diligence investigation has not revealed (i) that ECC's public disclosure documents contain any untrue statement of a material fact or omit to state a material fact, or (ii) any ECC obligation or agreement (other than the Indentures) that would prevent the consummation of the proposed transaction; provided that News must exercise its right to terminate this Agreement pursuant to this paragraph 5(b) on or before March 7, 1997.

(c) ECC being satisfied that its due diligence investigation has not revealed (i) a material deviation from the ASkyB DBS Capital Budget Summary set forth on Schedule I, or (ii) any ASkyB obligation or agreement that would prevent the consummation of the proposed transaction; provided that ECC must exercise its right to terminate this Agreement pursuant to this paragraph 5(c) on or before March 7, 1997.

6. PUBLIC DISCLOSURE. Pending execution of the Definitive Agreements and, except as required by law, no public disclosure or publicity concerning the subject matter hereof or the transactions contemplated hereby will be made without the joint approval of ECC and News.

7. EXPENSES. ECC and News will each pay their respective expenses (including fees and expenses of legal counsel, investment bankers, brokers or other representatives or consultants) in connection with the transactions contemplated hereby (whether consummated or not).

8. REPRESENTATIONS AND WARRANTIES. Each party hereto hereby represents and warrants that (i) it is duly organized, validly existing and in good standing under the jurisdiction in which it was formed, (ii) it has the full right, power and authority to consummate the transactions contemplated herein and (iii) the execution, delivery and performance hereof will not conflict with nor result in any breach of provisions of, or constitute a default under, any agreement, charter, bylaw or other instrument to which it is a party or by which it is bound.

9. FURTHER ASSURANCES. Each party hereto shall execute and deliver all reasonably required documents and do all other acts which may be reasonably requested by the other parties hereto to implement and carry out the terms and conditions of the transactions contemplated herein. None of News, ECC or Charles Ergen shall take any action or fail to take any action which would reasonably be expected to frustrate the intent and purposes of this Agreement.

10. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telescoped (receipt of which is confirmed by the person to whom sent) or mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) If to ECC, to:

EchoStar Communications Corporation
90 Inverness Circle East
Englewood, Colorado 80112
Attention: David K. Moskowitz
Senior Vice President and General Counsel

(b) If to News, to:

The News Corporation Limited
1211 Avenue of the Americas
New York, New York 10036
Attention: Arthur M. Siskind
Senior Executive Vice President
and Group General Counsel

11. GOVERNING LAW. This Agreement shall be governed by the laws of the State of New York.

If the foregoing accurately reflects our agreement, please sign the enclosed duplicate of this Agreement in the space provided below and return the same to the undersigned.

Very truly yours,
The News Corporation Limited

By: /s/ K. RUPERT MURDOCH

Name:
Title:

Accepted and agreed to
this 20th day of February 1997:

EchoStar Communications Corporation

By: /s/ CHARLES W. ERGEN

Name: Charles W. Ergen
Title: CEO of EchoStar Communications Corporation

TERM SHEET

The News Corporation Limited or its designated subsidiary ("News") will enter into an arrangement with EchoStar Communications Corporation ("ECC") to be evidenced by a definitive agreement (the "Definitive Agreement"), as follows:

1. ECC will spin off to separate entities (a) all of its business operations, assets and liabilities related to its international manufacturing businesses and (b) its licenses for orbital slot frequencies. News will cause the manufacturing business to be licensed to manufacture digital boxes on a non-exclusive, worldwide most favored nation basis.

2. News will contribute to ECC (or in a substitute mutually agreed upon transaction) the following assets (as of the closing of the transaction):

   a) 4 satellites, uplink facility, local access distribution system, operations center and call center, subject to existing agreements, and free and clear of all liens and encumbrances; plus

   b) $1 billion in cash less the value of the assets contributed in (a) above which value shall be equal to the cost of such assets (excluding G & A and other overhead) actually paid by News and excluding capitalized interest.

   c) Commencing March 10, 1997, the News DBS operation will be conducted in consultation with and under the direction of Ergen as the Chief Executive Officer of ECC and shall be for the account of the combined business. News shall advance the costs of News DBS business and the amounts paid by News shall be credited against the News cash obligation as set forth in 2(b) above.

3. Upon the completion of the proposed transaction:

   a) Charles Ergen ("Ergen") and James DeFranco will convert all shares of Preferred Stock owned by them into Class A Common Stock and shall receive accrued dividends; and

   b) News shall receive

      (i) such number of shares of Class A Common Stock and Class B Common Stock of ECC as shall represent 50% of the outstanding shares of each class as of March 7, 1997; and

      (ii) options to purchase shares of Class A Common Stock in amounts and at exercise prices as to give News the right to maintain its 50% position as and when employee stock options outstanding as of March 7, 1997 are exercised; and

   c) The ECC Certificate of Incorporation shall be amended to provide that upon any sales (not including assignments to Ergen family members or similar assignments to accomplish estate planning purposes or to affiliates of News (not less than 51% owned)) of Class B Common Stock by Ergen or News such shares shall convert to Class A Common Stock.

4. News and the entity to which ECC shall spin off its licenses for orbital slot frequencies shall each lease the use of their respective DBS orbital slot frequencies to ECC for the conduct of the ECC direct broadcast business. Each shall receive an equal payment from ECC for the use of the frequencies in an amount to be agreed to.

5. News and Ergen will enter into a Shareholders Agreement pursuant to which they will agree (as to shares owned or thereafter acquired):

   a) Each shall have the right to nominate an equal number of directors to the ECC Board (including independent directors) and each shall agree to vote for the other's nominees;

   b) an Executive Committee of the Board will be established with each of News and Ergen appointing an equal number of members;

c) all significant corporate actions (as defined on Exhibit A hereto) to be submitted to the Board shall require the vote of all members of the Executive Committee;

d) neither News nor Ergen shall present their shares for a quorum or vote their shares as shareholders on significant matters unless both are in agreement;

e) Rupert Murdoch shall serve as Chairman of ECC and Ergen shall serve as President and Chief Executive Officer of ECC; News shall have the right to designate the CFO of ECC; all other appointments of senior officers of ECC shall be subject to mutual agreement;

f) In the event News and Ergen do not agree on a significant corporate action of the type set forth on Exhibit A as a Deadlock Event, then either News or Ergen can cause the purchase and sale of each others shares in ECC in the manner provided for in Exhibit A;

g) Subject to deminimus amounts, each of the Shareholders will have rights of first refusal (based on market prices) and tag-a-long rights in customary form; and

h) In the event Ergen shall sell 8 million or more shares of ECC securities or News shall sell 10 million or more shares of any class of ECC securities owned (other than as described above) then, (i) at the option of the other Shareholder, the corporate governance provisions set forth in this section 5 will thereupon terminate, and (ii) the selling Shareholder shall cause its or his director nominees (other than the independent director nominee) to resign and shall continue to vote for the other Shareholders' director nominees and in such manner as such other Shareholder shall direct on all other matters presented for the vote of Shareholders so long as such other Shareholders shall not have sold 8 million or more shares in the case of Ergen or 10 million or more shares in the case of News.

6. ECC shall have the right to require News to buy from ECC, and News shall have the right to require ECC to sell to News, at a price of $23 a share up to $200 million of ECC Class A Common Stock, such rights to commence on May 1, 1997 and to terminate on April 30, 1998. To the extent that News has purchased shares under this section 6 then the amount paid by News shall be credited against the News' cash obligation as set forth in paragraph 2(b) above and the number of shares of ECC stock to be received by News as set forth in paragraph 3(b) above shall be appropriately adjusted. To the extent that necessary regulatory approvals are not obtained at such time as ECC shall require funds for operations, News will lend up to $200 million on a non-interest bearing basis and such other terms as agreed to.

7. In the event that the proposed transaction is not approved by any regulatory authorities from which approval is sought, News, ECC and Ergen shall take such necessary and appropriate steps to alter the proposed transaction in such manner as required to (i) obtain the necessary approvals and, (ii) insure to News, ECC and Ergen as nearly as possible the same economic results as if the proposed transaction occurred.

8. News, ECC and Ergen shall proceed diligently to accomplish the following:

a) negotiate the Definitive Agreement and Shareholders Agreement and conduct necessary due diligence, the due diligence to be completed by News and ECC on or before March 7, 1997;

b) Obtain all necessary regulatory approvals to the proposed transaction;

c) Obtain all necessary ECC shareholder and bondholder consents;

d) Obtain all necessary contract and other approvals; and

e) Obtain all necessary board of director approvals; and

f) Prepare agreed upon budget and five year business plan and technology agreement for conduct of ECC business including agreements regarding compression, conditional access, smart card and subscriber management systems. ECC shall use the technology and systems of the News' companies provided that such technology and systems are as secure and capable, shall require no material expenditures to render the installed base of consumer satellite receivers compatible, and shall require no material increased expenditures when compared to the current technology and systems utilized by ECC.

EXHIBIT A

1. "SIGNIFICANT CORPORATE ACTION" means any one of the following:

   a. amending or modifying the purposes of the Company from those specified in its Certificate of Incorporation or otherwise amending or modifying the Certificate of Incorporation;

   b. entering into any merger or consolidation in which the Company is constituent corporation, acquiring all or substantially all of the assets or capital stock of another Person (or a division or other business unit of another Person), consummating any other business combination or dissolving and winding up the Company (other than in accordance with the terms of this Agreement), in each case whether in a single transaction or a series of related transactions in which the value of the transaction is in excess of $10,000,000;

   c. adopting or modifying or amending in any material respect any Budget or the Business Plan, provided that to the extent a Budget is not agreed to for any Fiscal Year (a "Budget Deadlock") the prior year's Budget (with cost increases not to exceed 10%) shall be the effective Budget for such Fiscal Year;

   d. selling, leasing, exchanging or otherwise disposing of any property, asset or business with a value in excess of $10,000,000;

   e. except as contemplated by the Business Plan, the then-effective Budget or this Agreement, increasing or decreasing the Company's authorized capital or increasing or decreasing the Company's issued and stated capital other than pursuant to the Company's existing employee stock option plan, Employee Referral Program or 401(K) plan;

   f. changing the Fiscal Year;

   g. except as contemplated by the Business Plan, the then-effective Budget or this Agreement, entering into any transaction, agreement or understanding with any other Person with a value in excess of 10,000,000;

   h. incurring any indebtedness for borrowed money which would result in the total outstanding Indebtedness of the Company for borrowed money (excluding indebtedness incurred by the Company pursuant to the Business Plan, the then-effective Budget or any Shareholder Loans approved by the Shareholders in accordance with this Agreement) increasing by more than $10,000,000;

   i. except as contemplated by the Business Plan or the then-effective Budget, entering into, amending, granting any waiver with respect to, terminating or extending any agreement outside of the ordinary course of business, which agreement provides for (or, pursuant to its terms, could reasonably be expected to result in) the payment or receipt by the Company of more than an aggregate amount of $10,000,000 during the term of such agreement;

   j. except as contemplated by the Business Plan or the then-effective Budget, entering into any agreement or transaction which has a term in excess of one (1) year and either (i) requires the payment of more than $1 million per year, or (ii) involves programming commitments (unless such programming commitments are immaterial);

   k. except as contemplated by the Business Plan or the then-effective Budget, entering into, amending, granting any waiver with respect to, terminating or extending any employment or consulting agreement (or series of related employment or consulting agreements with the same Person) with, or hiring any officer or employee for, a term of more than one year or which agreement or arrangement provides for (or, pursuant to its terms, could reasonably be expected to result in) payments to the employee or consultant, or otherwise hiring any employee or consultant, at a rate in excess of $200,000 per annum, or the adoption of any amendment of material compensation policies;

   l. except as contemplated by the Business plan or the then-effective Budget, entering into any transaction or agreement with a Shareholder or any Affiliate of a Shareholder other than this Agreement or any other agreement or transaction entered into in the ordinary course of business on arms-length terms;

m. electing or removing any of the Company's Chairman, President, Chief Executive Officer, Chief Operating Officer or Chief Financial Officer (except as otherwise agreed in the Term Sheet);

n. appointing or changing the Company's independent certified public accountants (it being agreed that the Company's initial independent certified public accountants shall be Arthur Andersen LLP);

o. except as required by GAAP or applicable law, adopting or changing any of the Company's material accounting principles;

p. commencing or settling any litigation, arbitration or governmental proceeding which relates to more than $1,000,000 or is reasonably likely to have a material impact on the Company or its business;

q. except as contemplated by the Business Plan or the then-effective Budget, or except as permitted by the Company's 401(K) plan, making any loans, investments or advances to, or guaranteeing the obligations of, any Person in excess of $100,000;

r. incorporating, forming or otherwise organizing a Subsidiary or any other Person;

s. except as contemplated by the Business Plan or the then-effective Budget, declaring any dividend or making any other distribution to the Shareholders;

t. filing a voluntary petition in bankruptcy or for reorganization or for the adoption of any plan or arrangement with creditors or an admission seeking the relief therein provided under any existing or future law of any jurisdiction relating to bankruptcy, insolvency, reorganization or relief of debtors; or

u. entering into any options, contingent agreements or other arrangements which if exercised or consummated in accordance with their terms would result in an action constituting a Significant Corporate Action as set forth in clauses (a-t) above.

2. BUY-SELL UPON DEADLOCK EVENT.

a. Upon the occurrence of a Deadlock Event, the Shareholders shall first use their good faith efforts during a period of forty-five (45) days (the "Referral Period") to resolve the dispute which resulted in the Deadlock Event in a mutually satisfactory manner. A "Deadlock Event" shall be deemed to have occurred in the event that (i)(A) with respect to any proposed Significant Corporate Action contained in paragraphs (b), (d), (e), (g), (h), (i), (t) or (u) as it applies to any of the previously listed paragraphs in the definition thereof, the Board of Directors is unable to authorize the taking or rejection of such Significant Corporate Action contained by a Majority Vote, PROVIDED that, for a Deadlock Event to occur under clauses (b), (d), (g), (h), and (i), the dollar level shall be $50,000,000 or (B) a Budget Deadlock has occurred and continued uninterrupted for two (2) consecutive Fiscal Years;

b. If a Deadlock Event occurs, then while such Deadlock Event shall continue beyond the Referral Period, either Shareholder (the "Initiating Shareholder"), by written notice (the "Notice") to the other may initiate a buy-sell transaction as follows:

(i) Notice shall specify a price per share (for each Class of ECC stock) which the Initiating Shareholder is willing to pay for the shares held by the other Shareholder (the "Determining Shareholder").

(ii) Within 20 days after receipt of the Notice from the Initiating Shareholder, the Determining Shareholder shall by written notice (the "Response") to the Initiating Shareholder decide whether to buy all of the Initiating Shareholder's shares at the price set forth in the Notice or to sell all of the Determining Shareholder's shares to the Initiating Shareholder at the price set forth in the Notice. The failure of the Determining Shareholder to deliver a Response within the said 20-day period shall be deemed to constitute the Determining Shareholder's election to sell.

(iii) The Initiating Shareholder and Determining Shareholder shall thereupon act promptly to accomplish the buy-sell arrangement set forth herein; PROVIDED that the closing of such transaction shall take place on not less than 5 days' written notice from buyer to seller not later than 180 days following the receipt of the

Response by the Initiating Shareholder. In the event the closing does not take place within such 180-day period on account of the inability of the buying Shareholder to buy, then the Shareholder that would have otherwise been the seller shall have the right, exercisable by written notice to the other Shareholder within 20 days after the end of such 180-day period, to elect to buy the other Shareholder's shares. In such event, the closing will take place on not less than 5 days' written notice from buyer to seller not later than 180 days following such election.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report incorporated by reference in this Form 10-Q, into the Company's previously filed Registration Statement File Nos. 33-95292, 33-80527, 333-05575, 333-11597 and 333-22971.

ARTHUR ANDERSEN LLP

Denver, Colorado,
May 12, 1997

5

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE ACCOPANYING CONSOLIDATED BALANCE SHEET OF ECHOSTAR COMMUNICATIONS CORPORATION AND SUBSIDIARIES AS OF MARCH 31, 1997 AND THE RELATED CONSOLIDATED STATEMENTS OF OPERATIONS AND CASH FLOWS FOR THE THREE MONTHS ENDED MARCH 31, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THOSE FINANCIAL STATEMENTS.

1,000

3-MOS
DEC-31-1997
MAR-31-1997
30,452
3,528
32,816
(1,642)
57,043
224,328
724,873
(47,607)
1,155,990
236,642
898,604
18,700
0
416
(8,640)
1,155,990
71,532
72,023
30,675
116,619
18,251
814
19,846
(62,847)
(19)
(62,866)
0
0
0
(62,866)
(1.54)
(1.54)

INCLUDES SALES OF PROGRAMMING.
INCLUDES THE COST OF PROVIDING PROGRAMMING.
NET OF AMOUNTS CAPITALIZED.