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

FORM 10-K

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2001

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.)
5701 S. SANTA FE DRIVE LITTLETON, COLORADO	80120
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (303) 723-1000

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Class A Common Stock, $0.01 par value Act:

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 [X] No [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [X]

As of February 25, 2002, the aggregate market value of Class A Common Stock held by non-affiliates* of the Registrant approximated $5.2 billion based upon the closing price of the Class A Common Stock as reported on the Nasdaq National Market as of the close of business on that date.

As of February 25, 2002, the Registrant's outstanding Common stock consisted of 241,282,817 shares of Class A Common Stock and 238,435,208 shares of Class B Common Stock, each $0.01 par value.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents are incorporated into this Form 10-K by reference:

Portions of the Registrant's definitive Proxy Statement to be filed in connection with the Annual Meeting of Shareholders of Registrant to be held May 6, 2002 are incorporated by reference in Part III herein.

* Without acknowledging that any individual director or executive officer of the Company is an affiliate, the shares over which they have voting control have been included as owned by affiliates solely for purposes of this computation.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

We make "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 throughout this document. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we "believe," "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 the transactions and events described in this document will happen as described or that they will happen at all. You should read this document completely and with the understanding that actual future results may be materially different from what we expect. Whether actual 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: our proposed merger with Hughes Electronics Corporation may not occur as a result of: (1) the failure to obtain necessary Internal Revenue Service, which is referred to as the IRS, tax rulings, antitrust clearance, Federal Communications Commission, or FCC, approval or the requisite approval from General Motors' stockholders, (2) shareholder litigation challenging the merger, or (3) the failure to satisfy other conditions; while we need substantial additional financing, we are highly leveraged and subject to numerous constraints on our ability to raise additional debt; we may incur unanticipated costs in connection with the Hughes merger financing or any refinancings we must undertake or consents we must obtain to enable us to consummate the Hughes merger; regulatory authorities may impose burdensome terms on us as a condition of granting their approval of the Hughes merger or the acquisition of Hughes' interest in PanAmSat, and legislative and regulatory developments may create unexpected challenges for us; we may not realize the benefits and synergies we expect from, and may incur unanticipated costs with respect to, the Hughes merger due to delays, burdensome conditions imposed by regulatory authorities, difficulties in integrating the businesses or disruptions in relationships with employees, customers or suppliers; 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; we may be unable to obtain needed retransmission consents, FCC authorizations or export licenses; the regulations governing our industry may change; our satellite launches may be delayed or fail, our satellites may fail prematurely in orbit, we currently do not have traditional commercial insurance covering losses incurred from the failure of launches and/or satellites; and we may be unable to settle outstanding claims with insurers; weakness in the global economy may harm our business generally, and adverse local political or economic developments may occur in some of our markets; service interruptions arising from technical anomalies on some satellites, or caused by war, terrorist activities or natural disasters, may cause customer cancellations or otherwise harm our business; we face intense and increasing competition from the cable television industry, new competitors may enter the subscription television business, and new technologies may increase competition; DISH Network subscriber growth may decrease; subscriber turnover may increase; and subscriber acquisition costs may increase; sales of digital equipment and related services to international direct-to-home service providers may decrease; future acquisitions, business combinations, strategic partnerships and divestitures may involve additional uncertainties; the September 11, 2001 terrorist attacks and changes in international political conditions as a result of these events may continue to affect the U.S. and the global economy and may increase other risks; and we may face other risks described from time to time in periodic reports we file with the Securities and Exchange Commission. 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.

PART I

In this document, the words "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 and "EBC" refers to EchoStar Broadband Corporation and its subsidiaries. "General Motors" or "GM" refers to General Motors Corporation, "Hughes" refers to Hughes Electronics Corporation, or a holding company that is expected to be formed to hold all of the stock of Hughes, and "PanAmSat" refers to PanAmSat Corporation, in each case including their respective subsidiaries, unless the context otherwise requires.

ITEM 1. BUSINESS

OVERVIEW

Our common stock is publicly traded on the Nasdaq National Market under the symbol "DISH". We conduct substantially all of our operations through our subsidiaries. We operate two business units:

- The DISH Network -- a direct broadcast satellite subscription television service, which we refer to as DBS, in the United States. As of December 31, 2001, we had approximately 6.83 million DISH Network subscribers; and

- EchoStar Technologies Corporation -- engaged in the design, development, distribution and sale of DBS set-top boxes, antennae and other digital equipment for the DISH Network, which we refer to as EchoStar receiver systems, and the design, development and distribution of similar equipment for international satellite service providers, which we refer to as DTH.

RECENT DEVELOPMENTS

THE PROPOSED MERGER WITH HUGHES

On October 28, 2001, we signed definitive agreements with Hughes and General Motors, which is Hughes' parent corporation, relating to our merger with Hughes in a stock-for-stock transaction. Hughes, through its DIRECTV subsidiary, is a provider of satellite-based entertainment information and communications services for the home and business markets, including video, data, voice, multimedia and Internet service, including DBS Services. Hughes also owns an approximately 81% equity interest in PanAmSat, a global provider of video and data broadcasting services through 21 satellites it owns and operates.

The following description of the Hughes merger and related transactions and the PanAmSat acquisition summarizes the terms of a series of detailed agreements. We filed copies of these agreements with the Securities and Exchange Commission on October 31, 2001 on a Current Report on Form 8-K. A more detailed description of the Hughes merger and related transactions and the PanAmSat acquisition will be contained within an information statement on Schedule 14C of us, which we refer to as the EchoStar information statement and which is expected to be filed by us with the SEC in the middle of March 2002. We expect to distribute the information statement to our common stockholders this summer. You may read and copy any document that we file at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to you free of charge at the SEC's website at http://www.sec.gov.

The surviving corporation in the merger will carry the EchoStar name and will provide DBS services in the United States and Latin America, primarily under the DIRECTV brand name. It will also provide global fixed satellite services and other broadband communication services. The merger is subject to the prior separation of Hughes from GM by way of a recapitalization of Hughes and split-off of Hughes from GM. As a result of these transactions, the Hughes holding company would become an independent, publicly owned company, separate from GM. This is a condition to our obligation to complete the merger. Immediately following the Hughes split-off, the businesses of Hughes and EchoStar would be combined in the merger. Pursuant to the merger, we would merge with and into the Hughes holding company to form New EchoStar.

The board of directors of New EchoStar will consist of eleven members, as mutually agreed by Hughes and EchoStar, eight of whom are current directors and/or officers of EchoStar and three of whom are current directors and/or officers of Hughes. Charles W. Ergen will be the Chairman of the Board and Chief Executive Officer of New EchoStar.

Three classes of New EchoStar common stock would be outstanding immediately after the merger:

- Class A common stock, which would be distributed to holders of our class A common stock in the merger. Holders of our class A common stock would receive 1/0.73, or about 1.3699, shares of New EchoStar class A common stock in exchange for each share of our class A common stock they own at the time of the merger;

- Class B common stock, which would be distributed to holders of our class B common stock in the merger. A trust controlled by Mr. Ergen owns all of the outstanding shares of our class B common stock. Holders of our class B common stock would receive 1/0.73, or about 1.3699, shares of New EchoStar class B common stock in exchange for each share of our class B common stock they own at the time of the merger; and

- Class C common stock, which would be distributed to holders of GM class H common stock in the Hughes split-off. Holders of GM class H common stock would receive one share of New EchoStar class C common for each share of GM class H common stock they own at the time of the Hughes split-off.

Immediately after the completion of the Hughes merger, based on certain assumptions about a number of variables, the New EchoStar class A common stock is expected to represent approximately 25.6% of the outstanding common stock of New EchoStar (representing approximately 6.0% of the voting power of New EchoStar), the New EchoStar class B common stock is expected to represent approximately 16.4% of the outstanding common stock of New EchoStar (representing approximately 38.7% of the voting power of New EchoStar), and the New EchoStar class C common stock is expected to represent approximately 58.0% of the outstanding common stock of New EchoStar (representing approximately 55.3% of the voting power of New EchoStar). The actual outstanding shares and voting power percentages immediately after the completion of the merger could vary materially from the estimated amounts due to changes in the outcomes of various assumptions.

The recapitalization and split-off of Hughes is subject to the approval of the common stockholders of General Motors. GM common stockholders will be asked to approve the recapitalization and split-off by a stockholder consent solicitation statement included in a registration statement on Form S-4 of the Hughes holding company, which will also include the related prospectus and our information statement. The merger with Hughes has already received all required stockholder approvals, including approval by GM, as the sole stockholder of Hughes, and approval by a trust controlled by Mr. Ergen, the holder of our common stock representing approximately 90% of the voting power of us.

The proposed transactions also are subject to anti-trust clearance and approval by the Federal Communications Commission. In addition, the transactions are contingent upon the receipt of a favorable ruling from the IRS that the separation of Hughes from GM will be tax-free to GM and its stockholders for U.S. federal income tax purposes and are subject to various other conditions. While there can be no assurance, the transactions are currently expected to close in the second half of 2002.

Consummation of the Hughes merger and related transactions will require at least $7.025 billion of cash. At the time of signing of the merger agreement, we had approximately $1.5 billion of available cash on hand, and obtained $5.525 billion in bridge financing commitments for the Hughes merger and related transactions. These commitments have been reduced to $3.325 billion as a result of the sale of $700 million of 9 1/8% senior notes by EDBS and $1.5 billion of our series D preferred stock to Vivendi. Any other financings we complete prior to closing of the Hughes merger will generally further reduce the bridge financing commitments dollar-for-dollar. The remaining approximately $3.325 billion of required cash, is expected to come from new cash raised by us, Hughes or a subsidiary of Hughes on or prior to the closing of the merger through public or private debt or equity offerings, bank debt or a combination thereof. The amount of such cash that could be raised by us prior to completion of the Hughes merger is severely restricted. Our agreements with GM and Hughes prohibit us from raising any additional equity capital beyond the $1.5 billion Vivendi investment. The prohibition will likely continue for two years following completion of the Hughes merger, absent possible favorable IRS rulings or termination of the Hughes merger. Further, our agreements with GM and Hughes place substantial restrictions on our ability to raise additional debt prior to the closing of the Hughes merger.

If Hughes cannot complete the merger with us, we may be required to purchase Hughes' interest in PanAmSat, merge with PanAmSat or make a tender

offer for all of PanAmSat's shares and may also be required to pay a $600 million termination fee to Hughes. If we purchase the Hughes interest in PanAmSat rather than undertaking the merger or the tender offer, we must make offers for all PanAmSat shares that remain outstanding. We expect that our acquisition of Hughes' interest in PanAmSat, which would be at a price of $22.47 per share, together with our assumed purchase of the remaining outstanding PanAmSat shares and our payment of the termination fee to GM would require at least $3.4 billion of cash and approximately $600 million of our class A common stock. We

expect that we would meet this cash requirement by utilizing a portion of cash on hand.

Our Reasons for the Merger

Our primary objective is to continue to provide a leading multi-channel subscription television service, to expand our DBS subscriber base, and to further develop as an integrated full service satellite company. Our planned merger with Hughes will help facilitate this objective. We plan to:

Integrate DIRECTV and our networks: We intend to integrate DIRECTV and our networks to realize economies of scale and to offer enhanced services by:

- eliminating duplicative programming and utilizing reclaimed broadcast spectrum to deliver more program and service offerings;
- standardizing DIRECTV and our set-top boxes to offer a common service platform to customers and reduce the cost of set-top boxes;
- combining and improving the two distribution networks; and
- consolidating satellite uplink, customer service and other facilities and infrastructure.

Generating substantial cost and revenue synergies: We believe the combined companies can generate cost synergies by:

- reducing subscriber acquisition costs by, among other things, standardizing and reducing the cost of set-top boxes;
- reducing churn through better control of piracy, by offering increased services and creating increased customer loyalty;
- reducing programming costs as a result of our larger combined subscriber base; and
- eliminating duplicative overhead.

We also believe the combined companies can generate revenue synergies by:

- introducing local-to-local service in all markets;
- expanding two-way high-speed satellite Internet consumer and business offerings by providing broadband Internet services at more attractive pricing;
- expanding new high definition television, video-on-demand, pay-per-view, educational programming and other programming offerings; and
- generating new sources of local and national advertising revenue.

Expand two-way high-speed satellite Internet access offerings: We plan to expand "always-on" two-way high-speed Internet access to consumers and businesses. Our broadband offering could play an important role in spanning the "digital divide" between urban and suburban customers who have multiple choices for high-speed Internet access, and rural customers who have few or no choices for high-speed Internet access. We also believe this service could be successful in urban and suburban markets.

Improve the operating performance of PanAmSat: We intend to increase PanAmSat's profitability by:

- increasing satellite capacity utilization;
- creating comprehensive service packages including encryption, customer care and other services
- exploring new markets; and
- implementing cost savings.

Leverage Hughes' and our combined research and developments efforts: We plan to leverage the engineering capabilities of the combined companies to expand the features and functionality of their satellite receiver systems. These features will include a wide variety of innovative interactive television services and applications. In addition, we will continue to enhance our satellite-based broadband communications platform.

STRATEGIC ALLIANCE WITH VIVENDI UNIVERSAL AND SALE OF SERIES D CONVERTIBLE PREFERRED STOCK

On January 22, 2002, a subsidiary of Vivendi acquired 5,760,479 shares of our series D convertible preferred stock for $1.5 billion, or approximately $260.40 per share. Each share of the series D preferred stock has the same economic (other than liquidation) and voting rights as ten shares of our class A common stock into which it is convertible and has a liquidation preference equal to approximately $260.40 per share. Immediately prior to consummation of the Hughes merger, or as described in our agreement with Vivendi if the Hughes merger is not consummated, the series D preferred stock will convert into shares of our class A common stock, which will then be exchanged for shares of class A common stock of the surviving corporation in the Hughes merger. The series D preferred stock is also convertible into shares of our class A common stock at any time at the option of the holder and automatically upon the occurrence of certain other specified events.

In connection with the purchase of the series D convertible preferred stock, Vivendi also received contingent value rights, intended to provide protection against any downward price movements in the class A common stock to be issued upon conversion of the series D convertible preferred stock. The maximum payment under the rights is $225 million if the Hughes merger is completed and the price of our class A common stock falls below $26.04 per share on the date specified below, or $525 million if the Hughes merger is not completed and the price of our class A common stock falls below $26.04 per share on the date specified below. Any amount owing under these rights would be settled three years after completion of the Hughes merger, except in certain limited circumstances. In addition, if the Hughes merger is not consummated, these rights will be settled 30 months after the acquisition of Hughes' 81% interest in PanAmSat or the termination of the merger agreement and the PanAmSat stock purchase agreement.

We filed copies or forms of certain of the definitive agreements relating to the Vivendi investment with the Securities and Exchange Commission on December 21, 2001 on a Current Report on Form 8-K. You may read and copy any of these agreements that we filed at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. These agreements are also available to you free of charge at the SEC's website at http://www.sec.gov.

In addition, Vivendi and we announced an eight-year strategic alliance in which Vivendi will develop and provide our DISH Network customers in the U.S. a variety of programming and interactive television services.

As part of this alliance, Vivendi plans to offer our DISH Network customers five new non-exclusive channels of basic and niche programming content. Vivendi will also offer expanded pay-per-view and video-on-demand movies. These services are expected to begin to launch in the fall of 2002. Customary fees per subscriber will be paid by us. Vivendi and we also intend to work together on a programming initiative to develop new non-exclusive satellite-delivered broadband channels featuring interactive games, movies, sports, education, and music to be launched within a three-year period following consummation of the agreement.

Also as part of the alliance, we will integrate Vivendi's advanced, interactive middleware technology, MediaHighway, a Canal+Technology, as a non-exclusive middleware solution that will provide DISH Network customers using personal video recorders unique interactive television services, such as movies from Vivendi and music from Universal Music Group.

As part of this alliance, Jean-Marie Messier, Chairman and CEO of Vivendi, has become a member of our Board of Directors, and he will continue as a director following our proposed Hughes merger.

ECHOSTAR VII

EchoStar VII was launched on February 21, 2002 from Cape Canaveral, Florida. EchoStar VII will be tested at the 129 degree orbital location and will then be moved to the 119 degree orbital location for commercial service. Assuming successful completion of in-orbit testing, EchoStar VII is expected to commence commercial service at the 119 degree orbital location during the second quarter of 2002. EchoStar VII is planned to replace the capacity of the EchoStar IV satellite, which has experienced a series of anomalies materially impacting its functionality. Operating from the 119 degree orbital location, EchoStar VII, assuming successful completion of in-orbit testing, will also provide local channels by satellite to consumers in Alaska and Hawaii. EchoStar VII, together with EchoStar VIII which is expected to launch this summer, will also improve spectrum efficiency, enhance the quality of video channels for all DISH Network customers, provide a broader array of programming choices to consumers in Alaska and Hawaii, and increase in-orbit backup capacity.

DISH NETWORK

We started offering subscription television services on the DISH Network in March 1996. As of December 31, 2001, the DISH Network had approximately 6.83 million subscribers. We now have seven DBS satellites in orbit that enable us to offer over 500 video and audio channels, together with limited data services and high definition and interactive TV services, to consumers across the contiguous United States. We believe that the DISH Network offers programming packages that have a better "price-to-value" relationship than packages currently offered by most other subscription television providers. As of December 31, 2001, there were approximately 18.4 million subscribers to DBS and other direct-to-home satellite services in the United States. We believe that there are more than 88 million total pay television subscribers in the United States, and that there continues to be significant unsatisfied demand for high quality, reasonably priced television programming services.

COMPONENTS OF A DBS SYSTEM

In order to provide programming services to DISH Network subscribers, we have entered into agreements with video, audio and data programmers, who deliver their programming content to our digital broadcast operations centers in Cheyenne, Wyoming and Gilbert, Arizona, via commercial satellites, fiber optics or microwave transmissions. We monitor those signals for quality, and can add promotional messages, public service programming or other information. Equipment at our digital broadcast operations centers then digitizes, compresses, encrypts and combines the signal with other necessary data, such as conditional access information. We then "uplink" or transmit the signals to one or more of our DBS satellites which we then broadcast directly to DISH Network subscribers.

In order to receive DISH Network programming, a subscriber needs:

- a satellite antenna, which people sometimes refer to as a "dish," and related components;
- an integrated receiver/decoder, which people sometimes refer to as a "satellite receiver" or "set-top box"; and
- a television set.

Set-top boxes communicate with our authorization center through telephone lines to, among other things, report the purchase of pay-per-view movies and other events.

Conditional Access System. We use conditional access technology to encrypt the programming so only those who pay can receive the programming. We use microchips embedded in credit card-sized access cards, or "smart cards" to control access to authorized programming content. We own 50% of NagraStar LLC, a joint venture that provides us with smart cards. Nagra USA owns the other 50% of NagraStar. NagraStar purchases these smart cards from Nagra Plus SA, a Swiss company. These smart cards, which we can update or replace periodically, are a key element in preserving the security of our conditional access system. When a consumer orders a particular channel, we send a message by satellite that instructs the smart card to permit decryption of the programming for viewing by that consumer. The set-top box then decompresses the programming and sends it to the consumer's television.

The delivery of subscription programming requires the use of encryption technology to assure that only those who pay can receive the programming. It is illegal to create, sell or otherwise distribute mechanisms or devices to circumvent that encryption. Theft of subscription television programming has been widely reported and our signal encryption has been pirated and could be further compromised in the future. Theft of our programming reduces future potential revenue and increases our net subscriber acquisition costs. We continue to respond to compromises of our encryption system with measures intended to make signal theft of our programming commercially uneconomical. We utilize a variety of tools to continue to accomplish this goal. If we cannot promptly correct a compromise in our encryption technology, it would adversely affect our ability to contract for video and audio services provided by programmers.

Programming. We use a "value-based" strategy in structuring the content and pricing of programming packages available from the DISH Network. For example, we currently sell our entry-level "America's Top 50" programming package, which includes 50 of the most popular video channels, to consumers in digital format for $22.99 per month. We estimate cable operators charge over $30 per month, on average, for their entry-level expanded basic service that typically consists of approximately 55 analog channels. We believe that our "America's Top 100 CD" programming package, which we currently sell for $31.99 per month, also compares favorably to similar cable television programming. We believe that our America's Top 100 CD package is similar to an expanded basic cable package plus a digital music service. Based on cable industry statistics, we estimate that cable operators would typically charge in excess of $40 per month for a similar package. In addition to the above mentioned programming packages, we also offer our "America's Top 150" programming package for $40.99 per month and our America's "Everything" Pak, which combines our America's Top 150 programming package and all four premium movie packages for $72.99 per month.

For an additional $5.99 per month, we can add satellite-delivered local channels to any of the above packages for consumers in 36 of the largest markets in the continental United States. The use of spot-beam technology on EchoStar VII, in conjunction with the operation of EchoStar VIII, which is expected to launch this summer, would enable us to increase the number of markets where we provide local channels by satellite, but will reduce the number of channels that could otherwise be offered ubiquitously across the United States.

We currently offer four premium movie packages which include up to ten movie channels per package. Currently consumers can subscribe to a single premium movie package including ten movie channels for only $11.99 per month. We believe we offer more premium movie channels than cable typically offers at a comparable price.

Currently, we offer more than 50 foreign-language channels including Spanish, Arabic, French, Hindi, Russian, Greek and others. We also offer foreign-language programming packages. For example, we believe that our "DISH Latino" package, which includes more than 20 Spanish-language programming channels for $20.99 per month, is the most complete Spanish-language package available in the United States. We also offer "DISH Latino Dos", our bilingual programming package, which includes more than 20 English and more than 20 Spanish-language programming channels for $31.99 per month. In addition, during January 2002, we introduced "DISH Latino Max", which includes more than 60 English and more than 20 Spanish-language programming channels for $39.99 per month. We believe we deliver the most popular foreign-language programming to customers in the United States at the best value. We also believe foreign-language programming is a valuable niche product that attracts a number of new subscribers who are unable to get similar programming elsewhere.

EchoStar Receiver Systems. EchoStar receiver systems include a small satellite dish, a digital satellite receiver that unscrambles signals for television viewing, a remote control, and other related components. We offer a number of set-top box models. Our standard system comes with an infrared universal remote control, an on-screen interactive program guide and V-chip type technology for parental control. Our premium model includes a hard disk drive enabling additional features such as personal video recording of up to 35 hours of programming, an infrared, UHF universal remote, and an expansion port for future upgradeability. We also offer a variety of specialized products such as HDTV receivers. DISH Network reception equipment is incompatible with competitors' systems in the United States.

Although we internally design and engineer our receiver systems, we outsource manufacturing to high-volume contract electronics manufacturers. Sanmina-SCI Corporation (formerly known as SCI Systems, Inc.), a high-volume contract electronics manufacturer, is the primary manufacturer of our receiver systems. JVC also manufactures some of our receiver systems. In addition, during January 2002, we signed an agreement with Thomson Multimedia, S.A., a French company, to manufacture DISH Network compatible satellite TV receiver under the RCA brand name. Thomson anticipates commencing production by mid-year 2002.

Installation. While many consumers have the skills necessary to install our equipment in their homes, we believe that most installations are best performed by professionals, and that on time, quality installations are important to our success. Consequently, we are continuing to expand our installation business, conducted through our DISH Network Service Corporation subsidiary. In addition to expanding our internal installation capability, we also utilize independent installation providers. Independent installers are held to DISH Network Service Corporation service standards to attempt to ensure each DISH Network customer receives the same quality

installation and service. Our offices and independent installers are strategically located throughout the continental United States, in order to enable us to provide service to a greater number of DISH Network customers throughout the country. Although there can be no assurance, we believe the continued expansion of our installation business will help continue to improve quality control, decrease wait time on service calls and new installations and help us to better accommodate anticipated subscriber growth.

Customer Service Centers. We currently own and operate customer service centers in Thornton, Colorado, Littleton, Colorado, McKeesport, Pennsylvania, El Paso, Texas, Christiansburg, Virginia and Bluefield, West Virginia. These centers field all of our customer service calls. Potential and existing subscribers can call a single telephone number to receive assistance for hardware, programming, installation and technical support. We continue to work to automate simple phone responses and to increase internet-based customer assistance, in order to better manage customer service costs.

Digital Broadcast Operations Centers. Our principal digital broadcast operations center is located in Cheyenne, Wyoming. In 1999, we acquired a second digital broadcast operations center in Gilbert, Arizona. During 2000, we completed the first phase of the "build-out" of the Gilbert facility for use as a back up for our main digital broadcast operations center in Cheyenne. In order to comply with "must-carry" rules, effective January 1, 2002 (see "-Government Regulation"), we began utilizing the Gilbert facility as an additional digital broadcast operations center. Upon commercial operation of EchoStar VII and EchoStar VIII, we plan on expanding the role of the Gilbert facility. Almost all of the functions necessary to provide satellite-delivered services occur at the digital broadcast operations centers. The digital broadcast operations centers use fiber optic lines and downlink antennas to receive programming and other data. The digital broadcast operations centers uplink programming content to our DBS satellites via large uplink antennas. The digital broadcast operations centers also maintain a number of large uplink antennas and other equipment necessary to modulate and demodulate the programming and data signals. Equipment at our digital broadcast operations centers perform substantially all compression and all encryption of the DISH Network's programming signals.

Subscriber Management. We presently use, and are dependent on, CSG Systems Incorporated's software system, for all DISH Network subscriber management and billing functions.

Sales and Marketing. Independent dealers and distributors, retailers and consumer electronics stores currently sell EchoStar receiver systems and DISH Network programming services. While we also sell receiver systems and programming directly, independent dealers are responsible for most of our sales. These independent dealers are primarily local retailers who specialize in TV and home entertainment systems. In addition, beginning in 2002, RadioShack Corporation will sell EchoStar receiver systems and DISH Network programming services through its more than 5,000 stores and dealers nationwide.

We intend to enhance consumer awareness of our products by continuing to form alliances with nationally recognized distributors of other consumer electronics products. We currently have an agreement with JVC to distribute our receiver systems under its label through certain of its nationwide retailers.

We offer our distributors and retailers a competitive residual commission program. The program pays qualified distributors and retailers an activation bonus, and pays active retailers a fixed monthly residual commission dependent on continued consumer subscription to programming.

We use regional and national broadcast and print advertising to promote the DISH Network. We also offer point-of-sale literature, product displays, demonstration kiosks and signage for retail outlets. We provide guides to our dealers and distributors at nationwide educational seminars and directly by mail, that describe DISH Network products and services. Our mobile sales and marketing team visits retail outlets regularly to reinforce training and ensure that these outlets quickly fulfill point-of-sale needs. Additionally, we dedicate one DISH Network channel and provide a retailer specific website to provide information about special services and promotions that we offer from time to time.

Our future success in the subscription television industry depends on our ability to acquire and retain DISH Network subscribers, among other factors. Beginning in 1996, to stimulate subscriber growth, expand retail distribution of our products and build consumer awareness of the DISH Network brand, we reduced the retail price charged to consumers for EchoStar receiver systems. Accordingly, since August 1996, we have provided varying levels of subsidies and incentives to attract customers, including free or subsidized receiver systems, installations, antenna, programming and other items. The amount of the subsidy varies depending on many factors. This marketing strategy emphasizes our long-term business strategy of maximizing future revenue by selling DISH Network programming to the largest possible subscriber base and rapidly increasing the size of that subscriber base. Since we subsidize certain consumer up-front costs, we incur significant costs each time we acquire a new subscriber. Although there can be no assurance, we believe that we will be able to fully recoup the up-front costs of subscriber acquisition from future subscription television services revenue.

During July 2000, we began offering our DISH Network subscribers the option to lease receiver systems under our Digital Home Plan promotion. The Digital Home Plan offers consumers the ability to lease from one to four receiver systems with a one-year commitment to one of several qualifying programming packages. With each plan, consumers receive in-home service and pay a one-time set-up fee. We expect this marketing strategy will reduce the cost of acquiring future subscribers by maintaining ownership of the receiver systems. Upon termination of the Digital Home Plan, subscribers are required to return the receiver to us. While we do not recover all of the equipment upon termination of service, receivers that are recovered after deactivation are refurbished and re-deployed at a much lower cost to us.

Internet and Interactive Services. We are continuing to expand our offerings to include interactive and two-way high-speed Internet access. During 2001, we began offering DISH Network customers an interactive digital receiver with a built-in hard disk drive that permits viewers to pause and record live programs without the need for videotape. We now offer receivers capable of storing up to 35 hours of programming, and expect to increase storage capacity on future models to over 100 hours. We also are offering set-top boxes that can provide a wide variety of innovative interactive television services and applications.

Through our strategic investment in StarBand Communications, we offer consumers two-way, high-speed satellite Internet access along with DISH Network satellite television programming via a single dish. We believe this technology is particularly well-suited for areas without cable or DSL infrastructure. Two-way satellite Internet service offers significant benefits for consumers, including an "always on" connection that saves time over dial-up methods and eliminates the need for a second phone line. DISH Network customers need an oblong dish, approximately 24 inches by 36 inches, and other equipment to take advantage of two-way satellite Internet service. We currently offer consumers a complete hardware and services solution for broadband Internet access combined with DISH Network programming. For new customers who subscribe to a qualifying DISH Network programming package and commit to one year of StarBand Internet service, the StarBand hardware is currently offered for $549 and a standard professional installation starts at $199. We currently offer a bundled price of $100.99 per month for customers who subscribe to both DISH Network's America's Top 150 programming package and the StarBand Internet service. See "- Liquidity and Capital Resources."

We have also invested in Ka-band spot beam technology. While Ka-band spot beam technology is currently in its infancy, and the technology might not develop to the point where it is viable, we believe that spot beam Ka-band satellites could become a cost effective way to offer consumers high-speed two-way Internet access in the future. If Ka-band satellites prove to be viable, they will be able to serve rural and other areas where high speed DSL and cable modem service is not available. Thus, Ka-band technology might play an important role in spanning the digital divide between urban and rural consumers. We believe the service might also be successfully offered in urban and suburban areas as well.

In an effort to continue to position ourselves to exploit this potential opportunity, during November 2000, one of our wholly owned subsidiaries purchased a 49.9% interest in VisionStar, Inc. VisionStar holds an FCC license, and is constructing a Ka-band satellite, to launch into the 113 degree orbital location. In February 2002, we increased our ownership of VisionStar to 90%, for a total purchase price of approximately $2.8 million. In addition, we have made loans to VisionStar totaling approximately $4.6 million as of December 31, 2001. In October 2001, upon approving the acquisition of VisionStar by us, the FCC conditioned the license transfer on our completion of construction of the satellite by April 2002, launching the satellite by May 2002, and reporting any change in the status of the spacecraft contract. We will

not complete construction or launch of the satellite by those dates and will have to ask the FCC for an extension. Failure to meet any of these conditions or receive an extension, of which there can be no assurance, could result in the revocation of the Ka-band license at the 113 degree orbital location and could materially impact our ability to recover our VisionStar investments. See "-Government Regulation".

We are also seeking additional ways to expand our two-way high-speed Internet access and high-speed data services that may include, but are not limited to, partnerships with third parties who have particular expertise in the high speed transmission of digital information. Although there can be no assurance, we believe we will be able to increase our subscriber base and our average revenue per subscriber by offering these and other similar services.

Satellites. We presently have six DBS satellites in geostationary orbit approximately 22,300 miles above the equator and a seventh recently launched DBS satellite that is currently undergoing transfer-orbit and test operations. Satellites are located in orbital positions, or slots, that are designated by their longitude. An orbital position describes both a physical location and an assignment of spectrum in the applicable frequency band. The FCC has divided each orbital position into 32 DBS frequency channels. Each transponder on our satellites can exploit one frequency channel. Through digital compression technology, we can currently transmit between eight and ten digital video channels from each transponder, on average. The FCC licensed us to operate 96 DBS frequencies at various orbital positions including:

- 21 frequencies at the 119 degree orbital location and 29 frequencies at the 110 degree orbital location, both capable of providing service to the entire continental United States;

- 11 frequencies at the 61.5 degree orbital location, capable of providing service to the Eastern and Central United States;

- 24 frequencies at the 148 degree orbital location, capable of providing service to the Western United States;

- 22 frequencies at the 175 degree orbital location, capable of providing service to only the most western portion of the United States. See "-- Government regulation;" and

- 11 additional as yet unassigned frequencies, likely to be made available at the 175 degree orbital location, but only if certain regulatory hurdles are met. See "-- Government regulation."

EchoStar I and EchoStar II each have 16 transponders that operate at 130 watts of power. Subject to the anomalies described below, EchoStar III and EchoStar IV each have 32 transponders that operate at approximately 120 watts per channel, switchable to 16 transponders operating at over 230 watts per channel. EchoStar V has 32 transponders that operate at approximately 110 watts per channel, switchable to 16 transponders operating at approximately 220 watts per channel. EchoStar VI has 32 transponders that operate at approximately 120 watts per channel, switchable to 16 transponders operating at approximately 240 watts per channel. EchoStar VII should be capable of operating 32 DBS transponders at 120 watts each, switchable to 16 DBS transponders operating at 240 watts each and includes spot-beam technology. In conjunction with the operation of EchoStar VIII, the use of spot-beams would enable us to increase the number of markets where we provide local channels by satellite, but will reduce the number of video channels that could otherwise be offered ubiquitously across the United States. Each transponder

can transmit multiple digital video, audio and data channels. Each of our satellites has a minimum design life of 12 years.

Most of our core programming is broadcast from the 119 degree orbital location. We currently are utilizing the 110 degree orbital location, where EchoStar V is located, to enhance revenue opportunities with new value added services for our current and future subscribers.

EchoStar VII was launched on February 21, 2002 from Cape Canaveral, Florida. EchoStar VII will be tested at the 129 degree orbital location and will then be moved to the 119 degree orbital location for commercial service. Assuming successful completion of in-orbit testing, EchoStar VII is expected to commence commercial service at the 119 degree orbital location during the second quarter of 2002. EchoStar VII is planned to replace the capacity of the EchoStar IV satellite, which has experienced a series of anomalies materially impacting its functionality. Operating from the 119 degree orbital location, EchoStar VII, assuming successful completion of in-orbit testing, will also provide local channels by satellite to consumers in Alaska and Hawaii. EchoStar VII, together with EchoStar VIII which is expected to launch this summer, will also improve spectrum efficiency, enhance the quality of video channels for all DISH Network customers, provide a broader array of programming choices to consumers in Alaska and Hawaii, and increase in-orbit backup capacity.

As a result of the failure of EchoStar IV solar arrays to fully deploy and the failure of 30 transponders to date, a maximum of approximately 14 of the 44 transponders on EchoStar IV are available for use at this time. In addition to the transponder and solar array failures, EchoStar IV has experienced anomalies affecting its thermal systems and propulsion system. Consequently, the total remaining useful life of EchoStar IV is currently approximately two years. There can be no assurance that further material degradation, or total loss of use, of EchoStar IV will not occur in the immediate future.

During January 2002, a transponder pair on EchoStar III failed, resulting in a temporary interruption of service. The operation of the satellite was quickly restored. Including the five transponders pairs that malfunctioned in prior years, these anomalies have resulted in the failure of a total of twelve transponders on the satellite to date. While a maximum of 32 transponders can be operated at any time, the satellite was equipped with a total of 44 transponders to provide redundancy. In addition, we are only licensed by the FCC to operate 11 transponders at the 61.5 degree orbital location (together with an additional six leased transponders). We will continue to evaluate the performance of EchoStar III.

EchoStar V is equipped with a total of three momentum wheels, including one spare. During July 2001, EchoStar V experienced an anomaly resulting in the loss of one momentum wheel. The satellite was quickly restored to normal operations mode. An investigation conducted by the spacecraft manufacturer concluded that a failure within the momentum wheel electronics caused the loss. The manufacturer also believes that the failure was isolated to this particular unit. While no further momentum wheel losses are expected, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite. At our request, the manufacturer has developed contingency plans which include modifications to the spacecraft's on-board software that will allow continued operation in the event of additional momentum wheel failures, with limited effect on spacecraft life. During August 2001, one of the thrusters on EchoStar V experienced an anomalous event resulting in a temporary interruption of service. The satellite was quickly restored to normal operations mode. An investigation by the manufacturer has determined that the engine remains functional but with a reduction in rated thrust. The satellite is equipped with a substantial number of backup thrusters. EchoStar V is also equipped with a total of 48 traveling-wave-tube amplifiers ("TWTAs"), including 16 spares. A total of two TWTAs were taken out of service and replaced by spares between the launch of the satellite and June 30, 2001. During the third quarter 2001, EchoStar V experienced anomalous telemetry readings on two additional TWTAs. As a precaution, during September 2001 we substituted one of those TWTA's with a spare. To the extent that EchoStar V experiences anomalous telemetry readings on additional TWTAs it may be necessary to utilize additional spare TWTAs. EchoStar V has also experienced anomalies resulting in the loss of one solar array string. The satellite has a total of approximately 96 solar array strings and approximately 92 are required to assure full power availability for the 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite to date, is continuing. Until the root cause of these

anomalies is finally determined, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite.

EchoStar VI is equipped with a total of 48 transponders, including 16 spares. During April 2001, EchoStar VI experienced a series of anomalous events resulting in a temporary interruption of service. The satellite was quickly restored to normal operations mode. As a result of the anomaly, an investigation conducted by the spacecraft manufacturer concluded that one stationkeeping thruster and a pair of TWTA are unusable. The satellite is equipped with a substantial number of backup transponders and thrusters. The satellite manufacturer, Space Systems Loral ("SS/L"), has advised us that it believes that the thruster anomaly was isolated to one stationkeeping thruster, and that while further failures are possible, SS/L does not believe it is likely that additional thrusters will be impacted. EchoStar VI has also experienced anomalies resulting in the loss of two solar array strings. The satellite has a total of approximately 112 solar array strings and approximately 106 are required to assure full power availability for the 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite to date, is continuing. Until the root cause of these anomalies is finally determined, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite.

Meteoroid events pose a potential threat to all in orbit geosynchronous satellites including EchoStar's DBS satellites. While the probability that EchoStar's satellites will be damaged by meteoroids is very small, that probability increases significantly when the Earth passes through the particulate stream left behind by various comets.

Occasionally, increased solar activity poses a potential threat to all in-orbit geosynchronous satellites including EchoStar's DBS satellites. The probability that the effects from this activity will damage our satellites or cause service interruptions is generally very small.

Some decommissioned spacecraft are in uncontrolled orbits which pass through the geostationary belt at various points, and present hazards to operational spacecraft including EchoStar's DBS satellites. The locations of these hazards are generally well known and may require EchoStar to perform maneuvers to avoid collisions.

Satellites under Construction. EchoStar VIII, which is expected to operate at the 110 degree orbital location, and EchoStar IX, which is expected to operate at the 121 degree orbital location, are being manufactured by SS/L. EchoStar VIII will be capable of operating 32 DBS transponders at 120 watts each, switchable to 16 DBS transponders operating at 240 watts each and includes spot-beam technology. EchoStar IX will be capable of operating 32 Ku-band transponders at 110 watts each, in addition to a Ka-band payload. EchoStar IX is currently expected to be used for expanded DISH Network service such as video, Internet, and other data services. The portion of the satellite expected to be used for Internet and other data services, as opposed to video channels, has not yet been finally determined.

Satellite Launches. During February 2001, we announced an agreement with Lockheed Martin's International Launch Services division to provide launch services for the EchoStar VII and EchoStar VIII satellites, which also includes options for launch services for additional satellites.

EchoStar VII was launched on February 21, 2002 from Cape Canaveral, Florida. EchoStar VII will be tested at 129 degree orbital location and will then be moved to the 119 degree orbital location for commercial service. While the launch appears to have been a complete success, until on-orbit testing is complete we cannot be sure the satellite will be capable of full operations.

EchoStar VIII is expected to launch this summer on a Russian Proton K launch vehicle from the Baikonur Cosmodrome in Kazakhstan.

Satellite Insurance. In September 1998, we filed a $219.3 million insurance claim for a constructive total loss under the launch insurance policies covering EchoStar IV. The satellite insurance consists of separate substantially identical policies with different carriers for varying amounts that, in combination, create a total insured amount of $219.3 million. Our insurance carriers offered us a total of approximately $88 million, or 40% of the total policy amount, in settlement of the EchoStar IV insurance claim. The insurers offered to pay only part of the $219.3 million claim because they allege we did not abide by the exact terms of the insurance policy. The insurers also assert that EchoStar IV was not a constructive total loss, as that term is defined in the policy. We strongly disagree and filed an arbitration claim against the insurers for breach of contract, failure to pay a valid insurance claim and bad faith denial of a valid claim, among other things. There can be no assurance that we will receive the amount claimed or, if we do, that we will retain title to EchoStar IV with its reduced capacity. Based on the carriers' failure to pay the amount we believe is owed under the policy and their improper attempts to force us to settle for less than the full amount of our claim, we have added causes of action in our EchoStar IV demand for arbitration for breach of the duty of good faith and fair dealing, and unfair claim practices. Additionally, we filed a lawsuit against the insurance carriers in the U.S. District Court for the District of Colorado asserting causes of action for violation of Federal and State antitrust laws. During March 2001, we voluntarily dismissed our antitrust lawsuit without prejudice. We have the right to re-file an antitrust action against the insurers in the future. With respect to our arbitration claims, we are hopeful they will be resolved, and we believe it is probable that we will receive a substantial portion of the benefits due.

At the time we filed our claim in 1998, we recognized an impairment loss of $106 million to write-down the carrying value of the satellite and related costs, and simultaneously recorded an insurance claim receivable for the same amount. We will have to reduce the amount of the receivable if a final settlement is reached for less than this amount.

The indentures related to certain of EchoStar DBS Corporation's ("EDBS") senior notes contain restrictive covenants that require us to maintain satellite insurance with respect to at least half of the satellites we own or lease. In addition, the indenture related to EchoStar Broadband Corporation's ("EBC") senior notes requires us to maintain satellite insurance on the lesser of half of our satellites or three of our satellites. EchoStar I through EchoStar IX are owned by a direct subsidiary of EBC. Insurance coverage is therefore required for at least three of our seven satellites currently in orbit. The launch and/or in-orbit insurance policies for EchoStar I through EchoStar VII have expired. To date we have been unable to obtain insurance on any of these satellites on terms acceptable to us. As a result, we are currently self-insuring these satellites. To satisfy insurance covenants related to EDBS' and EBC's senior notes, we have reclassified an amount equal to the depreciated cost of three of our satellites from cash and cash equivalents to cash reserved for satellite insurance on our balance sheet. As of December 31, 2001, cash reserved for satellite insurance totaled approximately $122 million. The reclassifications will continue until such time, if ever, as we can again insure our satellites on acceptable terms and for acceptable amounts. If we lease or transfer ownership of EchoStar VII, EchoStar VIII or EchoStar IX to EDBS, which we are currently considering, we would need to reserve additional cash for the depreciated cost of additional satellites. We believe we have in-orbit satellite capacity sufficient to expeditiously recover transmission of most programming in the event one of our in-orbit satellites fails. However, the cash reserved for satellite insurance is not adequate to fund the construction, launch and insurance for a replacement satellite in the event of a complete loss of a satellite. Programming continuity cannot be assured in the event of multiple satellite losses.

We may not be able to obtain commercial insurance covering the launch and/or in-orbit operation of EchoStar VIII at rates acceptable to us and for the full amount necessary to construct, launch and insure a replacement satellite. In that event, we will be forced to self-insure all or a portion of the launch and/or in-orbit operation of EchoStar VIII. The manufacturer of EchoStar VIII is contractually obligated to use its reasonable best efforts to obtain commercial insurance for the launch and in-orbit operation of EchoStar VIII for a period of in-orbit operation to be determined and in an amount up to $225 million. There is no guarantee that they or we will be able to obtain commercial insurance for the launch and in-orbit operation of EchoStar VIII at reasonable rates and for the full replacement cost of the satellite.

COMPETITION FOR OUR DISH NETWORK BUSINESS

We compete in the highly competitive subscription television service industry against cable television and other land-based and satellite-based system operators offering video, audio and data programming and entertainment services. Many of these competitors have substantially greater financial, marketing and other resources than we have. Our ability to increase earnings depends, in part, on our ability to compete with these operators.

Cable television operators have a large, established customer base, and many cable operators have significant investments in, and access to, programming. Of the 97% of United States television households in which cable television service is currently available, approximately 67% currently subscribe to cable. Cable television operators have advantages relative to us by, among other things, providing service to multiple television sets within the same household at a lesser incremental cost to the consumer, by being able to provide local and other programming in a larger number of geographic areas, and through bundling their analog video service with expanded digital video services delivered terrestrially or via satellite, two-way high speed Internet access, and telephone service on upgraded cable systems. As a result of these and other factors, we may not be able to continue to expand our subscriber base or compete effectively against cable television operators.

New technologies could have a material adverse effect on the demand for our DBS services. For example, new and advanced local multi-point distribution services are currently being implemented. In addition, entities such as regional telephone companies, which are likely to have greater resources than we have, are implementing and supporting digital video compression over existing telephone lines and digital "wireless cable." Moreover, mergers, joint ventures, and alliances among franchise, wireless or private cable television operators, regional Bell operating companies and others may result in providers capable of offering bundled cable television and telecommunications services in competition with us. We may not be able to compete successfully with existing competitors or new entrants in the market for subscription television services.

DIRECTV has launched six high powered DBS satellites and has 46 DBS frequencies that are capable of full coverage of the continental United States. DIRECTV currently offers more than 300 channels of combined video and audio programming and, as of December 31, 2001, had approximately 10.7 million subscribers. If the merger with DIRECTV's parent is not completed, we believe DIRECTV would continue to be in an advantageous position relative to our company with regard to programming packages, provision of local programming and, possibly, volume discounts for programming offers. In addition, the National Rural Telecommunications Cooperative, through its members and affiliates, competes with us in DIRECTV's territories.

DIRECTV's satellite receivers are sold in a significantly greater number of consumer electronics stores than ours. Moreover, we do not have manufacturing agreements or arrangements with consumer products manufacturers other than JVC and Thomson. As a result, among other things of these factors, and since we typically do not advertise nationally, our receivers and programming services are less well known to consumers than those of DIRECTV. Due to this relative lack of consumer awareness and other factors, we are at a competitive marketing disadvantage compared to DIRECTV.

In addition, other companies in the United States have conditional permits or have leased transponders for DBS assignments that can be used to provide service to portions of the United States. The FCC has proposed to allocate additional expansion spectrum for DBS services, which could create significant additional competition in the market for subscription television services. Moreover, as evidenced by a recent application filed at the FCC, DBS service providers may seek and receive authority to serve the U.S. market from full-CONUS slots allocated to other nations, particularly where such nations have entered bilateral agreements with the U.S. Also, C-Band satellite providers and overlay services compete with us, particularly in rural areas.

Most areas of the United States can receive traditional terrestrial VHF/ UHF television broadcasts of between three and ten channels. These broadcasters are often low to medium power operators with a limited coverage area and provide local, network and syndicated programming. The local content nature of the programming may be important to the consumer, and VHF/UHF programming is typically provided free of charge. The FCC has allocated additional digital spectrum to licensed broadcasters. At least during a transition period, each existing television station will be able to retain its present analog frequencies and also transmit programming on a digital channel that may permit multiple programming services per channel.

ECHOSTAR TECHNOLOGIES CORPORATION

EchoStar Technologies Corporation ("ETC"), one of our wholly-owned subsidiaries, internally designs and develops EchoStar receiver systems. Our satellite receivers have won numerous awards from the Consumer Electronics Manufacturers Association, dealers, retailers, and industry trade publications. We outsource the manufacture of EchoStar receiver systems to third parties who manufacture the receivers in accordance with our specifications.

We created our ETC division in connection with the development of the DISH Network. We believe that we have an opportunity to grow this business further in the future. The same employees who design EchoStar receiver systems for the DISH Network are also involved in designing set-top boxes sold to international TV customers. Our satellite receivers are designed around the Digital Video Broadcasting standard, which is widely used in Europe and Asia. Consequently, international ETC projects may result in improvements in design and economies of scale in the production of EchoStar receiver systems for the DISH Network.

In addition to supplying EchoStar receiver systems for the DISH Network, ETC sells similar digital satellite receivers internationally. Our satellite receivers are sold internationally either directly to television service operators or to our independent distributors worldwide. We believe that direct-to-home satellite service is particularly well-suited for countries without extensive cable infrastructure. We are actively soliciting new business for ETC, but we cannot provide any assurance in that regard.

Through 2001, our two major international customers were Via Digital, a subsidiary of Telefonica, Spain's largest telephone company, and Bell ExpressVu, a subsidiary of Bell Canada, Canada's largest telephone company. For 2002, we have binding purchase orders from Bell ExpressVu and we are actively trying to secure new orders from Via Digital for deliveries starting in the third quarter of 2002. However, we cannot guarantee at this time that those negotiations will be successful. Our future revenue in this area depends largely on the success of these operators, which in turn, depends on other factors, such as the level of consumer acceptance of direct-to-home satellite TV products and the intensity of competition for international subscription television subscribers.

ETC's business also includes our Atlanta-based EchoStar Data Networks Corporation and our UK-based Eldon Technology Limited subsidiaries. EchoStar Data Networks is a supplier of technology for distributing Internet and other content over satellite networks. Eldon Technology designs and tests various software and other technology used in digital televisions and set-top boxes, strengthening our product design capabilities for satellite receivers and integrated televisions in both the international and United States markets.

COMPETITION FOR OUR ETC BUSINESS

We compete with a substantial number of foreign and domestic companies, many of which have significantly greater resources, financial or otherwise, than we have. We expect new competitors to enter this market because of rapidly changing technology. Our ability to anticipate these technological changes and introduce enhanced products expeditiously will be a significant factor in our ability to remain competitive. Existing competitors' actions and new entrants may have a material adverse impact on our revenues. We do not know if we will be able to successfully introduce new products and technologies on a timely basis in order to remain competitive.

GOVERNMENT REGULATION

The following summary of regulatory developments and legislation is not intended to describe all present and proposed government regulation and legislation affecting the video programming distribution industry. Government regulations that are currently the subject of judicial or administrative proceedings, legislative hearings or administrative proposals could change our industry, in varying degrees. We cannot predict either the outcome of these proceedings or any potential impact they might have on the industry or on our operations. This section sets forth a brief summary of regulatory issues pertaining to our operations.

We are required to obtain authorizations and permits from the FCC and other similar foreign regulatory agencies to construct, launch and operate our satellites and other components of our DBS system. Additionally, as a private operator of a United States satellite system, we are subject to the regulatory authority of the FCC and the Radio Regulations promulgated by the International Telecommunication Union. We also have to obtain import and general destination export licenses from the United States Department of Commerce to receive and deliver certain components of direct-to-home satellite TV systems. In addition, the delivery of satellites and related technical information for the purpose of launch by foreign launch services providers is subject to strict export control and prior approval requirements.

FCC PERMITS AND LICENSES

The FCC has jurisdiction and review power over the following general areas:

- assigning frequencies and authorizations;
- ensuring compliance with the terms and conditions of such assignments and authorizations, including required timetables for construction and operation of satellites and other due diligence requirements;
- authorizing individual satellites and earth stations;
- avoiding interference with other radio frequency emitters; and
- ensuring compliance with applicable provisions of the Communications Act of 1934.

All of our FCC authorizations are subject to conditions imposed by the FCC in addition to the FCC's authority to modify, cancel or revoke them. In addition, all of our authorizations for satellite systems that are not yet operational are subject to construction and progress obligations, milestones, reporting and other requirements. We have not filed, or not timely filed, some of the required reports. The FCC has indicated that it may revoke, terminate, condition or decline to extend or renew such authorizations if we fail to comply with applicable Communications Act requirements. We have received conditional licenses from the FCC to operate satellites in the Ka-band and Ku-band and have an application pending for a system that would use extended Ku-band frequencies (although that application has remained pending for years). Use of those licenses and conditional authorizations are subject to certain technical and due diligence requirements, including the requirement to construct and launch satellites. The granting of those licenses has been challenged by parties with interests that are adverse to ours. Among other things, our conditional license for a Ku-band satellite system is subject to pending petitions for reconsideration and cancellation. The construction, completion and launch milestones for both Ku-band satellites have expired. We have filed a timely request for the extension of these milestones for our Ku-band system. With respect to our license for the Ka-band system, the FCC recently authorized our operation of inter-satellite links for the system and assigned milestone requirements for the construction, launch and operation of the satellite system. If we fail to file adequate reports or to demonstrate progress in the construction of our satellite systems, the FCC has stated that it may cancel our authorizations for those systems. Consistent with our initial application, our application for our Ka-band system license allows us to use only 500 MHz of Ka-band spectrum in each direction, while many other licensees have been authorized to use 1,000 MHz in each direction. The FCC recently denied our modification application to use additional spectrum and granted certain Ka-band licenses that would preclude such expanded capacity for us.

The FCC issues DBS licenses for ten year periods, which is less than the useful life of a healthy DBS satellite. Upon expiration of the initial license term, the FCC has the option to renew a satellite operator's license or authorize an operator to operate for a period of time on special temporary authority, or decline to renew the license. If the FCC declined to renew the operator's license, the operator would be required to cease operations and the frequencies would revert to the FCC. The FCC usually grants special temporary authorizations for periods of up to 180 days. These authorizations are usually subject to several other conditions. We also must obtain FCC authorization to operate our earth stations, including the earth stations necessary to uplink programming to our satellites.

We have licenses to use 21 frequencies at the 119 degree orbital location, which expire in 2006; a license to operate 11 frequencies at the 61.5 degree orbital location, which expires in 2008; and licenses to operate 29 frequencies at the 110 degree orbital location, which we believe expire in 2009. Our authorization at the 148 degree orbital location requires us to utilize all of our FCC-allocated frequencies at that location by December 20, 2002, or risk losing those frequencies that we are not using. We believe we have fulfilled this requirement but the FCC has not confirmed its agreement. At the 61.5 degree orbital location we sublease six transponders (corresponding to six frequencies) from licensee Dominion in addition to our 11 licensed frequencies. For another 13 frequencies at the 61.5 degree orbital location we have special temporary authority, which the FCC may refuse to renew, and which is subject to several restrictive conditions. The FCC recently extended the permit of another company to construct and launch a satellite that would use most of these additional channels. If our special temporary authority to use the channels assigned to that other company does not expire sooner, it will be terminated if that company does actually construct and launch a satellite to the 61.5 degree orbital location. Third parties have opposed, and we expect them to continue to oppose, some of our authorizations or pending and future requests to the FCC for extensions, modifications, waivers and approvals. We applied for and received authorization to test EchoStar VII at the 129 degree orbital location and to place EchoStar VII in commercial operation at the 119 degree orbital location. Generally, all of our licenses are subject to expiration unless renewed by the FCC, and our special temporary authorizations are granted for periods of 180 days or less, subject again to possible renewal by the FCC.

In early 2000, we moved EchoStar IV to the 119 degree orbital location. The move allowed us to transition some of the programming previously on EchoStar I and EchoStar II to EchoStar IV, which can provide service to Alaska and Hawaii. In connection with that plan, among other things, we have also petitioned the FCC to declare that we have met our due diligence obligations for the 148 degree orbital location. The State of Hawaii has opposed that request and there is no assurance that it will be granted by the FCC. If our request is not granted by the FCC, our license for the 148 degree orbital location may be revoked or canceled for any frequencies at the 148 degree orbital location that may not be used by the December 2002 operation milestone.

We have received FCC authorization to operate EchoStar IV and EchoStar VI at the 119 degree orbital location. We have also moved EchoStar I from the 119 degree orbital location to the 148 degree orbital location. EchoStar VI commenced commercial service during October 2000. Given past launch delays for EchoStar VII, we asked for and received special temporary authority from the FCC to operate EchoStar II, which previously was located at the 119 degree orbital location, at the 148 degree orbital location, in order to help comply with our January 1, 2002 "must carry" obligations. This renewable authority is for 30 days beginning on December 28, 2001. This special temporary authority has been opposed by Pegasus Development Corporation. While we have timely requested the renewal of the special temporary authority within the 30-day period, there can be no assurance that the FCC will not reconsider that temporary authorization and revoke it or refuse to extend it. While we have also applied to the FCC for modification authority to operate EchoStar II at the 148 degree orbital location on a more permanent basis, this application remains pending and there can be no assurances that it will be granted by the FCC.

In general, our plans involve the relocation of satellites either within or slightly outside the "cluster" of a particular orbital location, or from one orbital location to another where we have various types of authorizations. These changes require FCC approval, and we cannot be sure that we will receive all needed approvals for our current and future plans. Furthermore, the states of Alaska and Hawaii requested that the FCC impose conditions on the license for EchoStar VI, relating to certain aspects of our service such as prices and equipment. While the FCC denied these requests for conditions, it cautioned that it may impose similar requirements as a result of a pending rulemaking. Such requirements could be very onerous for us. In general, the states of Alaska and Hawaii have expressed views that our service to these states from various orbital locations does not comply with our FCC-imposed obligations to serve those states, and we cannot be sure that the

FCC will not accept these views. Such actions would have a material adverse effect on our business. Moreover, because we cannot meet the geographic

service requirements from the 148 degree orbital location, we had to request and obtain a conditional waiver of these requirements to allow operation of EchoStar I at that location. As a result, our current authorization to operate EchoStar I at the 148 degree orbital location is subject to several conditions that may be onerous. Furthermore, we have requested an extension of that waiver to also allow operation of EchoStar II at the same location, and we cannot be sure the FCC will grant that request.

We have substantially completed the construction of one additional DBS satellite, EchoStar VIII. We presently plan to operate this satellite at the 110 degree orbital location, but the launch and operation of this satellite requires prior FCC approval. We have not yet applied for authorization to launch EchoStar VIII and we cannot be sure that this request will be timely granted or that it will be granted at all by the FCC.

On February 25, 2000, we acquired Kelly Broadcasting Systems, Inc. We recently discovered that Kelly Broadcasting Systems and us inadvertently failed to file with the FCC the necessary application to transfer control over certain earth stations licensed to Kelly Broadcasting Systems. We have recently filed the necessary application for a transfer of control over these earth stations, and have requested special temporary authority from the FCC to continue to operate these earth stations while the application to transfer control is being processed by the FCC. We cannot be sure that the FCC will not deny either or both of these requests or that it will not commence an enforcement proceeding for the failure to file a timely transfer of control application, possibly resulting in fines or revocation of the licenses in question. Any such action that might prevent Kelly Broadcasting Systems from operating these earth stations would impair our ability to receive certain types of programming and deliver it to customers.

Instead of constructing separate Ka-band and Ku-band satellites for which we have a license at the 121 degree orbital location, we are in the process of constructing a "hybrid" Ku/Ka-band satellite. Launch and operation of this satellite requires prior FCC approval, which we have requested. We cannot be sure that this request will be granted. That satellite does not currently incorporate inter-satellite links, and one company has argued to the FCC that this makes us subject to more expedited milestones for our system, some of which have lapsed. We have objected to this argument, but cannot be sure what action the FCC will take.

During November 2000, one of our subsidiaries purchased a 49.9% interest in VisionStar, Inc. VisionStar holds an FCC license, and is constructing a Ka-band satellite, to launch into the 113 degree orbital location. In February 2002, we increased our ownership of VisionStar to 90%, for a total purchase price of approximately $2.8 million. In addition, we have made loans to VisionStar totaling approximately $4.6 million as of December 31, 2001. Pegasus Development Corporation filed a petition for reconsideration of the FCC's approval of that transaction. There can be no assurance that the FCC will not reconsider its approval or otherwise revoke VisionStar's license, rendering our investment worthless. Furthermore, VisionStar's FCC license currently requires construction of the satellite to be completed by April 30, 2002 and the satellite to be operational by May 31, 2002. Failure to meet the milestones will make the license invalid unless the milestones are extended by the FCC. In May 2001, the FCC already denied an earlier request by VisionStar to extend its milestones. In October 2001, upon granting the acquisition of VisionStar by us, the FCC conditioned the license transfer on our completion of construction of the satellite by April 2002, launching the satellite by May 2002, and reporting any change in the status of the spacecraft contract. We will not complete construction or launch of the satellite by those dates and will have to ask the FCC for an extension. Failure to meet any of these conditions or receive an extension, of which there can be no assurance, could result in the revocation of the Ka-band license at the 113 degree orbital location and could materially impact our ability to recover our VisionStar investments.

Our projects to construct and launch additional Ku-band, extended Ku-band and Ka-band satellites are in the early stages of development and are currently being challenged by several companies with interests adverse to ours. There can be no assurance that the FCC will sustain these licenses, or grant the pending applications, or that we will be able to successfully capitalize on any resulting business opportunities.

In general, many of our authorizations and pending applications are subject to petitions and oppositions filed against us by several companies, and we cannot be sure that our authorizations will not be cancelled, revoked or modified or that our applications will not be denied.

IN-ORBIT AUTHORIZATIONS

The telemetry, tracking and control operations of EchoStar I are in an area of the spectrum called the "C-band." Although the FCC granted us conditional authority to use these frequencies for telemetry, tracking and control, in January 1996 a foreign government raised an objection to EchoStar I's use of these frequencies. We cannot be certain whether that objection will subsequently require us to relinquish the use of such C-band frequencies for telemetry, tracking and control purposes. Further, EchoStar II's telemetry, tracking and control operations are in the "extended" C-band. Our authorization to use these frequencies expired on January 1, 1999. Although we have timely applied for extension of that authorization to November 2006, we cannot be sure that the FCC will grant our request. If we lose the ability to use these frequencies for controlling either satellite, we would lose the satellite. Recently, the FCC released a ruling that will allow commercial terrestrial services and hamper future satellite operations in the "extended" C-band frequencies. This ruling might have negative implications for us. Also, our request to operate EchoStar II at the 148 degree orbital location includes a request to use the extended C-band for Telemetry Tracking and Control ("TT&C") at that orbital location. We cannot be sure that the FCC will grant that request.

INTERNATIONAL TELECOMMUNICATION UNION STANDARDS

Our DBS system also must conform to the International Telecommunication Union ("ITU") broadcasting satellite service plan. If any of our operations are not consistent with this plan, the ITU will only provide authorization on a non-interference basis pending successful modification of the plan or the agreement of all affected administrations to the non-conforming operations. Accordingly, unless and until the ITU modifies its broadcasting satellite service plan to include the technical parameters of DBS applicants' operations, our satellites, along with those of other DBS operators, must not cause harmful electrical interference with other assignments that are in conformance with the plan. Further, DBS satellites are not presently entitled to any protection from other satellites that are in conformance with the plan. We believe the United States government has filed modification requests with the ITU for EchoStar I, EchoStar II and EchoStar III. The ITU has requested certain technical information in order to process the requested modifications. We have cooperated, and continue to cooperate, with the FCC in the preparation of its responses to the ITU requests. We cannot predict when the ITU will act upon these requests for modification or if they will be granted.

DBS AUTHORIZATIONS AND FREQUENCIES THAT WE COULD LOSE

We also have conditional authorizations for several other DBS and fixed service satellites that are not operational. One permit for 11 unspecified western frequencies was set to expire on August 15, 1995. Although we filed a timely extension request, the FCC has deferred a decision on that request pending the FCC's analysis of our due diligence for that permit. The FCC has not yet assigned the frequencies related to that permit because in 1992 it held that we had not completed contracting for these western assignments - the first prong of the required diligence - and asked us to submit amended contract documentation. Although we submitted such documentation, the FCC has not yet ruled on this matter, and we cannot be sure that the FCC will rule in our favor.

We also have a conditional permit for a total of 11 western frequencies at the 175 degree orbital location that expired on August 15, 1999. That expiration date is pursuant to an extension granted by the FCC's International Bureau in 1996. That extension was subject to the condition that we make significant progress toward construction and operation of a DBS system substantially in compliance with, or ahead of, the most recent timetable that we submitted to the FCC. The FCC's International Bureau also urged us to expedite construction and launch of additional satellites for our DBS system at these frequencies. PrimeStar, a DBS provider that DirecTV acquired in 1999, filed a request with the FCC that is still pending requesting that the FCC reverse the International Bureau's grant of an extension.

We also have a conditional permit for 11 additional frequencies at the 175 degree orbital location, which was set to expire on November 30, 1998. That expiration date was pursuant to an extension granted by the FCC's International Bureau in 1995. When it granted the extension, the FCC reserved the right to cancel the permit if we failed to progress toward operation of the DBS system in accordance with the timetable that we submitted to the FCC. That extension also is subject to a still pending challenge by PrimeStar.

While we have timely filed requests for extension of all the western permits, we cannot be sure how the FCC will act with respect to these requests.

REGULATIONS

DBS Rules. Once the FCC grants a conditional construction permit, the permittee must proceed with due diligence in constructing the system. The FCC has adopted specific milestones that must be met in order to retain the permit, unless the FCC determines that an extension or waiver is appropriate. Permittees must file semi-annual reports on the status of their due diligence efforts. The due diligence milestones require holders of conditional permits to complete contracting for construction of their systems within one year of grant of the permit. Additionally, the satellites must be operational within six years of grant. For permits issued after January 19, 1996, permittees must complete construction of the first satellite in their system within four years of grant of the permit. The FCC also may impose other conditions on the grant of the permit. The holders of new DBS authorizations issued on or after January 19, 1996 must also provide DBS service to Alaska and Hawaii from at least one of their DBS satellites or they will have to relinquish their western assignments. We are presently not able to satisfy this requirement from the 148 degree orbital location. With respect to the EchoStar I satellite, we have received a waiver of that requirement subject to several onerous conditions. We have also requested other waivers of that requirement, including a waiver to allow EchoStar II operation at the 148 degree orbital location. The state of Hawaii has generally requested many conditions to such waivers. In addition, we are required to serve Alaska and Hawaii from the 110 degree orbital location. While we believe that our current plan, which involves the use of our capacity at that location for local-into-local broadcast as well as other programming, is in compliance with that requirement, there can be no assurance that the FCC will consider this plan as complying with the rule. In general, the states of Alaska and Hawaii have expressed views that our service to these states from various orbital locations does not comply with our FCC-imposed obligations to serve those states, and we cannot be sure that the FCC will not accept these views.

Subject to applicable regulations governing non-DBS operations, a licensee may make unrestricted use of its assigned frequencies for non-DBS purposes during the first five years of the ten-year license term. After the first five years, the licensee may continue to provide non-DBS service as long as at it dedicates at least one-half of its total capacity at a given orbital location to providing DBS service. Further, the FCC indicated its desire to streamline and revise its rules governing DBS satellites. We cannot be sure about the content and effect any new DBS rules might have on our business.

Certain Other Communications Act Provisions. As a distributor of television programming, we are also affected by numerous laws and regulations, including the Communications Act.

The FCC imposes different rules for "subscription" and "broadcast" services. We believe that because we offer a subscription programming service, we are not subject to many of the regulatory obligations imposed upon broadcast licensees. However, we cannot be certain whether the FCC will find in the future that we should comply with regulatory obligations as a broadcast licensee with respect to our current and future operations, and certain parties have requested that we be treated as a broadcaster. If the FCC determined that we are a broadcast licensee, it could require us to comply with all regulatory obligations imposed upon broadcast licensees, which are generally subject to more burdensome regulation than subscription service providers like us.

Under a requirement of the Cable Act, the FCC imposed public interest requirements on DBS licensees, such as us, to set aside four percent of channel capacity exclusively for noncommercial programming for which we must charge programmers below-cost rates and for which we may not impose additional charges on subscribers. This could displace programming for which we could earn commercial rates and could adversely affect our financial results. The FCC has not reviewed our methodology for computing the channel capacity we must set aside or for determining the rates that we charge public interest programmers, and we cannot be sure that, if the FCC were to review these methodologies, it would find them in compliance with the public interest requirements.

Under a requirement of the Telecommunications Act of 1996, the FCC recently imposed upon broadcasters and certain multichannel video programming distributors, including us, the responsibility of providing video description for visually impaired persons. Video description involves the insertion into a television program of narrated descriptions of settings and actions that are not otherwise reflected in the dialogue, and is typically provided through the Secondary Audio Programming ("SAP") channel. Commencing April 12, 2002, we will be required to provide video description for a minimum of 50 hours per calendar quarter (roughly four hours per week) of prime time and/or children's programming on each of any of the top five national non-broadcast networks we carry. In addition, we will be required to "pass through" any video description we receive from a broadcast station or non-broadcast network if we have the technical capability necessary to do so associated with the channel on which we distribute the programming with video description. While the FCC acknowledged that programming networks, and not multichannel video programming distributors, may actually describe the programming, it declared that for ease of enforcement and monitoring compliance it would hold distributors responsible for compliance. These requirements may impose a material burden on us.

The FCC has also commenced an inquiry into distribution of high-speed Internet access services and a rulemaking concerning interactive television services. In these proceedings, the FCC is considering whether to impose on distributors, including satellite distributors like us, various types of "open access" obligations (such as required carriage of independent content providers). We cannot be sure that the FCC will not ultimately impose such obligations, which could be very onerous, and could create a significant strain on our capacity and ability to provide other services.

The FCC has commenced a rulemaking which seeks to streamline and revise its rules governing DBS operators. This rulemaking involves many proposed DBS rules. There can be no assurance about the content and effect of any new DBS rules passed by the FCC, and the rules may include expanded geographic service requirements for Alaska, Hawaii and Puerto Rico. The FCC has also released a notice of proposed rulemaking regarding the current restrictions on the flexibility of DBS operators to provide services other than DBS, and may change these restrictions.

Foreign Ownership Restrictions. The Communications Act and the FCC's implementing regulations provide that when subsidiaries of a holding company hold certain types of FCC licenses, foreign nationals or their representatives may not own or vote more than 25% of the total equity of the holding company, except upon an FCC public interest determination. There is some ambiguity regarding the extent to which this foreign ownership prohibition applies to DBS services. The FCC has ruled that these foreign ownership limitations in the Communications Act do not apply to providers of subscription DBS services like us. On the other hand, the FCC has left open the question of whether the FCC's own rules impose on DBS services that foreign ownership limit. Furthermore, the World Trade Organization agreement facilitating certain foreign investments in telecommunications services does not extend to DBS services, and the standards for waiving the DBS services foreign ownership limit to the extent applicable are therefore unclear. While the FCC has granted us in the past a waiver to the extent required to allow an investment from a foreign company, we cannot be sure that the FCC will similarly grant such waiver requests, to the extent required to allow other foreign investments that may implicate the alien ownership limits in the future. The foreign ownership limitations clearly will apply to our licenses for fixed satellite service if we hold ourselves out as a common carrier or if the FCC decides to treat us as such a carrier. The FCC has noted that we have proposed to operate one of its authorized fixed satellite service systems on a common carrier as well as a non-common carrier basis. We have recently informed the FCC that we have no common carrier plans with respect to that system. If the FCC decides to treat us as a common carrier for any of its operations or if we operate as one, we cannot be sure that the FCC will grant any request for a public interest determination that may be needed to allow any indirect foreign investment in excess of 25%.

On January 22, 2002, Vivendi acquired shares of our series D convertible preferred stock which are currently convertible into approximately 10.7% of our total outstanding common stock, representing approximately 2% of the total fully-diluted voting rights of us today. In addition, a subsidiary of The News Corporation Limited, a South Australia corporation, owns approximately 2.2% of our total common stock outstanding stock, having less than 1% of our total voting power. In connection with the MCI WorldCom authorization that we received in connection with its transactions with The News Corporation Limited, the FCC decided to waive any foreign ownership limitations to the extent applicable. While we believe that the current levels of foreign ownership are below any applicable limit, in light of any subsequent FCC decisions, policy changes or additional foreign ownership in us, we may in the future need a separate FCC determination that foreign ownership

in excess of any applicable limits is consistent with the public interest in order to avoid a violation of the Communications Act or the FCC's rules.

Certain Other Rulemakings. The FCC recently proposed to allocate additional "expansion" spectrum for DBS operators starting in 2007. DirecTV has filed an application for a satellite system using those expansion frequencies.

Foreign satellite systems also are potential providers of DBS service within the United States. In May 1996, in its DISCO II proceeding, the FCC proposed permitting foreign satellite systems to serve the United States if the home country of the foreign-licensed satellite offers open "effective competitive opportunities" in the same type of satellite service to United States licensed satellites. In the February 1997 World Trade Organization Agreement, the United States offer contained an exemption from market opening commitments for, among other things, DBS and direct-to-home satellite services. In November 1997, the FCC released new rules that maintained the effective competitive opportunities test with respect to foreign-licensed satellites seeking to provide DBS and direct-to-home satellite services in the United States. The FCC also established a strong presumption in favor of authorizing foreign-licensed satellites to provide services other than DBS and direct-to-home satellite in the United States. The FCC has also reached bilateral protocols allowing the provision of DBS service by satellites licensed by Mexico and Argentina.

The FCC has adopted a proposal to allow non-geostationary orbit fixed satellite services to operate on a co-primary basis in the same frequency as DBS and Ku-based FSS services, and is currently finalizing rules to govern these services. These satellite operations could provide global high-speed data services. In addition to possible interference concerns, this would, among other things, create additional competition for satellite and other services. In the same rulemaking, the FCC has been considering a terrestrial service originally proposed by Northpoint Technology, Ltd. that would retransmit local television or other video and data services to DBS subscribers or others in the same DBS spectrum that we use throughout the United States.

We have submitted numerous pleadings jointly with DIRECTV to the FCC objecting to the Northpoint request, which in our view may cause harmful and substantial interference to the service provided to DBS customers. Furthermore, other entities have now filed applications similar to the one filed by Northpoint, and at least one other entity has also obtained a license from the FCC to conduct experimental operations. If Northpoint or other entities become authorized to use our spectrum, they could cause harmful and substantial interference with our service.

Furthermore, the Satellite Home Viewer Improvement Act required the FCC to make a determination by November 29, 2000 regarding licenses for facilities that will retransmit broadcast signals to underserved markets by using spectrum otherwise allocated to commercial use, possibly including DBS spectrum. Northpoint had already been allowed by the FCC to conduct experimental operations in Texas and Washington, D.C. On December 8, 2000, the FCC released a Report and Order and Further Notice of Proposed Rulemaking in this proceeding that concluded that a terrestrial "point-to-multipoint" service can share the spectrum with DBS on a no interference basis -- a conclusion that may have a significant adverse impact on our operations. At the same time, the FCC initiated a further notice of proposed rulemaking to determine the appropriate interference standards and technical rules with which such a terrestrial service must comply. The FCC also requested proposals on how to process applications for licenses for the new service, and tentatively proposed excluding satellite companies from such licenses. We have filed a petition for reconsideration of the FCC's conclusion and comments on its proposals.

In addition, recent appropriations legislation required independent testing of the Northpoint technology, and created a rural loan guarantee program for providers of certain types of services. The tests mandated by that law have been completed. MITRE, the independent testing entity, concluded that the new terrestrial service "poses a significant interference threat to DBS operation in many realistic operational situations"; "a wide variety of mitigation techniques exist that . . . can greatly reduce, or eliminate, the geographical extent of the regions of potential . . . interference into DBS"; and that "bandsharing appears feasible if and only if suitable mitigation measures are applied." The independent study left open the question of whether the potential costs of such mitigation measures together with the impact of residual interference outweighed the benefit of allowing the new terrestrial service in the band used by DBS. We and DIRECTV have asserted to the FCC that MITRE's findings constitute additional grounds for reconsidering the FCC's conclusion on sharing, while Northpoint has argued that

MITRE confirms Northpoint's ability to share with DBS. We cannot be sure whether and when these processes will result in the licensing of Northpoint and/or companies proposing a similar service to operate in the spectrum licensed to us, what the interference standards will be, and how significant the interference into our operations will be. On December 3, 2001, we and DIRECTV filed with the FCC a request that it assign spectrum to these new proposed terrestrial systems other than that currently allocated for use by DBS. We cannot be sure whether the FCC will take any action on this request, or whether the request will be granted.

Distant and Local Broadcast Signals. We believe that our ability to deliver local programming via satellite into the markets from which the programming originates helps us attract subscribers who would not otherwise be willing to purchase satellite systems. Although we have commenced providing local network service to eligible subscribers in various metropolitan centers, subject to certain conditions, our ability to provide such a service is limited as discussed below.

Satellite Home Viewer Improvement Act and Retransmission Consent. The Copyright Act, as amended by the Satellite Home Viewer Improvement Act of 1999, or SHVIA, permits satellite retransmission of distant network channels only to "unserved households." Whether a household qualifies as "unserved" for the purpose of eligibility to receive a distant network channel depends, in part, on whether that household can receive a signal of "Grade B intensity" as defined by the FCC. In February 1999, the FCC released a report and order on these matters. Although the FCC declined to change the values of Grade B intensity, it adopted a method for measuring it at particular households. The FCC also endorsed a method for predicting Grade B intensity at particular households. In addition, SHVIA instructed the FCC to establish a predictive model based on the model it had endorsed in February 1999, and also directed the FCC to ensure that its predictive model takes account of terrain, building structures and other land cover variations. The FCC issued a report and order that does not adjust the model to reflect such variations for any VHF stations. Failure to account for these variations could hamper our ability to retransmit distant network channels.

SHVIA has also established a process whereby consumers predicted to be served by a local station may request that this station waive the unserved household limitation so that the requesting consumer may receive distant signals by satellite. If the waiver request is denied, SHVIA entitles the consumer to request an actual test, with the cost to be borne by either the satellite carrier, such as us, or the broadcast station depending on the results. The testing process required by the statute can be very costly. The FCC staff has informally raised questions about how we implement that process. We can provide no assurance that the FCC will not find that our implementation of the process is not in compliance with these requirements. Furthermore, the FCC has identified a third party organization to examine and propose tester qualification and other standards for testing. We cannot be sure that this decision will not have an adverse effect on our ability to test whether a consumer is eligible for distant signals.

In addition, SHVIA could adversely affect us in several other respects. SHVIA prohibits us from providing individual customers with more than two distant signals for each broadcasting network and leaves the FCC's Grade B intensity standard unchanged without future legislation. The FCC released a report recommending that only minor changes be made to the Grade B standard, a recommendation that is unfavorable to us. While SHVIA reduces the royalty rate that we currently pay for superstation and distant network signals, it directed the FCC to issue rules by November 29, 2000 requiring us to delete substantial programming (including sports programming) from these signals in certain circumstances. The FCC has released rules implementing that directive, which have become effective. Although we have implemented certain measures in our effort to comply with these rules, these requirements have hampered, and may further hamper, our ability to retransmit distant network and superstation signals, and the burdens from the rules upon us may become so onerous that we may be required to substantially alter, or stop retransmitting, many or all superstation signals. In addition, the FCC's sports blackout requirements, which apply to all distant network signals, may require costly upgrades to our system. We asked the FCC to reconsider several aspects of these rules to make the rules less burdensome, but we cannot predict whether the FCC will take any favorable action with respect to the request, and other parties have asked for reconsideration to the rules which would be adverse to our business. On reconsideration, the FCC may resolve certain outstanding issues unfavorably to us. Any changes to, or adverse interpretations of, the existing regulations may create additional burdens for us.

SHVIA generally gives satellite companies a statutory copyright license to retransmit local broadcast channels, subject to obtaining the retransmission consent of the local station. Retransmission consent agreements are important to

us because a failure to reach such agreements with broadcasters who elect retransmission consents instead of mandatory "must carry" carriage means we cannot carry these broadcasters'

signals, and could have an adverse effect on our strategy to compete with cable and other satellite companies, which provide local channels. SHVIA requires broadcasters to negotiate retransmission consent agreements in good faith. The FCC has promulgated rules governing broadcasters' good faith negotiation obligation. These rules allow satellite providers to file complaints with the FCC against broadcasters for violating the duty to negotiate retransmission consent agreements in good faith. While we have been able to reach retransmission consent agreements with most of the local network stations we currently carry, any additional roll-out of local channels in more cities will require more agreements, and we cannot be sure that we will secure these agreements or that we will secure new agreements upon the expiration of our current retransmission consent agreements, some of which are short term. We were unable to conclude long-term retransmission consent agreements with the NBC station in San Francisco or the ABC station in Nashville and discontinued transmission of those channels as a result. On March 1, 2001, we filed a retransmission consent complaint with the FCC against the owner of these stations, Young Broadcasting, Inc., asserting that Young has failed to negotiate in good faith. The FCC's Cable Services Bureau ruled against us in this proceeding and also determined that we "failed in [our] duty of candor" to the FCC and abused the FCC's processes because we disclosed to the public some information subject to a pending request for confidential treatment that we had filed and did not immediately notify the FCC of this disclosure. While we believe that this determination by the FCC was factually and legally wrong because the FCC did not, and could not, make the underlying findings necessary to support such a determination, we have not formally appealed that order and have only informally expressed our views in a letter to the Cable Services Bureau. We cannot be sure that the FCC will agree with these views. In certain circumstances, lack of candor can bear on the FCC's evaluation of a company's fitness to be an FCC licensee. Since that time, Young has lost its NBC affiliation, and we have reached an agreement with the new NBC affiliate in San Jose to serve the San Francisco Bay area.

Many other provisions of SHVIA could adversely affect us. Among other things, the law includes the imposition of "must carry" requirements on DBS providers. The FCC has implemented that requirement and adopted detailed and onerous "must carry" rules covering both commercial and non-commercial broadcast stations. These rules require that commencing January 1, 2002 satellite distributors carry all the local broadcast stations requesting carriage in a timely and appropriate manner in areas they choose to offer any local programming. Since we have limited capacity, the number of markets in which we can offer local programming is reduced by the "must carry" requirement to carry large numbers of stations in each market we serve. The legislation also includes provisions which could expose us to material monetary penalties, and permanent prohibitions on the sale of all local and distant network channels, based on inadvertent violations of the legislation, prior law, or the FCC rules. Imposition of these penalties would have a material adverse effect on our business operations generally. Several "must carry" complaints by broadcasters against us are pending at the FCC. We cannot be sure that the FCC will not rule against us in those proceedings, resulting in carriage of many additional stations in the markets where we offer local stations. In addition, we cannot be sure that the FCC will not interpret or implement its rules in such a manner as to inhibit our current plan for compliance with the "must carry" requirements. The National Association of Broadcasters and Association of Local Television Stations filed an emergency petition on January 4, 2002 asking the FCC to modify or clarify its rules to prohibit or hamper our compliance plan. On January 8, 2002, the FCC placed the petition on public notice and stated that it may be able to resolve the issue by means of a declaratory ruling without the need for a rulemaking. Many companies have filed comments and reply comments in response to the petition opposing our compliance plan on various grounds. Any FCC action modifying or clarifying the rules in accordance with the broadcasters' request could result in a decrease in the number of local areas where we offer local network programming. We are also exposed to court actions and damage claims if we are found by any court to have violated the "must carry" requirements.

On December 7, 2001, the U.S. 4th Circuit Court of Appeals rejected the satellite industry's constitutional challenge to the "must carry" provisions of SHVIA and our appeal of the FCC's "must carry" rules, leaving in place the requirement that, beginning January 1, 2002, we carry all local stations in any market where we carry a single local broadcast station. While we believe that we technologically meet this mandate in the markets we currently serve, there can be no assurance that the FCC's interpretation of its "must carry" rules will not result in a future decrease in the number of local markets where we offer local network programming. In addition, while the FCC has decided for now not to impose dual digital/analog carriage obligations -- i.e., additional requirements in connection with the carriage of digital television stations that go beyond carriage of one signal (whether analog or digital) for each station - the FCC has also issued a further notice of proposed rulemaking on this matter. We cannot be sure that this rulemaking will not result in further, even more onerous, digital carriage requirements.

Opposition to Our Delivery of Distant Signals. Until July 1998, we obtained distant broadcast network channels (ABC, NBC, CBS and FOX) for distribution to our customers through PrimeTime 24. In December 1998, the U.S. District Court for the Southern District of Florida entered a nationwide permanent injunction requiring PrimeTime 24 to shut off distant network channels to many of its customers, and henceforth to sell those channels to consumers in accordance with certain stipulations in the injunction.

In December 1998, the networks filed a motion for preliminary injunction directly against us. In September 2000, the District Court granted this motion and made several amendments to it. The injunction required us to terminate distant network programming to certain of our subscribers. The U.S. Court of Appeals for the Eleventh Circuit stayed the injunction pending our appeal. In September 2001, the U.S. Court of Appeals for the Eleventh Circuit vacated the District Court's injunction, finding, among other things, that it was too broad and remanded the case back to the District Court for an evidentiary hearing. If after the trial or an evidentiary hearing the injunction is reinstated, it could force us to terminate delivery of distant network channels to a substantial portion of our distant network subscriber base, which could also cause many of these subscribers to cancel their subscription to our other services. Such terminations would result in a small reduction in our reported average monthly revenue per subscriber and could result in a temporary increase in churn. If we lose the case at trial, the judge could, among other remedies, prohibit all future sales of distant network programming by us, which would have a material adverse effect on our business. In order, among other things, to plan for the potential re-implementation of the injunction, we may terminate the delivery of distant network channels to certain subscribers.

Dependence on Cable Act for Program Access. We purchase a substantial percentage of our programming from cable-affiliated programmers. Any change in the Cable Act and the FCC's rules that permit the cable industry or cable-affiliated programmers to discriminate against competing businesses, such as ours, in the sale of programming could adversely affect our ability to acquire programming at all or to acquire programming on a cost-effective basis. Under the Cable Act and the FCC's rules, cable-affiliated programmers generally must offer programming they have developed to all multi-channel video programming distributors on non-discriminatory terms and conditions. The Cable Act and the FCC's rules also prohibit some types of exclusive programming contracts involving cable affiliated programming. This prohibition on exclusivity will sunset in October 2002 unless the FCC acts to extend it. The FCC has commenced a proceeding to determine whether to extend it. We cannot be sure that the FCC will not allow the prohibition to sunset, which would mean that many popular programs may become unavailable to us. While we have filed several complaints with the FCC alleging discrimination, exclusivity, or refusals to deal, we have only had limited success in convincing the FCC to grant us relief. The FCC has denied or dismissed many of our complaints, and we believe has generally not shown a willingness to enforce the program access rules strictly. As a result, we may be limited in our ability to obtain access (or non-discriminatory access) to cable-affiliated programming. In January 2001, we appealed the FCC denial of our complaint regarding certain cable-affiliated sports programming in the Philadelphia area to the U.S. Court of Appeals for the District of Columbia Circuit. Our appeal was opposed by the FCC. Comcast Corporation, which controls the programming at issue, intervened on the side of the FCC opposing our appeal. Oral argument regarding our appeal was held on February 5, 2002. We cannot predict the outcome of this appeal, or how the outcome may affect our ability to obtain access to cable affiliated programming.

PATENTS AND TRADEMARKS

Many entities, including some of our competitors, have or may in the future obtain patents and other intellectual property rights that cover or affect products or services related to those that we offer. In general, if a court determines that one or more of our products infringes on intellectual property held by others, we may be required to cease developing or marketing those products, to obtain licenses from the holders of the intellectual property, or to redesign those products in such a way as to avoid infringing the patent claims. If a competitor holds intellectual property rights, it may not allow us to use its intellectual property at any price, which could adversely affect our competitive position.

We cannot assure you that we are aware of all intellectual property rights that our products may potentially infringe. In addition, patent applications in the United States are confidential until the Patent and Trademark Office issues a patent and, accordingly, we cannot evaluate the extent to which our products may infringe claims contained in pending patent applications. Further, it is often not possible to determine definitively whether a claim of infringement is valid, absent protracted litigation.

We cannot estimate the extent to which we may be required in the future to obtain intellectual property licenses or the availability and cost of any such licenses. Those costs, and their impact on net income, could be material. Damages in patent infringement cases may also include treble damages in certain circumstances. To the extent that we are required to pay royalties to third parties to whom we are not currently making payments, these increased costs of doing business could negatively affect our liquidity and operating results. We are currently being sued in patent infringement actions, including, among other, suits by the following entities: Starsight Telecast, Inc.; Gemstar; Superguide Corp.; IPPV Enterprises, LLC; and MAAST, Inc. We cannot be certain the courts will conclude these entities do not own the rights they claim, that our products do not infringe on these rights, that we would be able to obtain licenses from these persons on commercially reasonable terms or, if we were unable to obtain such licenses, that we would be able to redesign our products to avoid infringement.

Certain Gemstar patents are currently being reviewed by the International Trade Commission. An adverse decision could temporarily halt the import of our receivers and could require us to materially modify certain user-friendly electronic programming guides and related features we currently offer to consumers. See "- Legal Proceedings."

EMPLOYEES

We had approximately 11,000 employees at December 31, 2001, most of whom are located in the United States. We generally consider relations with our employees to be good.

Although a total of approximately 75 employees in two of our field offices have voted to unionize, we are not currently a party to any collective bargaining agreements. However, we are currently negotiating collective bargaining agreements at these offices.

EXECUTIVE OFFICERS OF THE REGISTRANT
(FURNISHED IN ACCORDANCE WITH ITEM 401 (b) OF REGULATION S-K, PURSUANT TO GENERAL INSTRUCTION G(3) OF FORM 10-K)

The following table sets forth the name, age and offices with EchoStar of each of our executive officers, the period during which each executive officer has served as such, and each executive officer's business experience during the past five years:

NAME AGE POSITION - ---- --- - -------- Charles W. Ergen..... 48 Chairman, Chief Executive Officer and Director Michael T. Dugan..... 53 President and Chief Operating Officer James DeFranco..... 49 Executive Vice President and Director Steven B. Schaver..... 47 President of EchoStar International Corporation David K. Moskowitz..... 43 Senior Vice President, General Counsel, Secretary and Director Soraya Hesabi-Cartwright..... 41 Executive Vice President of DISH Network Mark W. Jackson..... 41 Senior Vice President of EchoStar Technologies Corporation Michael R. McDonnell..... 38 Senior Vice President and Chief Financial Officer Michael Kelly..... 40 Senior Vice President of DISH Network Service Corporation

Charles W. Ergen. Mr. Ergen has been Chairman of the Board of Directors and Chief Executive Officer of EchoStar since its formation and, during the past five years, has held various executive officer and director positions with EchoStar's subsidiaries. Mr. Ergen, along with his spouse and James DeFranco, was a co-founder of EchoStar in 1980.

Michael T. Dugan. Mr. Dugan is the President and Chief Operating Officer of EchoStar. In that capacity, Mr. Dugan is responsible for, among other things, all operations at EchoStar. Until April 2000, he was President of EchoStar Technologies Corporation. Previously he was the Senior Vice President of the Consumer Products Division of ECC. Mr. Dugan has been with EchoStar since 1990.

James DeFranco. Mr. DeFranco, currently the Executive Vice President of EchoStar, has been a Vice President and a Director of EchoStar since its formation and, during the past five years, has held various executive officer positions with EchoStar's subsidiaries. Mr. DeFranco, along with Mr. Ergen and Mr. Ergen's spouse, was a co-founder of EchoStar in 1980.

Steven B. Schaver. Mr. Schaver was named President of EchoStar International Corporation in April 2000. Mr. Schaver also served as EchoStar's Chief Financial Officer from February 1996 through August 2000, and served as EchoStar's Chief Operating Officer from November 1996 until April 2000. From November 1993 to February 1996, Mr. Schaver was the Vice President of EchoStar's European and African operations.

David K. Moskowitz. Mr. Moskowitz is the Senior Vice President, Secretary and General Counsel of EchoStar. Mr. Moskowitz joined EchoStar in March 1990. He was elected to EchoStar's Board of Directors during 1998. Mr. Moskowitz is responsible for all legal affairs and certain business functions for EchoStar and its subsidiaries.

Soraya Hesabi-Cartwright. Ms. Hesabi-Cartwright was named Executive Vice President of DISH Network in April 2000. Ms. Hesabi-Cartwright served as Senior

Vice President of Human Resources and Customer Service from November 1998 until April 2000. Ms. Hesabi-Cartwright joined EchoStar in 1994 as Director of Human Resources and was promoted to Vice President of Human Resources in 1996. During 1996, Ms. Hesabi-Cartwright transferred to EchoStar's Customer Service Center as Vice President of Customer Service, where she served until her promotion in 1998.

Mark W. Jackson. Mr. Jackson was named Senior Vice President of EchoStar Technologies Corporation in April 2000. Mr. Jackson served as Senior Vice President of Satellite Services from December 1997 until April 2000. From April 1993 until December 1997 Mr. Jackson served as Vice President of Engineering at EchoStar.

Michael R. McDonnell. Mr. McDonnell joined EchoStar in August 2000 as Senior Vice President and Chief Financial Officer. Mr. McDonnell is responsible for all accounting and finance functions of the Company. Prior to joining EchoStar, Mr. McDonnell was a Partner with PricewaterhouseCoopers LLP, serving on engagements for companies in the technology and information communications industries.

Michael Kelly. Mr. Kelly joined EchoStar in March 2000 as Senior Vice President of International Programming upon consummation of EchoStar's acquisition of Kelly Broadcasting Systems, Inc. From January 1991 until March 2000, Mr. Kelly served as President of Kelly Broadcasting Systems, Inc. where he was responsible for all components of the business, including operations, finance, and international and domestic business development.

There are no arrangements or understandings between any executive officer and any other person pursuant to which any executive officer was selected as such. Pursuant to the Bylaws of EchoStar, executive officers serve at the discretion of the Board of Directors. Cantey Ergen, Charlie Ergen's spouse, and Peter Dea were elected to the Board of Directors during 2001. Jean-Marie Messier, Chairman and CEO of Vivendi, was added to the Board of Directors in January 2002.

ITEM 2. PROPERTIES

The following table sets forth certain information concerning our material properties:

DESCRIPTION/USE/LOCATION	SEGMENT(s) USING PROPERTY	APPROXIMATE SQUARE FOOTAGE	OWNED OR LEASED
Corporate headquarters and customer service center, Littleton, Colorado	All	156,000	Owned
EchoStar Technologies Corporation office and distribution center, Englewood, Colorado	ETC	155,000	Owned
EchoStar Technologies Corporation engineering offices, Englewood, Colorado	ETC	57,200	Owned
Digital broadcast operations center, Cheyenne, Wyoming	DISH Network	144,000	Owned
Digital broadcast operations center, Gilbert, Arizona	DISH Network	120,000	Owned
Customer service center, McKeesport, Pennsylvania	DISH Network	100,000	Leased
Customer service center, El Paso, Texas	DISH Network	100,000	Owned
Customer service center, Christiansburg, Virginia	DISH Network	100,000	Owned
Customer service center, Thornton, Colorado	DISH Network	55,000	Owned
Customer service center, Bluefield, West Virginia	DISH Network	51,000	Owned
Warehouse and distribution center, Atlanta, Georgia	ETC	160,000	Leased
Warehouse and distribution center, Denver, Colorado	ETC	132,800	Leased
Warehouse and distribution center, Sacramento, California	ETC	78,500	Owned
European headquarters and warehouse, Almelo, The Netherlands	ETC and Other	53,800	Owned

ITEM 3. LEGAL PROCEEDINGS

Fee Dispute

We had a contingent fee arrangement with the attorneys who represented us in prior litigation with The News Corporation, Ltd. The contingent fee arrangement provides for the attorneys to be paid a percentage of any net recovery obtained by us in the News Corporation litigation. The attorneys asserted that they might be entitled to receive payments totaling hundreds of millions of dollars under this fee arrangement. We consistently maintained that the demand significantly overstated the amount to which the attorneys might reasonably be entitled.

During mid-1999, we initiated litigation against the attorneys in the Arapahoe County, Colorado, District Court arguing that the fee arrangement was void and unenforceable. In December 1999, the attorneys initiated an arbitration proceeding before the American Arbitration Association. The litigation was stayed while the arbitration proceeded. The arbitration hearing concluded on October 11, 2001. During the four week arbitration hearing, the attorneys presented a damage model for $56 million. We asserted even that amount significantly overstated the amount to which the attorneys might reasonably be entitled. During closing arguments, the attorneys presented a separate damage calculation for $111 million to the arbitration panel.

On November 7, 2001, the arbitration panel awarded the attorneys approximately $40 million for its contingency fee under the fee agreement. In the award, the arbitration panel also dismissed our claims against the attorneys that we had initiated in the Arapahoe County, Colorado, District Court. Pursuant to the award, approximately $8 million was to be paid within 30 days of the award with the balance to be paid in equal quarterly principal installments over four years, commencing February 1, 2002. Interest is to be paid at the prime rate (calculated as the average amount for each relevant year as published daily in the Wall Street Journal), compounded annually.

On November 30, 2001, we filed a motion to vacate the award on the following grounds: (1) the award as issued violates public policy and cannot be enforced; and (2) the Panel exceeded its authority under Colorado Revised Statutes Section 13-22-214(1)(a)(III). Alternatively, we requested that the Arapahoe County District Court modify the award to correct a calculation error. The attorneys have opposed our motion to vacate. The motion remains pending before the District Court in Arapahoe County, Colorado. There can be no assurance that we will succeed in our effort to vacate or modify the arbitration award.

WIC Premium Television Ltd.

During July 1998, a lawsuit was filed by WIC Premium Television Ltd., an Alberta corporation, in the Federal Court of Canada Trial Division, against General Instrument Corporation, HBO, Warner Communications, Inc., John Doe, Showtime, United States Satellite Broadcasting Company, Inc., us, and two of our wholly-owned subsidiaries, Echosphere Corporation and Dish, Ltd. EchoStar Satellite Corporation, EDBS, ETC, and EchoStar Satellite Broadcasting Corporation were subsequently added as defendants. The lawsuit seeks, among other things, interim and permanent injunctions prohibiting the defendants from activating receivers in Canada and from infringing any copyrights held by WIC.

During September 1998, WIC filed another lawsuit in the Court of Queen's Bench of Alberta Judicial District of Edmonton against certain defendants, including us. WIC is a company authorized to broadcast certain copyrighted work, such as movies and concerts, to residents of Canada. WIC alleges that the defendants engaged in, promoted, and/or allowed satellite dish equipment from the United States to be sold in Canada and to Canadian residents and that some of the defendants allowed and profited from Canadian residents purchasing and viewing subscription television programming that is only authorized for viewing in the United States. The lawsuit seeks, among other things, interim and permanent injunctions prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada, together with damages in excess of $175 million.

The Court in the Alberta action recently denied our Motion to Dismiss, and our appeal of such decision. The Court in the Federal action has stayed that case pending the outcome of the Alberta action. The case is now currently in discovery. We intend to vigorously defend the suit. It is too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Broadcast network programming

Until July 1998, we obtained distant broadcast network channels (ABC, NBC, CBS and FOX) for distribution to our customers through PrimeTime 24. In December 1998, the United States District Court for the Southern District of Florida entered a nationwide permanent injunction requiring PrimeTime 24 to shut off distant network channels to many of its customers, and henceforth to sell those channels to consumers in accordance with certain stipulations in the injunction.

In October 1998, we filed a declaratory judgment action against ABC, NBC, CBS and FOX in the U.S. District Court for the District of Colorado. We asked the court to enter a judgment declaring that our method of providing distant network programming did not violate the Satellite Home Viewer Act ("SHVA") and hence did not infringe the networks' copyrights. In November 1998, the networks and their affiliate groups filed a complaint against us in Miami Federal Court alleging, among other things, copyright infringement. The court combined the case that we filed in Colorado with the case in Miami and transferred it to the Miami court. The case remains pending in Miami. While the networks have not sought monetary damages, they have sought to recover attorney fees if they prevail.

In February 1999, the networks filed a "Motion for Temporary Restraining Order, Preliminary Injunction and Contempt Finding" against DirecTV, Inc. in Miami related to the delivery of distant network channels to DirecTV customers by satellite. DirecTV settled this lawsuit with the networks. Under the terms of the settlement between DirecTV and the networks, some DirecTV customers were scheduled to lose access to their satellite-provided distant network channels by July 31, 1999, while other DirecTV customers were to be disconnected by December 31, 1999. Subsequently, PrimeTime 24 and substantially all providers of satellite-delivered network programming other than EchoStar agreed to this cut-off schedule, although we do not know if they adhered to this schedule.

In December 1998, the networks filed a Motion for Preliminary Injunction against us in the Miami court, and asked the court to enjoin us from providing network programming except under limited circumstances. A preliminary injunction hearing was held on September 21, 1999. In March 2000, the networks filed an emergency motion again asking the court to issue an injunction requiring us to turn off network programming to certain of our customers. At that time, the networks also argued that our compliance procedures violate the Satellite Home Viewer Improvement Act ("SHVIA"). We opposed the networks' motion and again asked the court to hear live testimony before ruling upon the networks' injunction request.

During September 2000, the Court granted the Networks' motion for preliminary injunction, denied the Network's emergency motion and denied our request to present live testimony and evidence. The Court's original order required us to terminate network programming to certain subscribers "no later than February 15, 1999," and contained other dates with which it would be physically impossible to comply. The order imposes restrictions on our past and future sale of distant ABC, NBC, CBS and Fox channels similar to those imposed on PrimeTime 24 (and, we believe, on DirecTV and others). Some of those restrictions go beyond the statutory requirements imposed by the SHVA and the SHVIA. For these and other reasons we believe the Court's order is, among other things, fundamentally flawed, unconstitutional and should be overturned. However, it is very unusual for a Court of Appeals to overturn a lower court's order and there can be no assurance whatsoever that it will be overturned.

On October 3, 2000, and again on October 25, 2000, the Court amended its original preliminary injunction order in an effort to fix some of the errors in the original order. The twice amended preliminary injunction order required us to shut off, by February 15, 2001, all subscribers who are ineligible to receive distant network

programming under the court's order. We appealed the September 2000 preliminary injunction order and the October 3, 2000 amended preliminary injunction order. On November 22, 2000, the United States Court of Appeals for the Eleventh Circuit stayed the Florida Court's preliminary injunction order pending our appeal. At that time, the Eleventh Circuit also expedited its consideration of our appeal.

Oral argument before the Eleventh Circuit was held on May 24, 2001. On September 17, 2001, the Eleventh Circuit vacated the District Court's nationwide preliminary injunction, which the Eleventh Circuit had stayed in November 2000. The Eleventh Circuit also rejected our First Amendment challenge to the SHVA. However, the Eleventh Circuit found that the District Court had made factual findings that were clearly erroneous and not supported by the evidence, and that the District Court had misinterpreted and misapplied the law. The Eleventh Circuit also found that the District Court came to the wrong legal conclusion concerning the grandfathering provision found in 17 U.S.C. Section 119(d); the Eleventh Circuit reversed the District Court's legal conclusion and instead found that this grandfathering provision allows subscribers who switch satellite carriers to continue to receive the distant network programming that they had been receiving. The Eleventh Circuit's order indicated that the matter was to be remanded to the District Court for an evidentiary hearing. On December 28, 2001, the Eleventh Circuit denied our request for rehearing. The Eleventh Circuit issued its mandate on January 29, 2002, remanding the case to the Florida District Court. We cannot predict when an evidentiary hearing will be set before the District Court or when a trial will be set before the District Court if the Networks withdraw their request for a preliminary injunction as they have indicated they will do when the case was remanded to the District Court.

We are considering an appeal to the United States Supreme Court. If we decide to appeal, there is no guarantee that the United States Supreme Court will agree to hear any petition filed or that our appeal will be heard before any evidentiary hearing or trial in the District Court.

If, after an evidentiary hearing or trial, the District Court enters an injunction against us, the injunction could force us to terminate delivery of distant network channels to a substantial portion of our distant network subscriber base, which could also cause many of these subscribers to cancel their subscription to our other services. Management has determined that such terminations would result in a small reduction in our reported average monthly revenue per subscriber and could result in a temporary increase in churn. If we lose the case at trial, the judge could, as one of many possible remedies, prohibit all future sales of distant network programming by us, which would have a material adverse affect on our business.

Gemstar

During October 2000, Starsight Telecast, Inc., a subsidiary of Gemstar-TV Guide International, Inc., filed a suit for patent infringement against us and certain of our subsidiaries in the United States District Court for the Western District of North Carolina, Asheville Division. The suit alleges infringement of United States Patent No. 4,706,121 (the "121 Patent") which relates to certain electronic program guide functions. We have examined this patent and believe that it is not infringed by any of our products or services. We will vigorously defend against this suit. On March 30, 2001, the court stayed the action pending resolution of the International Trade Commission matter discussed below.

In December 2000, we filed suit against Gemstar - TV Guide (and certain of its subsidiaries) in the United States District Court for the District of Colorado alleging violations by Gemstar of various federal and state anti-trust laws and laws governing unfair competition. The lawsuit seeks an injunction and monetary damages. Gemstar filed counterclaims alleging infringement of United States Patent Nos. 5,923,362 and 5,684,525 that relate to certain electronic program guide functions. We examined these patents and believe they are not infringed by any of our products or services. In August 2001, the Federal Multi-District Litigation panel combined this suit, for discovery purposes, with other lawsuits asserting antitrust claims against Gemstar, which had previously been filed by other plaintiffs. In January 2002, Gemstar dropped the counterclaims of patent infringement.

In February 2001, Gemstar filed patent infringement actions against us in District Court in Atlanta, Georgia and in the International Trade Commission ("ITC"). These suits allege infringement of United States Patent Nos. 5,252,066, 5,479,268 and 5,809,204 all of which relate to certain electronic program guide functions. In addition, the ITC action alleges infringement of the 121 Patent which is asserted in the North Carolina case. In the Atlanta District Court case, Gemstar seeks damages and an injunction. The North Carolina and Atlanta cases have been stayed pending resolution of the ITC action. ITC actions typically proceed according to an expedited schedule. In December 2001, the ITC held a 15-day hearing before an administrative judge. Prior to the hearing, Gemstar dropped its allegations regarding United States Patent No. 5,252,066 with respect to which we had asserted substantial allegations of inequitable conduct. The hearing addressed, among other things, Gemstar's allegations of patent infringement and respondents' (SCI, Scientific Atlanta, Pioneer and us) allegations of patent misuse. A decision by the judge is expected by March 21, 2002 and a ruling by the full ITC is expected 60 days later. While the ITC cannot award damages, an adverse decision in this case could temporarily halt the import of our receivers and could require us to materially modify certain user-friendly electronic programming guides and related features we currently offer to consumers. We have examined the patents in dispute and believe they are not infringed by any of our products or services. We will vigorously contest the ITC, North Carolina and Atlanta allegations of infringement and will, among other things, challenge both the validity and enforceability of the asserted patents. We are providing a defense and indemnification to SCI in the ITC and Atlanta cases pursuant to the terms of their contract.

During 2000, Superguide Corp. also filed suit against us, DirecTV 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, 5,293,357 and 4,751,578 which relate to certain electronic program guide functions, including the use of electronic program guides to control VCRs. Superguide seeks injunctive and declaratory relief and damages in an unspecified amount. It is our understanding that these patents may be licensed by Superguide to Gemstar. Gemstar has been added as a party to this case and is now asserting these patents against us. We have examined these patents and believe that they are not infringed by any of our products or services. A Markman ruling was issued by the Court and in response to that ruling we have filed motions for summary judgment of non-infringement for each of the asserted patents. Gemstar has filed a motion for summary judgment of infringement with respect to one of the patents. We intend to vigorously defend this case and to press our patent misuse defenses.

In the event it is ultimately determined that we infringe on any of the aforementioned patents we may be subject to substantial damages, including the potential for treble damages, and/or an injunction that could require us to materially modify certain user friendly electronic programming guide and related features we currently offer to consumers. It is too early to make an assessment of the probable outcome of the suits.

IPPV Enterprises

IPPV Enterprises, LLC and MAAST, Inc. filed a patent infringement suit against us, and our conditional access vendor Nagra, in the United States District Court for the District of Delaware. The suit alleged infringement of five patents. One patent claim was subsequently dropped by plaintiffs. Three of the remaining patents disclose various systems for the implementation of features such as impulse-pay-per view, parental control and category lock-out. The fourth remaining patent relates to an encryption technique. The Court entered summary judgment in our favor on the encryption patent. Plaintiffs had claimed $80 million in damages with respect to the encryption patent. On July 13, 2001, a jury found that the remaining three patents were infringed and awarded damages of $15 million. The jury also found that one of the patents was willfully infringed which means that the judge is entitled to increase the award of damages. The parties have completed briefing and oral argument of post-trial motions. We intend to appeal any adverse decision and plaintiffs have indicated they may appeal as well. Any final award of damages would be split between us and Nagra in percentages to be agreed upon between us and Nagra.

California Actions

A purported class action was filed against us in the California State Superior Court for Alameda County during May 2001 by Andrew A. Werby. The complaint, relating to late fees, alleges unlawful, unfair and fraudulent business practices in violation of California Business and Professions Code Section 17200 et seq., false and misleading advertising in violation of California Business and Professions Code Section 17500, and violation of the California Consumer Legal Remedies Act. On September 24, 2001, we filed an answer denying all material allegations of the Complaint. On September 27, 2001, the Court entered an Order Pursuant to Stipulation for a provisional certification of the class, for an orderly exchange of information and for mediation. The provisional Order specifies that the class shall be de-certified upon notice in the event mediation does not resolve the dispute. It is too early in the litigation to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages. We intend to deny all liability and to vigorously defend the lawsuit.

A purported class action relating to the use of terms such as "crystal clear digital video," "CD-quality audio," and "on-screen program guide", and with respect to the number of channels available in various programming packages, has also been filed against us in the California State Superior Court for Los Angeles County by David Pritikin and by Consumer Advocates, a nonprofit unincorporated association. The complaint alleges breach of express warranty and violation of the California Consumer Legal Remedies Act, Civil Code Sections 1750, et. seq., and the California Business & Professions Code Sections 17500, 17200. We have filed an answer and the case is currently in discovery. Plaintiffs filed their Motion for Class Certification on January 21, 2002. Our response is due on March 7, 2002, and the Court will conduct a hearing on class certification in early May 2002. It is too early in the litigation to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages. We deny all liability and intend to vigorously defend the lawsuit.

Retailer Class Actions

We have been sued by retailers in three separate purported class actions. In two separate lawsuits filed in the District Court, Arapahoe County, State of Colorado and the United States District Court for the District of Colorado, respectively, Air Communication & Satellite, Inc. and John DeJong, et. al. filed lawsuits on October 6, 2000 on behalf of themselves and a class of persons similarly situated. The plaintiffs are attempting to certify nationwide classes allegedly brought on behalf of persons, primarily retail dealers, who were alleged signatories to certain retailer agreements with EchoStar Satellite Corporation. The plaintiffs are requesting the Courts to declare certain provisions of the alleged agreements invalid and unenforceable, to declare that certain changes to the agreements are invalid and unenforceable, and to award damages for lost commissions and payments, charge backs, and other compensation. We intend to vigorously defend against the suits and to assert a variety of counterclaims. It is too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Satellite Dealers Supply, Inc. filed a lawsuit in the United States District Court for the Eastern District of Texas on September 25, 2000, on behalf of itself and a class of persons similarly situated. The plaintiff is attempting to certify a nationwide class on behalf of sellers, installers, and servicers of satellite equipment who contract with us and claim the alleged class has been "subject to improper chargebacks." The plaintiff alleges that we: (1) charged back certain fees paid by members of the class to professional installers in violation of contractual terms; (2) manipulated the accounts of subscribers to deny payments to class members; and (3) misrepresented to class members who own certain equipment related to the provision of satellite television service. On September 18, 2001, the Court granted our Motion to Dismiss for lack of personal jurisdiction. Plaintiff Satellite Dealers Supply has moved for reconsideration of the Court's order dismissing the case.

PrimeTime 24 Joint Venture

PrimeTime 24 Joint Venture filed suit against us during September, 1998 alleging breach of contract, wrongful termination of contract, interference with contractual relations, trademark infringement and unfair competition. Our motion for summary judgment was granted with respect to PrimeTime 24's claim of interference with contractual relations and unfair competition. Plaintiff's motion for summary judgment was granted with respect to its approximate $10 million breach of contract claim for fees during the period from May 1998 through July 19, 1998. It is too early to make an assessment of the probable outcome of the remainder of the litigation or to determine the extent of any additional potential liability or damages.

Satellite Insurance

In September 1998, we filed a $219.3 million insurance claim for a constructive total loss under the launch insurance policies covering EchoStar IV. The satellite insurance consists of separate substantially identical policies with different carriers for varying amounts that, in combination, create a total insured amount of $219.3 million. Our

insurance carriers offered us a total of approximately $88 million, or 40% of the total policy amount, in settlement of the EchoStar IV insurance claim. The insurers offered to pay only part of the $219.3 million claim because they allege we did not abide by the exact terms of the insurance policy. The insurers also assert that EchoStar IV was not a constructive total loss, as that term is defined in the policy. We strongly disagree and filed an arbitration claim against the insurers for breach of contract, failure to pay a valid insurance claim and bad faith denial of a valid claim, among other things. There can be no assurance that we will receive the amount claimed or, if we do, that we will retain title to EchoStar IV with its reduced capacity. Based on the carriers' failure to pay the amount we believe is owed under the policy and their improper attempts to force us to settle for less than the full amount of our claim, we have added causes of action in our EchoStar IV demand for arbitration for breach of the duty of good faith and fair dealing, and unfair claim practices. Additionally, we filed a lawsuit against the insurance carriers in the U.S. District Court for the District of Colorado asserting causes of action for violation of Federal and State antitrust laws. During March 2001, we voluntarily dismissed our antitrust lawsuit without prejudice. We have the right to re-file an antitrust action against the insurers in the future. With respect to our arbitration claims, we are hopeful they will be resolved, and we believe it is probable that we will receive a substantial portion of the benefits due.

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 the opinion of management, the amount of ultimate liability with respect to those actions will not materially affect our financial position or results of operations.

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

On October 27, 2001, our Board of Directors unanimously determined that the proposed merger of Hughes with us and the related transactions were advisable, fair to and in the best interest of us and our stockholders. Our Board of Directors unanimously approved the merger agreement and unanimously recommended that our stockholders approve the merger agreement.

On October 28, 2001, the Samburu Warrior Revocable Trust, a family trust controlled by Mr. Charles W. Ergen, executed a written consent approving the merger agreement. The Samburu Warrior Revocable Trust was beneficial owner of 238,435,208 shares of our class B common stock, par value of $0.01, which are 100% of the outstanding shares of our class B common stock and which represented approximately 90.8% of the combined voting power of all of our outstanding common stock as of October 28, 2001.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our class A common stock is quoted on the Nasdaq Stock Market under the symbol "DISH." The sale prices reflect inter-dealer quotations and do not include retail markups, markdowns, or commissions. The high and low closing sale prices of the class A common stock during 2000 and 2001 on the Nasdaq Stock Market (as reported by Nasdaq) are set forth below. On March 22, 2000 we completed a two-for-one split of our outstanding common stock. All references to share and per share amounts included below retroactively give effect to the stock split completed in March 2000.

2000 High Low - ---- --------- -- ------- First Quarter
.....
$ 79.000 $ 40.719 Second Quarter
.....
74.188 31.188 Third Quarter
.....
53.422 31.625 Fourth Quarter
.....
54.125 22.750 2001 - ---- First Quarter
.....
$ 34.000 $ 21.813 Second Quarter
.....
38.510 25.813 Third Quarter
.....
30.440 20.470 Fourth Quarter
.....
27.470 22.130

As of February 25, 2002, there were approximately 6,068 holders of record of our class A common stock, not including stockholders who beneficially own class A common stock held in nominee or street name. As of February 25, 2002, all 238,435,208 outstanding shares of our class B common stock were held by Charles W. Ergen, our Chairman and Chief Executive Officer. There is currently no trading market for our class B common stock.

We have never declared or paid any cash dividends on any class of our common stock and do not expect to declare dividends on our common stock in the foreseeable future. Payment of any future dividends will depend upon our earnings and capital requirements, restrictions in our debt facilities, and other factors the Board of Directors considers appropriate. We currently intend to retain our earnings, if any, to support future growth and expansion. See "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources."

ITEM 6. SELECTED FINANCIAL DATA

The selected consolidated financial data as of and for each of the five years ended December 31, 2001 have been derived from, and are qualified by reference to our Consolidated Financial Statements which have been audited by Arthur Andersen LLP, independent public accountants. This data should be read in conjunction with our Consolidated Financial Statements and related Notes thereto for the three years ended December 31, 2001, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

YEAR ENDED DECEMBER 31,	1997	1998	1999	2000	2001
STATEMENTS OF OPERATIONS DATA (IN THOUSANDS, EXCEPT PER SHARE DATA)					
REVENUE:					
DISH Network	$ 344,250	$ 683,032	$ 1,352,603	$ 2,352,237	$ 3,605,724
DTH equipment sales and integration services	91,637	256,193	184,041	259,830	271,242
Other	41,531	43,441	66,197	103,153	124,172
Total revenue	477,418	982,666	1,602,841	2,715,220	4,001,138
COSTS AND EXPENSES:					
DISH Network operating expenses	193,274	395,411	732,675	1,265,445	1,757,750
Cost of sales - DTH equipment and integration services	61,992	173,388	148,427	194,963	188,039
Cost of sales - other	23,909	16,496	17,084	32,992	81,974
Marketing expenses	179,923	320,521	727,061	1,158,640	1,084,375
General and administrative	69,315	97,105	150,397	250,425	377,873
Non-cash, stock-based compensation	--	--	61,060	51,465	20,173
Depreciation and amortization	173,276	102,636	113,228	185,356	278,652
Total costs and expenses	701,689	1,105,557	1,949,932	3,139,286	3,788,836
Operating income (loss)	(224,271)	(122,891)	(347,091)	(424,066)	212,302
Extraordinary charge for early retirement of debt, net of tax	--	--	(268,999)	--	--
Net loss	$ (312,825)	$ (260,882)	$ (792,847)	$ (650,326)	$ (215,498)
Net loss attributable to common shares	$ (321,267)	$ (296,097)	$ (800,100)	$ (651,472)	$ (215,835)
Weighted-average common shares outstanding	335,344	359,856	416,476	471,023	477,172

Basic and diluted loss per share(1)	$ (0.96)	$ (0.82)	$ (1.92)	$ (1.38)	$ (0.45)

AS OF DECEMBER 31,	1997	1998	1999	2000	2001
	(IN THOUSANDS)				
BALANCE SHEETS DATA Cash, cash equivalents and marketable investment securities	$ 420,514	$ 324,100	$ 1,254,175	$ 1,464,175	$ 2,828,297
Cash reserved for satellite insurance	--	--	82,393	122,068	187,762
Restricted cash and marketable investment securities	77,657	3,000	3,000	1,288	1,805,646
Total assets	1,806,852	3,898,189	4,636,835	6,519,686	
Long-term obligations (less current portion):					
1994 Notes	499,863	571,674	1,503	--	--
1996 Notes	438,512	497,955	1,097	--	--
1997 Notes	375,000	375,000	15	--	--
9 1/4% Seven Year Notes	--	--	375,000	375,000	375,000
9 3/8% Ten Year Notes	--	--	1,625,000	1,625,000	1,625,000
10 3/8% Seven Year Notes	--	--	--	1,000,000	1,000,000
9 1/8% Seven Year Notes	--	--	--	--	--
4 7/8% Convertible Notes	--	--	700,000	--	--
5 3/4% Convertible Notes	--	--	1,000,000	1,000,000	1,000,000
Mortgages and other notes payable, net of current portion	--	--	--	--	1,000,000
Series B Preferred Stock	51,846	43,450	27,990	14,812	6,480
Total stockholders' equity (deficit)	199,164	226,038	--	--	--
	(88,961)	(371,540)	(48,418)	(657,383)	(777,772)

YEAR ENDED DECEMBER 31,					
	1997	1998	1999	2000	2001
	(IN THOUSANDS, EXCEPT SUBSCRIBERS AND PER SUBSCRIBER DATA)				
OTHER DATA DISH Network subscribers					1,040,000
	1,940,000	3,410,000	5,260,000	6,830,000	
Average monthly revenue per subscriber					$ 38.50
	$ 39.25	$ 42.71	$ 45.33	$ 49.32	
EBITDA(2)					
	(50,995)	(20,255)	(172,803)	(187,245)	
	511,127				
Less amortization of subscriber acquisition costs					(121,735)
	(18,869)	-	-	--	--
EBITDA, as adjusted to exclude amortization of					
	(172,730)	(39,124)	(172,803)	(187,245)	
	511,127				
subscriber acquisition costs Net cash flows from: Operating activities					43
	(16,890)				
	(58,513)	(118,677)	489,483		
Investing activities					
	(597,249)	(8,048)	(62,826)	(911,957)	
	(1,279,119)				
Financing activities					703,182
	(13,722)	920,091	982,153	1,610,707	

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(1) The loss per share amount in 1999 of $(1.92) includes $(1.28) per share relating to basic and diluted loss per share before extraordinary charges and $(0.64) per share relating to the extraordinary charge for early retirement of debt, net of tax.

(2) We believe it is common practice in the telecommunications industry for investment bankers and others to use various multiples of current or projected EBITDA (operating income (loss) plus depreciation and amortization, and non-cash, stock-based compensation) for purposes of estimating current or prospective enterprise value and as one of many measures of operating performance. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, because EBITDA is independent of the actual leverage employed by the business; but EBITDA ignores funds needed for capital expenditures and expansion. Some investment analysts track the relationship of EBITDA to total debt as one measure of financial strength. However, EBITDA does not purport to represent cash provided or used by operating activities and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles.

EBITDA differs significantly from cash flows from operating activities reflected in the consolidated statement of cash flows. Cash flows from operating activities is net of interest and taxes paid and is a more comprehensive determination of periodic income on a cash (vs. accrual) basis, exclusive of non-cash items of income and expenses such as depreciation and amortization. In contrast, EBITDA is derived from accrual basis income and is not reduced for cash invested in working capital. Consequently, EBITDA is not affected by the timing of receivable collections or when accrued expenses are paid. We are not aware of any uniform standards for determining EBITDA and believe presentations of EBITDA may not be calculated consistently by different entities in the same or similar businesses. EBITDA is shown before and after amortization of subscriber acquisition costs, which were deferred through September 1997 and amortized over one year. EBITDA for 1999, 2000 and 2001 also excludes approximately $61 million, $51 million and $20 million in non-cash, stock-based compensation expense resulting from significant post-grant appreciation of stock options granted to employees, respectively. In addition, EBITDA does not include the impact of amounts capitalized under our Digital Home Plan of approximately $65.4 million and $338 million during 2000 and 2001, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We expect that consummation of the Hughes merger and related transactions and consummation of the PanAmSat acquisition described in

"Business -- Recent Developments -- The Proposed Merger with Hughes" would have material effects on our results of operations and liquidity and capital resources. Our historical financial information contained in this document does not give effect to either of these transactions, on a pro forma or any other basis, and our liquidity and capital resources discussions do not take that transaction into account. The EchoStar information statement, which we expect to file with the Securities and Exchange Commission in mid-March and distribute to our common stockholders this summer, will include pro forma financial information of the combined company as if the Hughes merger was consummated and for us as if the PanAmSat acquisition was consummated, each in accordance with the rules and regulations of the Securities and Exchange Commission. Please see "Business -- Recent Developments -- The Proposed Merger with Hughes" for a description of how you can obtain a copy of the EchoStar information statement once we file it with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

Year Ended December 31, 2001 Compared to the Year Ended December 31, 2000.

Revenue. Total revenue for the year ended December 31, 2001 was $4.001 billion, an increase of $1.286 billion compared to total revenue for the year ended December 31, 2000 of $2.715 billion. The increase in total revenue was primarily attributable to continued DISH Network subscriber growth and higher average revenue per subscriber. Assuming a continued slow economy, we expect that our revenues will increase 20% to 25% in 2002 as the number of DISH Network subscribers increases.

DISH Network subscription television services revenue totaled $3.588 billion for the year ended December 31, 2001, an increase of $1.241 billion compared to the same period in 2000. DISH Network subscription television services revenue principally consists of revenue from basic, premium and pay-per-view subscription television services. This increase was directly attributable to continued DISH Network subscriber growth and higher average revenue per subscriber. DISH Network added approximately 1.57 million net new subscribers for the year ended December 31, 2001 compared to approximately 1.85 million net new subscriber additions during the same period in 2000. We believe the reduction in net new subscribers for the year ended December 31, 2001 primarily resulted from the slowing economy, and increased churn. As of December 31, 2001, we had approximately 6.83 million DISH Network subscribers compared to approximately 5.26 million at December 31, 2000, an increase of approximately 30%. DISH Network subscription television services

revenue will continue to increase to the extent we are successful in increasing the number of DISH Network subscribers and maintaining or increasing revenue per subscriber. While there can be no assurance, notwithstanding our expectation of a continued slow U.S. economy, we expect to end 2002 with more than 8 million DISH Network subscribers.

Monthly average revenue per subscriber was approximately $49.32 during the year ended December 31, 2001 and approximately $45.33 during the same period in 2000. The increase in monthly average revenue per subscriber is primarily attributable to $1.00 price increases in both May 2000 and February 2001, the increased availability of local channels by satellite, the introduction of our high-end America's Top 150 basic programming package during April 2000, together with an increase in subscriber penetration in our higher priced Digital Home Plans. This increase is also attributable to a change in marketing promotions from 2000 to 2001. From August 2000 to January 31, 2001, we marketed a promotion offering consumers free premium movie channels. Under this promotion, all new subscribers who ordered certain qualifying programming packages and any or all of our four premium movie packages between August 1, 2000 and January 31, 2001, received those premium movie packages free for three months. This promotion had a negative impact on monthly average revenue per subscriber during 2000 since no premium movie package revenue was received from participating subscribers for the term of each participating subscriber's free service. The increase from discontinuing our free premium movie channel promotion was partially offset by the introduction of our I Like 9 promotion, discussed below, during August 2001. While there can be no assurance, we expect a modest increase in monthly average revenue per subscriber during 2002.

Impacts from our litigation with the networks in Florida, new FCC rules governing the delivery of superstations and other factors could cause us to terminate delivery of distant network channels and superstations to a material portion of our subscriber base, which could cause many of those customers to cancel their subscription to our other services. Any such terminations could result in a small reduction in average monthly revenue per subscriber and could result in an increase in our percentage churn.

Commencing January 1, 2002, we were required to comply with the statutory requirement to carry all qualified over the air television stations by satellite in any market where we carry any local network channels by satellite. Any reduction in the number of markets we serve in order to comply with "must carry" requirements for other markets would adversely affect our operations and could result in a temporary increase in churn. While we believe we meet statutory "must carry" requirements, the FCC could interpret or implement its "must carry" rules in ways that may require us to reduce the number of markets where we provide local service. In combination, these resulting subscriber terminations would result in a small reduction in average monthly revenue per subscriber and could increase our percentage churn.

For the year ended December 31, 2001, DTH equipment sales and integration services revenue totaled $271 million, an increase of $11 million compared to the same period during 2000. DTH equipment sales consist of sales of digital set-top boxes and other digital satellite broadcasting equipment to international DTH service operators, sales of StarBand equipment and sales of DBS accessories, including equipment upgrades. This increase in DTH equipment sales and integration services revenue was primarily attributable to an increase in sales of StarBand equipment and DBS accessories. This increase was partially offset by a decrease in demand for digital set-top boxes from our two primary international DTH customers.

A significant portion of DTH equipment sales and integration services revenues through 2001 resulted from sales to two international DTH providers, Via Digital in Spain and Bell ExpressVu in Canada. For 2002, we have binding purchase orders from Bell ExpressVu and we are actively trying to secure new orders from Via Digital for delivery starting in the third quarter of 2002. However, we cannot guarantee at this time that those negotiations will be successful. In addition, our future revenue from the sale of DTH equipment and integration services in international markets depends largely on the success of these DTH operators and continued demand for our digital set-top boxes. As a result of these factors, we expect total DTH equipment sales and integration services revenue to decrease in 2002 compared to 2001. Although we continue to actively pursue additional distribution and integration service opportunities internationally, no assurance can be given that any such efforts will be successful.

DISH Network Operating Expenses. DISH Network operating expenses totaled $1.758 billion during the year ended December 31, 2001, an increase of $493 million or 39% compared to the same period in 2000. DISH Network operating expenses represented 49% and 54% of subscription television services revenue during the years ended December 31, 2001 and 2000, respectively. The increase in DISH Network operating expenses in total was consistent with, and primarily attributable to, the increase in the number of DISH Network subscribers. We expect to continue to control costs and create operating efficiencies. While there can be no assurance, we expect operating expenses as a percentage of subscription television services revenue to remain near current levels during 2002. If we are successful in obtaining commercial launch and in-orbit insurance, this expense to revenue ratio could increase.

Subscriber-related expenses totaled $1.433 billion during the year ended December 31, 2001, an increase of $463 million compared to the same period in 2000. The increase in total subscriber-related expenses is primarily attributable to the increase in DISH Network subscribers. Such expenses, which include programming expenses, copyright royalties, residuals currently payable to retailers and distributors, and billing, lockbox and other variable subscriber expenses, represented 40% and 41% of subscription television services revenues during the years ended December 31, 2001 and 2000, respectively. The decrease in subscriber-related expenses as a percentage of subscription television services revenue primarily resulted from our programming package price increases during 2001. While there can be no assurance, we expect subscriber-related expenses as a percentage of subscription television services revenue to remain near current levels during 2002.

Customer service center and other expenses principally consist of costs incurred in the operation of our DISH Network customer service centers, such as personnel and telephone expenses, as well as other operating expenses related to our service and installation business. Customer service center and other expenses totaled $285 million during the year ended December 31, 2001, an increase of $34 million as compared to the same period in 2000. The increase in customer service center and other expenses primarily resulted from increased personnel and telephone expenses to support the growth of the DISH Network and from operating expenses related to the expansion of our installation and service business. Customer service center and other expenses totaled 8% of subscription television services revenue during the year ended December 31, 2001, as compared to 11% during the same period in 2000. The decrease in this expense to revenue ratio primarily resulted from the on-going construction and start-up costs of our fifth customer service center in Virginia and our sixth customer service center in West Virginia during 2000, as well as increased operating efficiencies during 2001. While there can be no assurance, we expect these expenses in total, and as a percentage of subscription television services revenue, to remain near current levels during 2002. These expenses and percentages could temporarily increase in the future as additional infrastructure is added to meet future growth. We continue to work to automate simple telephone responses, and intend to increase Internet-based customer assistance in the future, in order to better manage customer service costs.

Satellite and transmission expenses include expenses associated with the operation of our digital broadcast centers, contracted satellite telemetry, tracking and control services, and commercial satellite launch and in-orbit insurance premiums. Satellite and transmission expenses totaled $40 million during the year ended December 31, 2001, a $4 million decrease compared to the same period in 2000. Satellite and transmission expenses totaled 1% and 2% of subscription television services revenue during the year ended December 31, 2001 and 2000, respectively. We expect satellite and transmission expenses in total and as a percentage of subscription television services revenue to increase in the future as additional satellites or digital broadcast centers are placed in service and to the extent we successfully obtain commercial launch and in-orbit insurance.

Cost of sales - DTH equipment and Integration Services. Cost of sales - DTH equipment and integration services totaled $188 million during the year ended December 31, 2001, a decrease of $7 million compared to the same period in 2000. Cost of sales - DTH equipment and integration services principally includes costs associated with digital set-top boxes and related components sold to international DTH operators and DBS accessories. The decrease in cost of sales - DTH equipment and integration services principally resulted from a decrease in sales of digital set-top boxes to our two primary international DTH customers. Cost of sales - DTH equipment and integration services represented 69% and 75% of DTH equipment revenue, during the year ended December 31, 2001 and 2000, respectively. The decrease in this expense to revenue ratio primarily resulted from an increase in sales of higher-margin DBS accessories during 2001.

Marketing Expenses. Generally, under most promotions, we subsidize the cost and installation of EchoStar receiver systems in order to attract new DISH Network subscribers. Marketing expenses totaled $1.084 billion during the year ended December 31, 2001 compared to $1.159 billion for the same period in 2000. This decrease primarily resulted from a decrease in Subscriber promotion subsidies - cost of sales as a result of higher penetration of our Digital Home Plan promotion, pursuant to which certain equipment costs are capitalized, as discussed below. This decrease was partially offset by an increase in subscriber promotion subsidies - other due to increases in installation subsidies for multiple receivers under the Digital Home Plan promotion and an increase in advertising expense related to our 2001 marketing promotions, primarily our I Like 9 promotion. Subscriber promotion subsidies - cost of sales includes the cost related to EchoStar receiver systems distributed to retailers and other distributors of our equipment. Subscriber promotion subsidies - other includes net costs related to our free installation promotion and other promotional incentives. Advertising and other expenses totaled $147 million and $139 million during the year ended December 31, 2001 and 2000, respectively.

During the year ended December 31, 2001, our marketing promotions included our DISH Network One-Rate Plan, Bounty Programs, Free Now, I Like 9, free installation program, and Digital Home Plan, which are described below.

DISH Network One-Rate Plan, Bounty Programs, Free Now Promotion and I Like 9. Under the DISH Network One-Rate Plan, consumers were eligible to receive a rebate of up to $199 on the purchase of certain EchoStar receiver systems. To be eligible for this rebate, we required a one-year commitment to our America's Top 150 programming or our America's Top 100 CD programming package plus one premium movie package (or equivalent additional programming). This promotion expired on January 31, 2001.

Under the Bounty Programs, qualified customers were eligible to receive a free base-level EchoStar receiver system and free installation. To be eligible for this program, a subscriber must have made a one-year commitment to subscribe to a qualified programming package. Certain of these promotions expired on January 31, 2001.

From February through July 2001, we offered new subscribers a free base-level EchoStar receiver system and free installation under our Free Now promotion. To be eligible, a subscriber had to provide a valid major credit card and make a one-year commitment to subscribe to either our America's Top 150 programming package or our America's Top 100 CD or DISH Latino Dos programming package plus additional programming totaling at least $39.98 per month. Subscriber acquisition costs were materially higher under this plan compared to historical promotions.

During August 2001, we commenced our I Like 9 promotion. Under this promotion, subscribers who purchased an EchoStar receiver system for $199 or higher, receive free installation and either our America's Top 100 CD or our DISH Latino Dos programming package for $9 a month for the first year. Subscriber acquisition costs are materially lower under this plan compared to historical promotions. This promotion expired January 31, 2002.

Our direct sales to consumers pursuant to our DISH Network One-Rate Plan, Bounty Programs, Free Now promotion and I Like 9 fall under the scope of EITF Issue No. 00-14, "Accounting for Certain Sales Incentives" ("EITF 00-14"). In accordance with EITF 00-14, we account for the rebate (substantively equivalent to the return of a customer deposit) under our DISH Network One-Rate Plan by establishing a liability equal to the amount of the rebate to be paid to the customer upon receipt of the upfront payment from the subscriber and do not recognize revenue for that amount. The return of the upfront payment received from the customer is charged against such liability account when such amount is paid back to the customer. We do not receive any up-front proceeds from subscribers under Bounty Programs or the Free Now promotion. Programming revenue under the I Like 9 promotion is recorded at the substantially discounted monthly rate charged to the subscriber.

Our dealer sales under our DISH Network One-Rate Plan, the Bounty Programs, Free Now promotion and I Like 9 fall under the scope of EITF Issue No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products" ("EITF 00-25"). In accordance with the consensus guidance for Issue 2 of EITF 00-25, "buydowns" should be characterized as a reduction of revenue. As such, certain commissions paid to dealers are recorded as a reduction of the net proceeds received by us from the dealers. also charge the equipment reimbursements paid under the Bounty Programs and the Free Now promotion against the proceeds from the dealer.

The rebate paid under the One Rate Plan is treated similarly as a reduction of proceeds from the dealer by analogy to lease inducements, which are also generally recognized as a reduction of revenue.

Free Installation. Under our free installation program all customers who purchase an EchoStar receiver system from January 2000 through April 2000, from May 24, 2000 to July 31, 2000 and from September 15, 2000 to the present, are eligible to receive a free professional installation.

Digital Home Plan. Our Digital Home Plan promotion, introduced during July 2000, offers several choices to consumers, ranging from the use of one EchoStar receiver system and our America's Top 100 CD or DISH Latino Dos programming package for $36.99 per month, to providing consumers two or more EchoStar receiver systems and our America's Top 150 programming package for $50.99 to $60.99 per month. With each plan, consumers receive in-home service, must agree to a one-year commitment and incur a one-time set-up fee of $49.99, which through December 31, 2001, included the first month's programming payment. For consumers who choose the Digital Home Plan with Dish PVR, which includes the use of one or more EchoStar receiver systems, one of which includes a built-in hard drive that allows viewers to pause and record live programming without the need for videotape, the consumer will incur a one-time set-up fee of $148.99. Since we retain ownership of equipment issued pursuant to the Digital Home Plan promotion, equipment costs are capitalized and depreciated over a period of four years. Although there can be no assurance as to the ultimate duration of the Digital Home Plan promotion, we intend to continue it through at least April 30, 2002.

Generally, under most promotions, we subsidize the cost and installation of EchoStar receiver systems in order to attract new DISH Network subscribers. There is no clear industry standard used in the calculation of subscriber acquisition costs. Our subscriber acquisition costs include subscriber promotion subsidies - cost of sales, subscriber promotion subsidies - other and DISH Network acquisition marketing expenses. During the year ended December 31, 2001, our subscriber acquisition costs totaled approximately $1.074 billion, or approximately $395 per new subscriber activation. Since we retain ownership of the equipment, amounts capitalized under our Digital Home Plan are not included in our calculation of these subscriber acquisition costs, which would be materially higher if we expensed rather than capitalized Digital Home Plan equipment costs. Comparatively, our subscriber acquisition costs during the year ended December 31, 2000 totaled $1.155 billion, or approximately $452 per new subscriber activation. The decrease in our per new subscriber acquisition cost primarily resulted from an increase in penetration of our Digital Home Plans, the introduction of our I Like 9 promotion and an increase in direct sales. Capital expenditures under our Digital Home Plan promotion totaled approximately $338 million and $65.4 million for the years ended December 31, 2001 and 2000, respectively. While there can be no assurance, we expect per subscriber acquisition costs for the year ended December 31, 2002 to be consistent with per subscriber acquisition costs for the year ended December 31, 2001.

Our subscriber acquisition costs, both in the aggregate and on a per new subscriber activation basis, may materially increase to the extent that we introduce other more aggressive promotions if we determine that they are necessary to respond to competition, or for other reasons.

General and Administrative Expenses. General and administrative expenses totaled $378 million during the year ended December 31, 2001, an increase of $128 million as compared to the same period in 2000. The increase in G&A expenses was principally attributable to increased legal fees and personnel expenses to support the growth of the DISH Network. G&A expenses represented 9% of total revenue during the years ended December 31, 2001 and 2000. While there can be no assurance, we expect G&A expenses as a percentage of total revenue to remain near current levels in future periods.

Non-cash, Stock-based Compensation. During 1999, we adopted an incentive plan which provided certain key employees with incentives including stock options. The payment of these incentives was contingent upon our achievement of certain financial and other goals. We met certain of these goals during 1999. Accordingly, during 1999 we recorded approximately $179 million of deferred compensation related to post-grant appreciation of stock options granted pursuant to the 1999 incentive plan. The related deferred compensation will be recognized over the five-year vesting period. Accordingly, during the years ended December 31, 2001 and 2000 we recognized $20 million and $51 million, respectively, under this performance-based plan. The remaining deferred compensation of $25 million, which will be reduced by future forfeitures, if any, will be recognized over the remaining vesting period.

We report all non-cash compensation based on stock option appreciation as a single expense category in our accompanying statements of operations. The following table represents the other expense categories in our statements of operations that would be affected if non-cash, stock-based compensation was allocated to the same expense categories as the base compensation for key employees who participate in the 1999 incentive plan:

DECEMBER 31,	2000	2001
		(in thousands)
Customer service center and other	$ 1,744	$ 1,767
Satellite and transmission	3,061	1,115
General and administrative	46,660	17,291
Total non-cash, stock-based compensation	$51,465	$20,173

Options to purchase an additional 9.7 million shares are outstanding as of December 31, 2001 and were granted at fair market value during 1999, 2000 and 2001 pursuant to a Long Term Incentive Plan. The weighted-average exercise price of these options is $9.04. Vesting of these options is contingent on meeting certain longer-term goals, which may be met upon the consummation of the proposed merger with Hughes. However, as the achievement of these goals cannot be reasonably predicted as of December 31, 2001, no compensation was recorded during 1999, 2000 and 2001 related to these long-term options. We will continue to evaluate the likelihood of achieving these long-term goals and will record the related compensation at the time achievement of these goals becomes probable. Such compensation, if recorded, could result in material non-cash stock-based compensation expense in our statements of operations.

Pre-Marketing Cash Flow. Pre-marketing cash flow is comprised of EBITDA, as defined below, plus total marketing expenses. Pre-marketing cash flow was $1.596 billion during the year ended December 31, 2001, an increase of $625 million or 64% compared to the same period in 2000. Pre-marketing cash flow in 2001 was adversely effected by a $30 million fourth quarter charge resulting from our News Corp. attorney fee arbitration. Our pre-marketing cash flow as a percentage of total revenue was approximately 40% during the year ended December 31, 2001 compared to 36% during the same period in 2000. We believe that pre-marketing cash flow can be a helpful measure of operating efficiency for companies in the DBS industry. While there can be no assurance, we expect pre-marketing cash flow as a percentage of total revenue to remain at approximately 40% during 2002.

Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is defined as operating income (loss) plus depreciation and amortization, and non-cash, stock-based compensation. EBITDA was $511 million during the year ended December 31, 2001, compared to negative $187 million during the same period in 2000. This improvement in EBITDA was directly attributable to the increase in the number of DISH Network subscribers and higher average revenue per subscriber, resulting in recurring revenue which was large enough to support the cost of new and existing subscribers, together with the introduction of our Digital Home Plan in July 2000. Our calculation of EBITDA for the years ended December 31, 2001 and 2000 does not include approximately $20 million and $51 million, respectively, of non-cash compensation expense resulting from post-grant appreciation of employee stock options. In addition, EBITDA does not include the impact of amounts capitalized under our Digital Home Plan of approximately $65.4 million and $338 million during 2000 and 2001, respectively. While there can be no assurance, we expect EBITDA to increase approximately 80% to 100% in 2002 compared to 2001. As previously discussed, to the extent we introduce new marketing promotions and our subscriber acquisition costs materially increase, our EBITDA results will be negatively impacted because subscriber acquisition costs are generally expensed as incurred.

It is important to note that EBITDA and pre-marketing cash flow do not represent cash provided or used by operating activities. EBITDA and pre-marketing cash flow should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. See "Selected Financial Data - Note 2."

Depreciation and Amortization. Depreciation and amortization expenses aggregated $279 million during the year ended December 31, 2001, a $94 million

increase compared to the same period in 2000. The increase in depreciation and amortization expenses principally resulted from an increase in depreciation related to the commencement of operation of EchoStar VI in October 2000 and other depreciable assets, including Digital Home Plan equipment, placed in service during late 2000 and 2001.

Other Income and Expense. Other expense, net, totaled $426 million during the year ended December 31, 2001, an increase of $200 million compared to the same period in 2000. This increase primarily resulted from an increase in interest expense as a result of the issuance of our 10 3/8% Senior Notes in September 2000 and the issuance of our 5 3/4% Convertible Subordinated Notes in May 2001 and from net losses on marketable and non-marketable investment securities of approximately $110 million. This increase in interest expense was partially offset by an increase in interest income and capitalized interest during 2001.

Year Ended December 31, 2000 Compared to the Year Ended December 31, 1999.

Revenue. Total revenue for the year ended December 31, 2000 was $2.715 billion, an increase of $1.112 billion compared to total revenue for the year ended December 31, 1999 of $1.603 billion. The increase in total revenue was primarily attributable to DISH Network subscriber growth.

DISH Network subscription television services revenue totaled $2.347 billion for the year ended December 31, 2000, an increase of $1.003 billion compared to the same period in 1999. This increase was directly attributable to the increase in the number of DISH Network subscribers and higher average revenue per subscriber. DISH Network added approximately 1.85 million net new subscribers for the year ended December 31, 2000, an increase of approximately 26% compared to approximately 1.47 million net subscriber additions during 1999. As of December 31, 2000, we had approximately 5.26 million DISH Network subscribers compared to approximately 3.4 million at December 31, 1999, an increase of 54%. Monthly average revenue per subscriber was approximately $45.33 during the year ended December 31, 2000 and approximately $42.71 during the same period in 1999. The increase in monthly average revenue per subscriber is primarily attributable to a $1.00 price increase in America's Top 100 CD, our most popular programming package, during May 2000, the increased availability of local channels by satellite together with the earlier successful introduction of our America's Top 150 programming package.

For the year ended December 31, 2000, DTH equipment sales and integration services totaled $260 million, an increase of $76 million compared to the same period during 1999. DTH equipment sales consist of sales of digital set-top boxes and other digital satellite broadcasting equipment to international DTH service operators and sales of DBS accessories. This increase in DTH equipment sales and integration services revenue was primarily attributable to an increase in international demand for digital set-top boxes as compared to the same period during 1999.

DISH Network Operating Expenses. DISH Network operating expenses totaled $1.265 billion during the year ended December 31, 2000, an increase of $532 million or 73% compared to the same period in 1999. DISH Network operating expenses represented 54% and 55% of subscription television services revenue during the years ended December 31, 2000 and 1999, respectively. The increase in DISH Network operating expenses in total was consistent with, and primarily attributable to, the increase in the number of DISH Network subscribers.

Subscriber-related expenses totaled $970 million during the year ended December 31, 2000, an increase of $395 million compared to the same period in 1999. Such expenses represented 41% and 43% of subscription television services revenues during the years ended December 31, 2000 and 1999, respectively.

Customer service center and other expenses totaled $251 million during the year ended December 31, 2000, an increase of $134 million as compared to the same period in 1999. The increase in customer service center and other expenses primarily resulted from increased personnel and telephone expenses to support the growth of the DISH Network and from operating expenses related to the expansion of our installation and service business. Customer service center and other expenses totaled 11% of subscription television services revenue during the year ended December 31, 2000, as compared to 9% during the same period in 1999. The increase in this expense to revenue ratio primarily resulted from the on-going construction and start-up costs of our fifth customer service center in Virginia, our sixth customer service center in West Virginia, and the continued build-out of our installation offices nationwide.

Satellite and transmission expenses include expenses associated with the operation of our digital broadcast center, contracted satellite telemetry, tracking and control services, and satellite in-orbit insurance. Satellite and transmission expenses totaled $44 million during the year ended December 31, 2000, a $3 million increase compared to the same period in 1999. This increase resulted from higher satellite and other digital broadcast center operating expenses due to an increase in the number of operational satellites. Satellite and transmission expenses totaled 2% and 3% of subscription television services revenue during the years ended December 31, 2000 and 1999, respectively.

Cost of sales - DTH equipment and Integration Services. Cost of sales - DTH equipment and integration services totaled $195 million during the year ended December 31, 2000, an increase of $47 million compared to the same period in 1999. This increase in cost of sales - DTH equipment and integration services is consistent with the increase in DTH equipment sales and integration services revenue. Cost of sales - DTH equipment and integration services represented 75% and 81% of DTH equipment revenue, during the years ended December 31, 2000 and 1999, respectively. The higher margin was principally attributable to a $16.6 million loss provision recorded during 1999 primarily for component parts and purchase commitments related to our first generation model 7100 set-top boxes, for which production was suspended in favor of our second generation model 7200 set-top boxes.

Marketing Expenses. Marketing expenses totaled $1.159 billion during the year ended December 31, 2000, an increase of $432 million compared to the same period in 1999. The increase in marketing expenses was primarily attributable to an increase in subscriber promotion subsidies. Subscriber promotion subsidies - cost of sales includes the cost related to EchoStar receiver systems distributed to retailers and other distributors of our equipment. Subscriber promotion subsidies - other includes net costs related to our free installation promotion and other promotional incentives. Advertising and other expenses totaled $139 million and $65 million during the years ended December 31, 2000 and 1999, respectively.

General and Administrative Expenses. General and administrative expenses totaled $250 million during the year ended December 31, 2000, an increase of $100 million as compared to the same period in 1999. The increase in G&A expenses was principally attributable to increased personnel expenses to support the growth of the DISH Network. G&A expenses represented 9% of total revenue during the years ended December 31, 2000 and 1999.

Non-cash, Stock-based Compensation. As a result of substantial post-grant appreciation of stock options, during the years ended December 31, 2000 and 1999 we recognized $51 million and $61 million, respectively, of the total remaining deferred stock-based compensation under the 1999 incentive plan. The remainder will be recognized over the remaining vesting period.

We report all non-cash compensation based on stock option appreciation as a single expense category in our accompanying statements of operations. The following table represents the other expense categories in our statements of operations that would be affected if non-cash, stock-based compensation was allocated to the same expense categories as the base compensation for key employees who participate in the 1999 incentive plan:

DECEMBER 31,	1999	2000
		(in thousands)
Customer service center and other	$ 4,328	$ 1,744
Satellite and transmission	2,308	3,061
General and administrative	54,424	46,660
Total non-cash, stock-based compensation	$61,060	$51,465

Pre-Marketing Cash Flow. Pre-marketing cash flow is comprised of EBITDA plus total marketing expenses. Pre-marketing cash flow was $971 million during the year ended December 31, 2000, an increase of 75% compared to the same period in 1999. Our pre-marketing cash flow as a percentage of total revenue was 36% in 2000 compared to 35% in 1999. We believe that pre-marketing cash flow can be a useful measure of operating efficiency for companies in the DBS industry.

Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is defined as operating income (loss) plus depreciation and amortization, and non-cash, stock-based compensation. EBITDA was negative $187 million during the year ended December 31, 2000 compared to negative $173 million during the same period in 1999. This decline in EBITDA principally resulted from an increase in DISH Network marketing expenses primarily resulting from increased subscriber additions. Our calculation of EBITDA for the years ended December 31, 2000 and 1999 does not include approximately $51 million and $61 million, respectively, of non-cash compensation expense resulting from post-grant appreciation of employee stock options. In addition, EBITDA does not include the impact of

amounts capitalized under our Digital Home Plan of approximately $65.4 million during 2000.

It is important to note that EBITDA and pre-marketing cash flow do not represent cash provided or used by operating activities. EBITDA and pre-marketing cash flow should not be considered in isolation or as a substitute for measures of performance prepared in accordance with generally accepted accounting principles. See "Selected Financial Data - Note 2."

Depreciation and Amortization. Depreciation and amortization expenses aggregated $185 million during the year ended December 31, 2000, a $72 million increase compared to the same period in 1999. The increase in depreciation and amortization expenses principally resulted from an increase in depreciation related to the commencement of operation of EchoStar V in November 1999 and EchoStar VI in October 2000 and other depreciable assets placed in service during 2000 and late 1999.

Other Income and Expense. Other expense, net, totaled $226 million during the year ended December 31, 2000, an increase of $49 million compared to the same period in 1999. This increase resulted from our equity in the loss of affiliates, as well as an increase in interest expense as a result of the issuance of our 10 3/8% Senior Notes due 2007 in September 2000. This increase in interest expense was partially offset by an increase in interest income.

LIQUIDITY AND CAPITAL RESOURCES

Cash Sources

Since inception, we have financed the development of our EchoStar DBS system, and the related commercial introduction of the DISH Network service, primarily through the sale of equity and debt securities and cash from operations. From May 1994 through December 31, 2001, we have raised total gross cash proceeds of approximately $249 million from the sale of our equity securities and as of December 31, 2001, we had approximately $5.7 billion of outstanding long-term debt (including current portion).

As of December 31, 2001, our cash, cash equivalents and marketable investment securities totaled $2.952 billion, including $122 million of cash reserved for satellite insurance and approximately $1 million of restricted cash, compared to $1.550 billion, including $82 million of cash reserved for satellite insurance and $3 million of restricted cash, as of December 31, 2000. For the year ended December 31, 2001 and 2000, we reported net cash flows from operating activities of $489 million and negative $119 million, respectively. The $608 million increase in net cash flow from operating activities reflects, among other things, an increase in the number of DISH Network subscribers, increased penetration of our Digital Home Plan promotions, changes in working capital and higher average revenue per subscriber, resulting in recurring revenue which is large enough to support the cost of new and existing subscribers, though not yet adequate to fully support interest payments and other non-operating costs.

Except with respect to the Hughes merger, if completed, we expect that our future working capital, capital expenditure and debt service requirements will be satisfied primarily from existing cash and investment balances and cash generated from operations. We may, however, be required to raise additional capital in the future to meet these requirements. However, there can be no assurance that additional financing will be available on acceptable terms, or at all, if needed in the future. Our ability to generate positive future operating and net cash flows is dependent upon our ability to continue to expand our DISH Network subscriber base, retain existing DISH Network subscribers, and our ability to grow our ETC business. There can be no assurance that we will be successful in achieving our goals. The amount of capital required to fund our 2002 working capital and capital expenditure needs will vary, depending, among other things, on the rate at which we acquire new subscribers and the cost of subscriber acquisition, including capitalized costs associated with our Digital Home Plan. Our working capital and capital expenditure requirements could increase materially in the event of increased competition for subscription television customers, significant satellite failures, or in the event of continued general economic downturn, among other factors. 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 would complement our current services and products, enhance our technical capabilities or otherwise offer growth opportunities. As a result, acquisition discussions and offers, and in some cases, negotiations may take place and future material investments or acquisitions involving cash, debt or equity securities or a combination thereof may result.

Investment Securities

We currently classify all marketable investment securities as available-for-sale. In accordance with generally accepted accounting principles, we adjust the carrying value of our available-for-sale marketable investment securities to fair market value and report the related temporary unrealized gains and losses as a separate component of stockholders' deficit. Declines in the fair market value of a marketable investment security which are estimated to be "other than temporary" must be recognized in the statement 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 market 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 value of these securities, 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 period of less than six months are considered to be temporary. Declines in the fair value of investments for a 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 greater than nine months are considered other than temporary and are recorded as charges to earnings, absent specific factors to the contrary.

As of December 31, 2001, we recorded unrealized gains of approximately $4 million as a separate component of stockholders' deficit. During the year ended December 31, 2001, we also recorded an aggregate charge to earnings for other than temporary declines in the fair market value of certain of our marketable investment securities of approximately $70 million, and established a new cost basis for these securities This amount does not include realized gains of approximately $22 million on the sales of marketable investment securities. If the fair market value of our marketable securities portfolio does not remain at or 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 additional charges to earnings in future periods equal to the amount of the decline in fair value.

We have made strategic equity investments in certain non-marketable investment securities, which we also evaluate on a quarterly basis to determine whether the carrying value of each investment is impaired. The securities of these companies are not publicly traded. As such, this quarterly evaluation consists of reviewing, among other things, company business plans and current financial statements, if available, for factors which may indicate an impairment in 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. Certain of the companies in which we have investments cancelled their planned initial public offerings and have minimal cash on hand. The ability of certain of these entities to raise additional capital in the future is currently uncertain, and attempts to date have been unsuccessful. As a result of these and other factors, during the twelve months ended December 31, 2001, we have recorded cumulative charges to earnings of approximately $62 million to reduce the carrying values of certain of our non-marketable investment securities to their estimated fair values. If we become aware of any factors that indicate that the carrying value of certain of our non-marketable investment securities is impaired, we may be required to record an additional charge to earnings in future periods.

Deferred Tax Assets

Net deferred tax assets of approximately $69 million and $67 million as of December 31, 2001 and 2000, respectively, have remained substantially unchanged on our balance sheet since 1996. Additional deferred tax assets of approximately $844 million generated since 1996 have been substantially offset by adjustments to our valuation allowance. We expect to generate taxable income in the future, but the timing and amount of that taxable income is uncertain and we do not believe the criteria for recognition of additional tax benefits are presently satisfied. We need to generate future taxable income of approximately $190 million to realize the benefit of the net deferred tax assets recognized and we continue to believe it is more likely than not that the assets we have recorded will be realized. We expect to adjust the valuation allowance in the future when the timing and amount of additional future taxable income becomes more certain. If it is determined at some point in the future that any or all of previously reserved deferred tax assets are more likely than not realizable, significant deferred income tax benefits will need to be recorded and such benefits may be material.

Internal Revenue Service Proposed Adjustment

During 2001, the Internal Revenue Service conducted an audit of our consolidated federal income tax returns for the years 1997, 1998, and 1999. As a result of this review, the IRS' position is that certain subscriber acquisition costs deducted by us in those years should instead be capitalized and amortized over a period of five years. We do not agree with this proposed adjustment and have initiated an appeal of the agent's position. At this time, the ultimate resolution of this dispute is uncertain. If our arguments for deductibility are unsuccessful and we are required to capitalize and amortize these costs over five years, the federal net operating losses ("NOLs") available to us at December 31, 2001 could be reduced by as much as $1.7 billion. Such an outcome would not materially alter our ultimate tax obligations but could significantly accelerate the timing of when we would be required to begin making material current income tax payments. We would also incur a cumulative alternative minimum tax liability for the years 1998, 2000, and 2001 totaling approximately $7 million. Any reduction in NOLs and the resulting alternative minimum tax liability would be offset by corresponding deferred tax assets related to the unamortized capitalized cost and the future credit for the alternative minimum taxes paid which may be carried forward indefinitely. We intend to vigorously defend our position that we will be able to continue our current policy of deducting subscriber acquisition costs as incurred for tax purposes. However, as of December 31, 2001, the outcome is uncertain.

Subscriber Turnover

Our percentage churn for the year ended December 31, 2001 increased compared to the same period during 2000. We believe that the increase resulted from the slowing economy, significant piracy of our competitor's products, stronger competition from digital cable and cable modems, bounty programs offered by competitors, our maturing subscriber base, and other factors. While there can be no assurance, we currently expect that our percentage churn during 2002 will be consistent with our percentage churn during 2001. We also expect that our churn will continue to be lower than satellite and cable industry averages. In addition, impacts from our litigation with the networks in Florida, new FCC rules governing the delivery of superstations and other factors could cause us to terminate delivery of distant network channels and superstations to a material portion of our subscriber base, which could cause many of those customers to cancel their subscription to our other services. Any such terminations could result in a small reduction in average monthly revenue per subscriber and could result in an increase in our percentage churn.

Commencing January 1, 2002, we were required to comply with the statutory requirement to carry all qualified over the air television stations by satellite in any market where we carry any local network channels by satellite. Any reduction in the number of markets we serve in order to comply with "must carry" requirements for other markets would adversely affect our operations and could result in a temporary increase in churn. While we currently believe we meet statutory "must carry" requirements, the FCC could interpret or implement its "must carry" rules in ways that may require us to decrease the number of markets where we provide local channels. In combination, these resulting subscriber terminations would result in a small reduction in average monthly revenue per subscriber and could increase our percentage churn.

Subscriber Acquisition Costs

As previously described, we generally subsidize the cost and installation of EchoStar receiver systems in order to attract new DISH Network subscribers. Our average subscriber acquisition costs were approximately $395 per new subscriber activation during the year ended December 31, 2001. Since we retain ownership of the equipment, amounts capitalized under our Digital Home Plan, totaling approximately $338 million in 2001, are not included in our calculation of these subscriber acquisition costs, which would be materially higher if we expensed rather than capitalized Digital Home Plan equipment costs. While there can be no assurance, we currently expect our per subscriber acquisition costs for the year ended December 31, 2002 to be consistent with per subscriber acquisition costs for the year ended December 31, 2001. Our subscriber acquisition costs, both in the aggregate and on a per new subscriber activation basis, may materially increase to the extent that we introduce other more aggressive promotions if we determine that they are necessary to respond to competition, or for other reasons.

Funds necessary to meet subscriber acquisition costs will be satisfied from existing cash and investment balances to the extent available. We may, however, be required to raise additional capital in the future to meet these requirements. If we were required 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.

Digital Home Plan

Our Digital Home Plan promotion, introduced during July 2000, offers several choices to consumers, ranging from the use of one EchoStar receiver system and our America's Top 100 CD or DISH Latino Dos programming package for $36.99 per month, to providing consumers two or more EchoStar receiver systems and our America's Top 150 programming package for $50.99 to $60.99 per month. With each plan, consumers receive in-home service, must agree to a one-year commitment and incur a one-time set-up fee of $49.99, which through December 31, 2001, included the first months programming payment. For consumers who choose the Digital Home Plan with Dish PVR, which includes the use of one or more EchoStar receiver systems, one of which includes a built-in hard drive that allows viewers to pause and record live programming without the need for videotape, the consumer will incur a one-time set-up fee of $148.99. Our Digital Home Plan promotion requires us to capitalize and depreciate over four years equipment costs that would otherwise be expensed at the time of sale, but also results in increased capital expenditures. Capital expenditures under our Digital Home Plan promotion totaled approximately $338 million and $65.4 million for the years ended December 31, 2001 and 2000, respectively.

Conditional Access System

The access control system is central to the security network that prevents unauthorized viewing of programming. Theft of cable and satellite programming has been widely reported and our signal encryption has been pirated and could be further compromised in the future. Theft of our programming reduces future potential revenue and increases our net subscriber acquisition costs. If other measures are not successful, it could be necessary to replace the credit card size smart card that controls the security of each consumer set top box at a material cost to us. In order to combat piracy and to generate additional future revenue opportunities, we may decide to replace smart cards at any time in the future. The cost of replacing these smart cards will not have a material adverse effect on our results of operations.

Intellectual Property

Many entities, including some of our competitors, now have and may in the future obtain patents and other intellectual property rights that cover or affect products or services directly or indirectly related to those that we offer. In general, if a court determines that one or more of our products infringes on intellectual property held by others, we would be required to cease developing or marketing those products, to obtain licenses to develop and market those products from the holders of the intellectual property, or to redesign those products in such a way as to avoid infringing the patent claims. Material damage awards, including the potential for triple damages under patent laws, could also result. Various parties have asserted patent and other intellectual property rights with respect to components within our direct broadcast satellite system. Certain of these parties have filed suit against us, including Gemstar, Starsight and Superguide, as previously described. We cannot be certain that these persons do not own the rights they claim, that our products do not infringe on these rights, that we would be able to obtain licenses from these persons on commercially reasonable terms or, if we were unable to obtain such licenses, that we would be able to redesign our products to avoid infringement.

Certain Gemstar patents are currently being reviewed by the International Trade Commission. An adverse decision could temporarily halt the import of our receivers and could require us to materially modify certain user-friendly electronic programming guides and related features we currently offer to consumers.

Merger Obligations

Consummation of the Hughes merger and related transactions will require at least $7.025 billion of cash. At the time of signing of the merger agreement, we had approximately $1.5 billion of available cash on hand, and obtained $5.525 billion in bridge financing commitments for the Hughes merger and related transactions. These commitments have been reduced to $3.325 billion as a result of the sale of $700 million of 9 1/8% senior notes by EDBS and $1.5 billion of our series D preferred stock to Vivendi. Any other financings we complete prior to closing of the Hughes merger will generally further reduce the bridge financing commitments dollar-for-dollar. The remaining approximately $3.325 billion of required cash, is expected to come from new cash raised by us, Hughes or a subsidiary of Hughes on or prior to the closing of the merger through public or private debt or equity offerings, bank debt or a combination thereof. The amount of such cash that could be raised by us prior to completion of the Hughes merger is severely restricted. Our agreements with GM and Hughes prohibit us from raising any additional equity capital beyond the $1.5 billion Vivendi investment. The prohibition will likely continue for two years following completion of the Hughes merger, absent possible favorable IRS rulings or termination of the Hughes merger. Further, our agreements with GM and Hughes place substantial restrictions on our ability to raise additional debt prior to the closing of the Hughes merger.

The Hughes merger agreement requires that we use commercially reasonable efforts to: 1) amend the indentures relating to certain of our debt instruments so that the Hughes merger and related transactions would not constitute a change of control requiring us to make an offer to repurchase those notes, 2) obtain additional committed financing, on terms reasonably satisfactory to Hughes, sufficient to refinance the notes outstanding under the indentures which we are unable to amend, or 3) present to Hughes a plan, taking into account prevailing market conditions for the relevant notes, designed so that at and after the effective time of the Hughes merger, the surviving corporation and its subsidiaries would not be in breach of their obligations under those indentures. These consent fees could be material, and our financing costs may increase significantly as a result of obtaining these consents or refinancing these notes.

In consideration for the bridge financing commitments discussed above, we are obligated to the lenders for the following non-refundable fees whether or not the Hughes merger or PanAmSat acquisition are ever consummated:

- Commitment Fees of 1% of the aggregate bridge financing commitments were paid by us to the lenders upon execution of the agreements relating to the Commitments. These fees, totaling approximately $55 million, were deferred and are being charged to interest expense as the bridge commitments are reduced. Approximately $7.4 million of deferred commitment fees were expensed upon issuance of the 9 1/8% Seven Year Notes by EDBS during December 2001. If the Hughes merger is not consummated, total remaining commitment fees will be written off. In the event that the bridge commitment is drawn, any commitment fees not previously expensed will be charged to interest expense in future periods.

- Ticking fees of .50% per year on the aggregate remaining bridge financing commitments are payable quarterly, in arrears, until the closing of either the Hughes merger or the PanAmSat acquisition, or the termination or expiration of the agreements relating to the bridge commitments. These ticking fees will be expensed as incurred. As of December 31, 2001, we had expensed approximately $4.9 million in ticking fees.

Vivendi Equity Investment

On January 22, 2002, a subsidiary of Vivendi acquired 5,760,479 shares of our series D convertible preferred stock for $1.5 billion, or approximately $260.40 per share. Each share of the series D preferred stock has the same economic (other than liquidation) and voting rights as ten shares of our class A common stock into which it is convertible and has a liquidation preference equal to approximately $260.40 per share. Immediately prior to consummation of the Hughes merger, or as described in our agreement with Vivendi if the Hughes merger is not consummated, the series D preferred stock will convert into shares of our class A common stock, which will then be exchanged for shares of class A common stock of the surviving corporation in the Hughes merger. The series D preferred stock is also convertible into shares of our class A common stock at any time at the option of the holder and automatically upon the occurrence of certain other specified events.

In connection with the purchase of the series D convertible preferred stock, Vivendi also received contingent value rights, intended to provide protection against any downward price movements in our class A common stock to be issued upon conversion of the series D convertible preferred stock. The maximum payment under the rights is $225 million if the Hughes merger is completed and the price of our class A common stock falls below $26.04 per share on the date specified below, or $525 million if the Hughes merger is not completed and the price of our class A common stock falls below $26.04 per share on the date specified below. Any amount owing under these rights would be settled three years after completion of the Hughes merger, except in certain limited circumstances. In addition, if the Hughes merger is not consummated, these rights will be settled 30 months after the acquisition of Hughes' 81% interest in PanAmSat or the termination of the merger agreement and the PanAmSat stock purchase agreement. The contingent value rights will be recorded as of the date of consummation of the investment and will be periodically adjusted to the current settlement amount of the contingent value rights, based on the current price of the class A common stock, through a charge to retained earnings. Future non-cash charges or credits to retained earnings related to adjustments to the contingent value rights will impact our net income (loss) available to common shareholders.

In addition, the conversion price for the series D convertible preferred stock was set at $26.04 upon execution of the investment agreement on December 14, 2001. However, the investment was not consummated until January 22, 2002, when the price of our class A common stock was $26.58. Since the price as of the date of consummation of the investment was above the set conversion price and since consummation of the investment was contingent on regulatory approval, the series D preferred stock was issued with a beneficial conversion feature. This feature requires the difference between the conversion price and the price as of the date of consummation to be recorded as a discount on the series D preferred stock. This discount of $0.54 per share will be charged to retained earnings as of the date of issuance of the series D preferred stock. Future non-cash charges to retained earnings related to the amortization of the series D preferred stock discount will have a negative impact on our net income (loss) available to common shareholders.

The issuance costs related to the series D preferred stock will be recorded as a reduction of the carrying value of the series D preferred stock and corresponding contingent value rights and will be immediately charged to retained earnings upon issuance of the series D preferred common stock, which will have a negative impact on our net income (loss) available to common shareholders.

Obligations and Future Capital Requirements

We have semi-annual cash debt service obligations for all of our outstanding long-term debt securities, as follows:

SEMI-ANNUAL PAYMENT SEMI-ANNUAL DEBT SERVICE REQUIREMENTS --	DATES
9 1/4% Senior Notes due 2006	February 1 and August 1
$17,343,750 9 3/8% Senior Notes due 2009	February 1 and August 1
76,171,875 10 3/8% Senior Notes due 2007	April 1 and October 1
51,875,000 9 1/8% Senior Notes due 2009	January 15 and July 15
31,937,500 4 7/8% Convertible Subordinated Notes due 2007	January 1 and July 1
24,375,000 5 3/4% Convertible Subordinated Notes due 2008	May 15 and November 15
28,750,000	

Semi-annual debt service requirements related to our 5 3/4% Convertible Subordinated Notes due 2008 commenced on November 15, 2001. Semi-annual debt service requirements related to our 9 1/8% Senior Notes due 2009 will commence on July 15, 2002. There are no scheduled principal payment or sinking fund requirements prior to maturity of any of these notes.

Future maturities of our outstanding long-term debt and operating lease obligations are summarized as follows (in thousands):

DECEMBER 31,	2002	2003	2004	2005	2006	THEREAFTER	TOTAL
9 1/4% Seven Year Notes	$ --	$ --	$ --	$ --	$ 375,000	$	$ 375,000
9 3/8% Ten Year Notes	--	--	--	--	--	1,625,000	1,625,000
10 3/8% Seven Year Notes	--	--	--	--	--	1,000,000	1,000,000
9 1/8% Seven Year Notes	--	--	--	--	--	700,000	700,000
4 7/8% Convertible Notes	--	--	--	--	--	1,000,000	1,000,000
5							

3/4% Convertible Notes
.... -- -- -- -- --
1,000,000 1,000,000
Mortgages and Other
Notes Payable
.....
14,782 1,992 723 753
798 2,214 21,262
Operating leases
..... 11,918
11,486 9,551 5,262
1,623 3,444 43,284 ---
----- -------- -------
- -------- ----------
---------- ---------
--- Total
.....
$ 26,700 $ 13,478 $
10,274 $ 6,015 $
377,421 $ 5,330,658 $
5,764,546 ========
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In the event of a change of control, as defined in each of the indentures related to our long-term debt, we will be required to make an offer to repurchase all or any part of each of the outstanding notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

The indentures related to certain of EDBS' senior notes contain restrictive covenants that require us to maintain satellite insurance with respect to at least half of the satellites we own or lease. In addition, the indenture related to EBC senior notes requires us to maintain satellite insurance on the lesser of half of our satellites or three of our satellites. EchoStar I through EchoStar IX are owned by a direct subsidiary of EBC. Insurance coverage is therefore required for at least three of our seven satellites currently in orbit. The launch and/or in-orbit insurance policies for EchoStar I, EchoStar II, EchoStar III, EchoStar V, EchoStar VI and EchoStar VII have expired. To date we have been unable to obtain insurance on any of these satellites on terms acceptable to us. As a result, we are currently self-insuring these satellites. To satisfy insurance covenants related to EDBS' and EBC's senior notes, we have reclassified an amount equal to the depreciated cost of three of our satellites from cash and cash equivalents to cash reserved for satellite insurance on our balance sheet. As of December 31, 2001, cash reserved for satellite insurance totaled approximately $122 million. The reclassifications will continue until such time, if ever, as we can again insure our satellites on acceptable terms and for acceptable amounts. If we lease or transfer ownership of EchoStar VII, EchoStar VIII or EchoStar IX to EDBS, which we are currently considering, we would need to

reserve additional cash for the depreciated cost of additional satellites. The reserve would increase by approximately $60 million if one or two satellites are so leased or transferred, and by an additional material amount if a third satellite is leased or transferred. We believe we have in-orbit satellite capacity sufficient to expeditiously recover transmission of most programming in the event one of our in-orbit satellites fails. However, the cash reserved for satellite insurance is not adequate to fund the construction, launch and insurance for a replacement satellite in the event of a complete loss of a satellite. Programming continuity cannot be assured in the event of multiple satellite losses.

We may not be able to obtain commercial insurance covering the launch and/or in-orbit operation of EchoStar VIII at rates acceptable to us and for the full amount necessary to construct, launch and insure a replacement satellite. In that event, we will be forced to self-insure all or a portion of the launch and/or in-orbit operation of EchoStar VIII. The manufacturer of EchoStar VIII is contractually obligated to use their reasonable best efforts to obtain commercial insurance for the launch and in-orbit operation of EchoStar VIII for a period of in-orbit operation to be determined and in an amount of up to $225 million. There is no guarantee that they or we will be able to obtain commercial insurance for the launch and in-orbit operation of EchoStar VIII at reasonable rates and for the full replacement cost of the satellite.

We utilized $91 million of satellite vendor financing for our first four satellites. As of December 31, 2001, approximately $14 million of that satellite vendor financing remained outstanding. The satellite vendor financing bears interest at 8 1/4% and is payable in equal monthly installments over five years following launch of the satellite to which it relates. A portion of the contract price with respect to EchoStar VII is payable over a period of 13 years following launch with interest at 8%, and a portion of the contract price with respect to EchoStar VIII and EchoStar IX is payable following launch with interest at 8%. Those in orbit payments are contingent on the continued health of the satellites. The satellite vendor financings for both EchoStar III, EchoStar IV and EchoStar VII are secured by an ECC corporate guarantee.

During 2002, we anticipate total capital expenditures of between $500-$750 million depending upon the strength of the economy and other factors. We expect approximately 25% of that amount to be utilized for satellite construction and approximately 75% for EchoStar receiver systems in connection with our Digital Home Plan and for general corporate expansion. These percentages, as well as the overall expenditures, could change depending on a variety of factors including Digital Home Plan penetration and the extent we contract for the construction of additional satellites.

In addition to our DBS business plan, we have licenses, or applications pending with the FCC, for a two satellite FSS Ku-band satellite system and a two satellite FSS Ka-band satellite system. We will need to raise additional capital to complete construction of these satellites. We are currently funding the construction phase for two satellites. One of these satellites, EchoStar VIII, will be an advanced, high-powered DBS satellite. The second satellite, EchoStar IX, will be a hybrid Ku/Ka-band satellite.

During November 2000, one of our wholly owned subsidiaries purchased a 49.9% interest in VisionStar, Inc. VisionStar holds an FCC license, and is constructing a Ka-band satellite, to launch into the 113 degree orbital location. In February 2002, we increased our ownership of VisionStar to 90%, for a total purchase price of approximately $2.8 million. In addition, we have made loans to VisionStar totaling approximately $4.6 million as of December 31, 2001. Pegasus Development Corporation filed a petition for reconsideration of the FCC's approval of that transaction. There can be no assurance that the FCC will not reconsider its approval or otherwise revoke VisionStar's license, rendering our investment worthless. Furthermore, VisionStar's FCC license currently requires construction of the satellite to be completed by April 30, 2002 and the satellite to be operational by May 31, 2002. We will not complete construction or launch of the satellite by those dates and will have to ask for an extension. Failure to meet the milestones or receive an extension, of which there can be no assurance, will make the license invalid unless the milestones are extended by the FCC. In May 2001, the FCC already denied an earlier request by VisionStar to extend its milestones. In October 2001, upon granting the

acquisition of VisionStar by us, the FCC conditioned the license transfer on our completion of construction of the satellite by April 2002, launching the satellite by May 2002, and reporting any change in the status of the spacecraft contract. In the future we may fund construction, launch and insurance of the satellite through cash from operations, public or private debt or equity financing, joint ventures with others, or from other sources, although there is no assurance that such funding will be available.

In the future we may fund construction, launch and insurance of additional satellites through cash from operations, public or private debt or equity financing, joint ventures with others, or from other sources, although there is no assurance that such funding will be available. See " - Merger Obligations."

From time to time we evaluate opportunities for strategic investments or acquisitions that would complement our current services and products, enhance our technical capabilities or otherwise offer growth opportunities. As a result, acquisition discussions and offers, and in some cases, negotiations may take place and future material investments or acquisitions involving cash, debt or equity securities or a combination thereof may result.

We expect that our future working capital, capital expenditure and debt service requirements will be satisfied from existing cash and investment balances, and cash generated from operations. Our ability to generate positive future operating and net cash flows is dependent, among other things, upon our ability to retain existing DISH Network subscribers, our ability to manage the growth of our subscriber base, and our ability to grow our ETC business. To the extent future subscriber growth exceeds our expectations, it may be necessary for us to raise additional capital to fund increased working capital requirements. There may be a number of other factors, some of which are beyond our control or ability to predict, that could require us to raise additional capital. These factors include unexpected increases in operating costs and expenses, a defect in or the loss of any satellite, or an increase in the cost of acquiring subscribers due to additional competition, among other things. If cash generated from our operations is not sufficient to meet our debt service requirements or other obligations, we would be required to obtain cash from other financing sources. However, there can be no assurance that such financing would be available on terms acceptable to us, or if available, that the proceeds of such financing would be sufficient to enable us to meet all of our obligations.

SECURITY RATINGS

Our current credit ratings are B1 and B to B+ on our long-term senior notes, and Caa1 and B- with respect to our convertible subordinated notes, as rated by Moody's Investor Services and Standard and Poor's Rating Services, respectively. Debt ratings by the various rating agencies reflect each agency's opinion of the ability of issuers to repay debt obligations as they come due. With respect to Moody's, the B1 rating for senior debt indicates that the assurance of interest and principal payment and principal security over any long period of time is small. For S&P, the B ratings indicates the issuer is vulnerable to nonpayment of interest and principal obligations, but the issuer has the capacity to meet its financial commitments on the obligations. With respect to Moody's, the Caa1 rating for the convertible subordinated debt indicates that the security presents elements of significant risk with respect to principal or interest. In general, lower ratings result in higher borrowing costs. A security rating is not a recommendation to buy, sell, or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

CRITICAL ACCOUNTING POLICIES

We have identified the policies below as critical to our business operations and the understanding of our results of operations. For a detailed discussion on the application of these and other significant accounting policies, see Note 2 in the Notes to the Consolidated Financial Statements in Item 14 of this Annual Report on Form 10-K, beginning on page F-10. Note that our preparation of this Annual Report on Form 10-K requires us to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of our financial statements, and the reported amounts of revenue and expenses during the reporting period. There can be no assurance that actual results will not differ from those estimates.

- Subscriber Acquisition Costs. We generally expense as incurred the net cost of acquiring subscribers, other than costs capitalized under our Digital Home Plan promotion.

- Capitalized satellite receivers. Since we retain ownership of equipment issued pursuant to the Digital Home Plan promotion, we are required to capitalize and depreciate equipment costs that would otherwise be expensed at the

time of sale. Such capitalized costs are depreciated over a period of four years. If a Digital Home Plan subscriber disconnects from the service, the subscriber is required to return the leased equipment to us or be charged for the equipment. While we do not recover all of the equipment upon termination of service, EchoStar receivers that are recovered after de-activation of a Digital Home Plan subscriber are refurbished and re-deployed.

- Marketable and Non-Marketable Securities. See previous discussion of "Investment Securities."

- Asset Impairment. We review our long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For assets which are held and used in operations, the asset would be impaired if the book value of the asset exceeded the undiscounted future net cash flows related to the asset. For those assets which are to be disposed of, the assets would be impaired to the extent the fair value does not exceed the book value. We consider relevant cash flow, estimated future operating results, trends and other available information including the fair value of frequency rights owned, in assessing whether the carrying value of assets are recoverable.

- Income taxes. Our income tax policy records the estimated future tax effects of temporary differences between the tax bases of assets and liabilities and amounts reported in the accompanying consolidated balance sheets, as well as operating loss and tax credit carryforwards. We follow very specific and detailed guidelines regarding the recoverability of any tax assets recorded on the balance sheet and provide any necessary allowances as required.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations," ("FAS 141"), which is required to be adopted July 1, 2001. FAS 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001. The application of FAS 141 has not had a material impact on our financial position or results of operations.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have finite lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of FAS 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. Effective January 1, 2002, we are required to apply all other provisions of FAS 142. We are currently evaluating the potential impact, if any, the adoption of FAS 142 will have on our financial position and results of operations.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"), which is effective for fiscal periods beginning after December 15, 2001 and interim periods within those fiscal years. FAS 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed. We are currently evaluating the potential impact, if any, the adoption of FAS 144 will have on our financial position and results of operation.

SEASONALITY

Our revenues vary throughout the year. As is typical in the subscription television service industry, our first six months generally produce fewer new subscribers than the second half of the year. Our operating results in any period may be affected by the incurrence of advertising and promotion expenses that do not necessarily produce commensurate revenues in the short-term until the impact of such advertising and promotion is realized in future periods.

INFLATION

Inflation has not materially affected our operations during the past three years. We believe that our ability to increase the prices charged for our products and services in future periods will depend primarily on competitive pressures. We do not have any material backlog of our products.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

MARKET RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

As of December 31, 2001, our unrestricted cash, cash equivalents and marketable investment securities had a fair value of approximately $2.8 billion. Of that amount, a total of approximately $2.7 billion was invested in: (a) cash; (b) debt instruments of the U.S. Government and its agencies; (c) commercial paper with an 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 fund operations. Consequently, the size of this portfolio fluctuates significantly as cash is raised and used in our business.

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 generally, 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 December 31, 2001, all of our investments in this category were in fixed rate instruments or money market type accounts. While an increase in interest rates would ordinarily adversely impact the fair value of fixed rate investments, we normally hold these investments to maturity. Consequently, neither interest rate fluctuations nor other market risks typically result in significant 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. Over time, any net percentage decrease in interest rates could be reflected in a corresponding net percentage decrease in our interest income. As of December 31, 2001 our marketable securities portfolio balance was approximately $2.8 billion with an average annual interest rate of approximately 3.2%. A hypothetical 10% decrease in interest rates would result in a decrease of approximately $9 million in annual interest income.

We also invest in debt and equity of public and private companies for strategic and financial purposes. As of December 31, 2001, we held strategic and financial debt and equity investments of public companies with a fair value of approximately $133 million. We acquired stock in one of those companies, OpenTV, in connection with establishment of a strategic relationship which did not involve the investment of cash by us. None of these investments accounted for more than 40% of the total fair value of the portfolio. We may make additional strategic and financial investments in other debt and equity securities in the future.

The fair value of our strategic debt investments can be impacted by interest rate fluctuations. Absent the effect of other factors, a hypothetical 10% increase in LIBOR would result in a decrease in the fair value of our investments in these debt instruments of approximately $6.3 million. The fair value of our strategic debt and equity investments can also be significantly impacted by the risk of adverse changes in securities markets generally, 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 market 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 debt and equity investments would result in approximately a $13.3 million decrease in the fair value of that portfolio.

In accordance with generally accepted accounting principles, declines in the fair market value of a marketable investment security which are estimated to be "other than temporary" must be recognized in the statement 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 market 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 value of these securities 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 period of less than six months are considered to be temporary. Declines in the fair value of investments for a 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 greater than nine months are considered other than temporary and are recorded as charges to earnings, absent specific factors to the contrary.

During the year ended December 31, 2001, we recorded an aggregate charge to earnings for other than temporary declines in the fair market value of certain of our marketable investment securities of approximately $70 million, and established a new cost basis for these securities. This amount does not include realized gains of approximately $22 million on the sales of marketable investment securities. In addition, we have recorded unrealized gains totaling approximately $4 million as of December 31, 2001. If the fair market value of our marketable securities portfolio does not remain at or 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 an additional charge to earnings in future periods equal to the amount of the decline in fair value.

In addition to the $2.8 billion, we also have made strategic equity investments in certain non-marketable investment securities within the broadband industry including Wildblue Communications, StarBand Communications and VisionStar, Inc. Through December 31, 2001, we invested approximately $156 million in these non-marketable investment securities, including loans to VisionStar of approximately $4.6 million. The securities of these companies are not publicly traded. Our ability to create realizable value for our strategic investments in companies that are not public is dependent on the success of their business and ability to obtain sufficient capital to execute their business plans. Since 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 that we will not be able to obtain full value for them. StarBand and Wildblue have cancelled their planned initial public stock offerings and have minimal cash on hand. StarBand has reduced its operations and Wildblue has suspended most of its operations. The ability of both of these entities to raise additional capital in the future is currently uncertain, and attempts to date have been unsuccessful. In addition, StarBand has significant vendor and bank obligations and their independent public accountants have expressed uncertainty as to their ability to continue as a going concern in the 2001 StarBand audit opinion. As a result of these factors, we have recorded cumulative impairment and equity-method charges of approximately $114 million to reduce the carrying values of these non-marketable investment securities to their estimated net realizable values, aggregating approximately $42 million as of December 31, 2001. Of the $114 million, approximately $64 million was recorded related to our equity in losses of StarBand ($29 million and $35 million during the years ended December 31, 2000 and 2001, respectively). The remaining $50 million represents impairment charges recorded during 2001 to reduce the carrying value of Wildblue to zero. If we become aware of any factors that indicate that the carrying values of any of our non-marketable investment securities are impaired, we will be required to record additional charges to earnings in future periods to reduce some or all of the remaining investment balances to their estimated net realizable values.

As of December 31, 2001, we estimated the fair value of our fixed-rate debt and mortgages and other notes payable to be approximately $5.6 billion using quoted market prices where available, or discounted cash flow analyses. The interest rates assumed in such discounted cash flow analyses reflect interest rates currently being offered for loans with similar terms to borrowers of similar credit quality. The fair value of our fixed rate debt and mortgages 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 $233 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 December 31, 2001, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately $46 million.

We have not used derivative financial instruments for speculative purposes. We have not hedged or otherwise protected against the risks associated with any of our investing or financing activities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our Consolidated Financial Statements are included in this report beginning on page F-1.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this Item with respect to the identity and business experience of our directors will be set forth in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2002, under the caption "Election of Directors," which information is hereby incorporated herein by reference.

The information required by this Item with respect to the identity and business experience of our executive officers is set forth on page 26 of this report under the caption "Executive Officers."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item will be set forth in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2002, under the caption "Executive Compensation and Other Information," which information is hereby incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item will be set forth in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2002, under the captions "Election of Directors" and "Equity Security Ownership," which information is hereby incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item will be set forth in our Proxy Statement for the Annual Meeting of Shareholders to be held on May 6, 2002, under the caption "Certain Relationships and Related Transactions," which information is hereby incorporated herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) The following documents are filed as part of this report:

(2) Financial Statement Schedules

None. All schedules have been included in the Consolidated Financial Statements or Notes thereto.

(3) Exhibits

3.1(a)+ Amended and Restated Articles of Incorporation of EchoStar.

3.1(b)* Amended and Restated Bylaws of EchoStar (incorporated by reference to Exhibit 3(ii) to the Current Report on Form 8-K, dated January 23, 2002, of EchoStar, Commission File No. 0-26176).

3.2(a)* Articles of Incorporation of EchoStar Broadband Corporation ("EBC") (incorporated by reference to Exhibit 3.1(a) to the Registration Statement on Form S-4 of EBC, Registration No. 333-52756).

3.2(b)* Bylaws of EBC (incorporated by reference to Exhibit 3.1(b) to the Registration Statement on Form S-4 of EBC, Registration No. 333-52756).

3.3(a)* Articles of Incorporation of EchoStar DBS Corporation ("DBS Corp.") (incorporated by reference to Exhibit 3.4(a) to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-31929).

3.3(b)* Bylaws of DBS Corp. (incorporated by reference to Exhibit 3.4(b) to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-31929).

4.1* Warrant Agreement between EchoStar and First Trust, as Warrant Agent (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450).

4.2* Security Agreement in favor of First Trust, as trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450).

4.3* Escrow and Disbursement Agreement between Dish Ltd. and First Trust (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).

4.4* Pledge Agreement in favor of First Trust, as trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference

to Exhibit 4.5 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450).

4.5* Intercreditor Agreement among First Trust, Continental Bank, N.A. and Martin Marietta Corporation ("Martin Marietta") (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).

4.6* Registration Rights Agreement by and between EchoStar and Charles W. Ergen (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).

4.7* Indenture of Trust, relating to DBS Corp.'s 9 1/4% Senior Notes due 2006 ("Seven Year Notes"), dated as of January 25, 1999, among DBS Corp., the Guarantors (as defined therein) and U.S. Bank Trust National Association ("U.S. Bank"), as trustee (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).

4.8* Indenture of Trust, relating to DBS Corp.'s 9 3/8% Senior Notes due 2009 ("Ten Year Notes"), dated as of January 25, 1999, among DBS Corp., the Guarantors (as defined therein) and U.S. Bank, as trustee (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).

4.9* Registration Rights Agreement, relating to the Seven Year Notes, dated as of January 25, 1999, by and among DBS Corp., the Guarantors and the Initial Purchasers (as defined therein) (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).

4.10* Registration Rights Agreement, relating to the Ten Year Notes, dated as of January 25, 1999, by and among DBS Corp., the Guarantors and the Initial Purchasers (as defined therein) (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).

4.11* Indenture relating to 4 7/8% Convertible Subordinated Notes due 2007, dated as of December 8, 1999, between EchoStar Communications Corporation and U.S. Bank Trust National Association, as trustee, (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 of EchoStar Communications Corporation, Registration No. 333-31894).

4.12* Registration Rights Agreement, relating to the 47/8 % Convertible Subordinated Notes Due 2007, dated as of December 8, 1999, by and among EchoStar Communications Corporation and the initial purchasers (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 of EchoStar Communications Corporation, Registration No. 333-31894).

4.13* Indenture relating to 10 3/8% Senior Notes due 2007, dated as of September 25, 2000, between EchoStar Broadband Corporation and U.S. Bank Trust National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2000, Commission File No.0-26176).

4.14* Registration Rights Agreement dated as of September 25, 2000, by and among EchoStar Broadband Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Banc of America Securities LLC, Credit Suisse First Boston Corporation and ING Barings LLC (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2000, Commission File No.0-26176).

4.15* Indenture, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001 between EchoStar Communications Corporation and U.S. Bank Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

4.16* Registration Rights Agreement, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001, by and between EchoStar Communications Corporation and UBS Warburg LLC (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

4.17+ Indenture, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001 between EchoStar DBS Corporation and U.S. Bank Trust National Association, as Trustee.

4.18+ Registration Rights Agreement, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001, by and among EchoStar DBS Corporation and Deutsche Banc Alex. Brown, Inc., Credit Suisse First Boston Corporation, Lehman Brothers Inc. and UBS Warburg LLC.

4.19+ Certificate of Withdrawal Withdrawing the Series A, Series B and Series C Preferred Stock Designations of EchoStar.

4.20+ Series D Mandatorily Convertible Participating Preferred Stock Certificate of Designation of EchoStar.

10.1* Key Employee Bonus Plan, dated as of January 1, 1994 (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450)**

10.2* Consulting Agreement, dated as of February 17, 1994, between ESC and Telesat Canada (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).

10.3* Form of Satellite Launch Insurance Declarations (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 of Dish, Registration No. 33-81234).

10.4* Dish 1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).**

10.5* Form of Tracking, Telemetry and Control Contract between AT&T Corp. and ESC (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 of Dish, Registration No. 33-81234).

10.6* Manufacturing Agreement, dated as of March 22, 1995, between HTS and SCI Technology, Inc. (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 of Dish, Commission File No. 33-81234).

10.7* Statement of Work, dated January 31, 1995 from ESC to DiviCom, Inc. (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).

10.8* EchoStar 1995 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276)**

10.9* Satellite Construction Contract, dated as of July 18, 1996, between EDBS and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.18 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 1996, Commission File No. 0-26176).

10.10* Confidential Amendment to Satellite Construction Contract between DBSC and Martin Marietta, dated as of May 31, 1995 (incorporated by reference to Exhibit 10.14 to the Registration Statement of Form S-4 of EchoStar, Registration No. 333-03584).

10.11* Agreement between HTS, ESC and ExpressVu Inc., dated January 8, 1997, as amended (incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996, as amended, Commission File No. 0-26176).

10.12* Amendment No. 9 to Satellite Construction Contract, effective as of July 18, 1996, between Direct Satellite Broadcasting Corporation, a Delaware corporation ("DBSC") and Martin Marrieta Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997, Commission File No. 0-26176).

10.13* Amendment No. 10 to Satellite Construction Contract, effective as of May 31, 1996, between DBSC and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997, Commission File No. 0-26176).

10.14* Purchase Agreement, dated November 30, 1998, by and among American Sky Broadcasting, LLC ("ASkyB"), The News Corporation Limited ("News Corporation"), MCI Telecommunications Corporation and EchoStar (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by EchoStar on December 1, 1998, Commission File No. 0-26176).

10.15* Voting Agreement, dated November 30, 1998, among EchoStar, AskyB, News Corporation and MCI Telecommunications Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of EchoStar, filed as of December 1, 1998, Commission File No. 0-26176).

10.16* Agreement to Form NagraStar LLC, dated as of June 23, 1998, by and between Kudelski S.A., EchoStar and ESC (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1998, Commission File No. 0-26176).

10.17* First Amendment, dated June 23, 1999, to the Purchase Agreement dated November 30, 1998, by and among American Sky Broadcasting, LLC, The News Corporation Limited, MCI Telecommunications Corporation, and EchoStar Communications Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of EchoStar, filed as of July 2, 1999, Commission File No. 0-26176).

10.18* Registration Rights Agreement, dated June 24, 1999, by and among EchoStar Communications Corporation, MCI Telecommunications Corporation, American Sky Broadcasting, LLC, and News America Incorporated (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of EchoStar, filed as of July 2, 1999, Commission File No. 0-26176).

10.19* Satellite Construction Contract dated as of January 27, 2000, between EchoStar Orbital Corporation and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.20* Satellite Construction Contract dated as of February 4, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.21* Satellite Construction Contract dated as of February 22, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.22* Agreement dated as of February 22, 2000, between EchoStar Orbital Corporation and Loral Skynet, a division of Loral SpaceCom Corporation (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.23* Contract for Launch Services, dated January 31, 2001, between Lockheed Martin's International Launch Services and EchoStar Orbital Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2001, Commission File No.0-26176).

10.24* Modification Nos. 1-7 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated January 27, 2000, between Lockheed Martin Corporation and EchoStar Orbital Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

10.25* Amended and Restated Contract dated February 1, 2001, between EchoStar Orbital Corporation and Space Systems/Loral, Inc., EchoStar VIII Satellite Program (110 degree West Longitude) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

10.26* Amendment No. 1 to the Contract dated February 22, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc., EchoStar IX Satellite Program (121 degree West Longitude) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

10.27* Agreement and Plan of Merger, dated October 28, 2001, by and between EchoStar and Hughes Electronics Corporation (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).

10.28* Implementation Agreement, dated October 28, 2001, by and among General Motors Corporation, Hughes Electronics Corporation and EchoStar (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).

10.29* Stock Purchase Agreement, dated October 28, 2001, among EchoStar, Hughes Electronics Corporation, Hughes Communications Galaxy, Inc., Hughes Communications Satellite Services, Inc. and Hughes Communications Inc. (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).

10.30* Separation Agreement, dated October 28, 2001, by and between General Motors Corporation and Hughes Electronics Corporation (incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).

10.31* Investment Agreement, dated December 14, 2001, between EchoStar and Vivendi Universal, S.A., and exhibits (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of EchoStar, filed as of December 20, 2001, Commission File No. 0-26176).

10.32* Stockholder Voting Agreement, dated December 14, 2001, by and among Charles W. Ergen, The Samburu Warrior Revocable Trust and Vivendi Universal, S.A. (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K of EchoStar, filed as of December 20, 2001, Commission File No. 0-26176).

10.33+ Modification No. 8 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated October 12, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.

10.34+ Modification No. 9 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated October 16, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.

10.35+ Contract amendment No.1 to the EchoStar VIII contract between EchoStar Orbital Corporation and Space Systems/Loral, Inc., dated October 19, 2001.

10.36+ Modification No. 10 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated December 12, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.

21+ Subsidiaries of EchoStar Communications Corporation.

23.1+	Consent of Arthur Andersen LLP, Independent Public Accountants
23.2+	Consent of Ernst & Young LLP, Independent Public Accountants
24.1+	Powers of Attorney authorizing signature of Cantey Ergen, Raymond L. Friedlob, O. Nolan Daines, Peter A. Dea and Jean-Marie Messier.

- ----------

* Incorporated by reference.

** Constitutes a management contract or compensatory plan or arrangement.

\+ Filed herewith.

(b) Reports on Form 8-K

On October 29, 2001, we filed a Current Report on Form 8-K to report that on October 28, 2001, General Motors Corporation and its subsidiary Hughes Electronics, together with us, announced the signing of definitive agreements that provide for the spin-off of Hughes from GM and the merger of Hughes with us.

On October 31, 2001, we filed a Current Report on Form 8-K to file our amended and restated Bylaws and certain definitive agreements entered into in connection with the announcement of the merger of Hughes with us.

On November 13, 2001, we filed a current report on Form 8-K to report that: 1) at least $5.525 billion of total financing is expected to be required in connection with the merger of Hughes with EchoStar, which we intend to fund in the capital markets through equity offerings, debt offerings, bank debt or a combination thereof and through privately negotiated transactions; 2) we have obtained $2.7625 billion bridge commitments from each of Deutsche Bank and Credit Suisse First Boston, which in certain circumstances may be drawn down in the event we are unable to raise the full $5.525 billion in the capital markets; and 3) we have paid, as compensation for extension of the bridge commitments, a total of approximately $55 million to Deutsche Bank and Credit Suisse First Boston.

On December 14, 2001, we filed a Current Report on Form 8-K to announce: 1) a proposed $1.5 billion investment by Vivendi Universal and the formation of a strategic alliance to offer new programming and interactive television services to consumers; 2) that our EDBS subsidiary offered $700 million aggregate principal amount of Senior Notes due 2009, in accordance with Securities and Exchange Commission Rule 144A; 3) the expected offer to exchange approximately $1 billion of EBC 10 3/8% Senior Notes due 2007 for substantially identical notes of EDBS, and 3) that the earliest scheduled launch of EchoStar VII was the first quarter of 2002 (subject to FCC approval).

On December 20, 2001, we filed a Current Report on Form 8-K: 1) to report that on December 14, 2001, Vivendi Universal, S.A., us and certain of our stockholders entered into definitive agreements in connection with the announcement of a proposed $1.5 billion investment by Vivendi Universal in us and the formation of a strategic alliance with us to offer new programming and interactive television services to consumers; and 2) to file certain definitive agreements entered into in connection with the announcement of the Vivendi Universal investment and formation of a strategic alliance with EchoStar.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, EchoStar has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ECHOSTAR COMMUNICATIONS CORPORATION

By: /s/ Michael R. McDonnell

Michael R. McDonnell
Senior Vice President and Chief Financial Officer

Date: February 28, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of EchoStar and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ Charles W. Ergen	Chief Executive Officer and Chairman (Principal Executive Officer)	February 28, 2002
Charles W. Ergen		
/s/ Michael R. McDonnell	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	February 28, 2002
Michael R. McDonnell		
/s/ James DeFranco	Director	February 28, 2002
James DeFranco		
/s/ David K. Moskowitz	Director	February 28, 2002
David K. Moskowitz		

*	Director	February 28, 2002
	Cantey Ergen *	Director February 28, 2002
	Raymond L. Friedlob *	Director February 28, 2002
	O. Nolan Daines *	Director February 28, 2002
	Peter A. Dea *	Director February 28, 2002
	Jean-Marie Messier *	By: /s/ David K. Moskowitz
	David K. Moskowitz	Attorney-in-Fact

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF ARTHUR ANDERSEN LLP, INDEPENDENT PUBLIC ACCOUNTANTS

To EchoStar Communications Corporation:

We have audited the accompanying consolidated balance sheets of EchoStar Communications Corporation (a Nevada corporation) and subsidiaries as of December 31, 2000 and 2001, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' deficit and cash flows for each of the three years in the period ended December 31, 2001. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of StarBand Communications Inc., the investment in which is reflected in the accompanying consolidated financial statements as of and for the year ended December 31, 2001 using the equity method of accounting. The investment in StarBand Communications Inc. represents approximately 0.6% percent of total assets as of December 31, 2001, and the equity in its net losses represents approximately 16.7% percent of net loss for the year ended December 31, 2001. The financial statements of StarBand Communications Inc. were audited by other auditors whose report has been furnished to us and our opinion, insofar as it relates to the amounts included for StarBand Communications Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of EchoStar Communications Corporation and subsidiaries as of December 31, 2000 and 2001, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Denver, Colorado,
February 27, 2002.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors
StarBand Communications Inc.

We have audited the balance sheet of StarBand Communications Inc. (the Company), as of December 31, 2001, and the related statements of operations, stockholders' deficit, mandatorily redeemable convertible preferred stock, and cash flows for the year ended December 31, 2001 (not presented separately herein). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of StarBand Communications Inc., at December 31, 2001, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. As more fully described in Note 1, the Company has incurred operating losses of $205.6 million and net cash used in operating activities of $98.6 million during the year ended December 31, 2001. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The financial statements do not include any adjustments to reflect the possible future effects on the recoverability and classification of assets or the amounts and classification of liabilities that may result from the outcome of this uncertainty.

ERNST & YOUNG LLP

McLean, Virginia
February 7, 2002

ECHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

DECEMBER 31, ---------- 2000
2001 ---------- ---------- ASSETS Current
Assets: Cash and cash equivalents
..... $ 856,818 $
1,677,889 Marketable investment securities
..... 607,357 1,150,408
Trade accounts receivable, net of allowance for
uncollectible accounts of $31,241 and $22,770,
respectively 278,614 318,128
Insurance receivable
..... 106,000
106,000 Inventories
.....
161,161 190,747 Other current assets
..... 50,656
68,795 ---------- ---------- Total current
assets
.....
2,060,606 3,511,967 Restricted cash
.....
3,000 1,288 Cash reserved for satellite insurance
(Note 3) 82,393 122,068
Property and equipment, net
..... 1,511,303
1,904,012 FCC authorizations, net
..... 709,984
696,409 Other noncurrent assets
..... 269,549
283,942 ---------- ---------- Total assets
..... $
4,636,835 $ 6,519,686 ========== ==========
LIABILITIES AND STOCKHOLDERS' DEFICIT Current
Liabilities: Trade accounts payable
..... $ 226,568
$ 254,868 Deferred revenue
.....
283,895 359,424 Accrued expenses
.....
691,482 859,293 Current portion of long-term debt
..... 21,132 14,782 ------
----- ---------- Total current liabilities
..... 1,223,077
1,488,367 Long-term obligations, net of current
portion: 9 1/4% Seven Year Notes
..... 375,000
375,000 9 3/8% Ten Year Notes
.....
1,625,000 1,625,000 10 3/8% Seven Year Notes
..... 1,000,000
1,000,000 9 1/8% Seven Year Notes
..... -- 700,000
4 7/8% Convertible Notes
..... 1,000,000
1,000,000 5 3/4% Convertible Notes
..... --
1,000,000 Mortgages and other notes payable, net
of current portion ..... 14,812 6,480 Long-term
deferred distribution and carriage revenue and
other long-term liabilities
..... 56,329
102,611 ---------- ---------- Total long-term
obligations, net of current portion .....
4,071,141 5,809,091 ---------- ---------- Total
liabilities
.....
5,294,218 7,297,458 Commitments and Contingencies
(Note 9) Stockholders' Deficit: 6 3/4% Series C
Cumulative Convertible Preferred Stock, 218,951
and 0 shares issued and outstanding, respectively
..... 10,948 -- Class A Common Stock, $.01

par value, 1,600,000,000 shares authorized, 235,749,557 and 241,015,004 shares issued and outstanding, respectively	2,357	2,410
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 outstanding	--	--
Additional paid-in capital	1,700,367	1,709,797
Deferred stock-based compensation	(58,193)	(25,456)
Accumulated other comprehensive income (loss)	(60,580)	3,594
Accumulated deficit	(2,254,666)	(2,470,501)
Total stockholders' deficit	(657,383)	(777,772)
Total liabilities and stockholders' deficit	$ 4,636,835	$ 6,519,686

See accompanying Notes to Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS
(In thousands, except per share amounts)

YEAR ENDED DECEMBER 31,	1999	2000	2001
REVENUE:			
DISH Network:			
Subscription television services	$ 1,344,136	$ 2,346,700	$ 3,588,441
Other	8,467	5,537	17,283
Total DISH Network	1,352,603	2,352,237	3,605,724
DTH equipment sales and integration services	184,041	259,830	271,242
Other	66,197	103,153	124,172
Total revenue	1,602,841	2,715,220	4,001,138
COSTS AND EXPENSES:			
DISH Network Operating Expenses:			
Subscriber-related expenses	574,828	970,374	1,433,245
Customer service center and other	117,249	250,704	284,868
Satellite and transmission	40,598	44,367	39,637
Total DISH Network operating expenses	732,675	1,265,445	1,757,750
Cost of sales - DTH equipment and integration services	148,427	194,963	188,039
Cost of sales - other	17,084	32,992	81,974
Marketing:			
Subscriber promotion subsidies - cost of sales (exclusive of depreciation included below)	478,122	747,020	459,909
Subscriber promotion subsidies - other	184,238	273,080	477,903
Advertising and other	64,701	138,540	146,563
Total marketing expenses	727,061	1,158,640	1,084,375
General and administrative	150,397	250,425	377,873
Non-cash, stock-based compensation	61,060	51,465	20,173
Depreciation and amortization	113,228	185,356	278,652
Total costs and expenses	1,949,932	3,139,286	3,788,836
Operating income (loss)	(347,091)	(424,066)	212,302
Other income (Expense):			
Interest income	26,179	79,733	97,671
Interest expense, net of amounts capitalized	(201,613)	(267,990)	(371,365)
Other	(1,169)	(37,448)	(152,652)
Total other income (expense)	(176,603)	(225,705)	(426,346)
Loss before income taxes	(523,694)	(649,771)	(214,044)
Income tax provision, net	(154)	(555)	(1,454)
Loss before extraordinary charges	(523,848)	(650,326)	(215,498)
Extraordinary charge for early retirement of debt, net of tax	(268,999)	--	--
Net loss	$ (792,847)	$ (650,326)	$ (215,498)
Change in unrealized loss			

on available-for-sale securities, net of tax ..... -- (60,580) (5,697) Reclassification adjustment for impairment losses on available-for-sale securities included in net loss ..... -- -- 69,871 --------- -- ---------- ---------- Comprehensive loss ..... $ (792,847) $ (710,906) $ (151,324) ========== ========== ========== Net loss attributable to common shareholders (Note 2) ..... $ (800,100) $ (651,472) $ (215,835) ========== ========== ========== Weighted-average common shares outstanding ..... 416,476 471,023 477,172 ========== ========== ========== Basic and diluted loss per common share ..... $ (1.92) $ (1.38) $ (0.45) ========== ========== ==========

See accompanying Notes to Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' DEFICIT
(In thousands, except per share amounts)

DEFERRED STOCK- SERIES A	COMMON STOCK SERIES C	BASED	PREFERRED	COMPEN- SATION	SHARES	AMT.
Balance, December 31, 1998					360,976	$ 3,609
$ 20,807	$ 108,666	$ --				
Series A Preferred Stock dividends (at $0.75 per share)					--	--
124	--	--				
Retirement of Series A Preferred Stock					--	--
(20,931)	--	--				
Series B Preferred Stock dividends payable in-kind						
--	--	--	--	--		
Accretion of Series C Preferred Stock					--	--
--	--	6,335	--			
Series C Preferred Stock dividends (at $0.84375 per share, per quarter)					--	--
--	--	--	--			
Conversion of Series C Preferred Stock					22,832	228
--	(69,567)	--				
Proceeds from Series C Preferred Stock deposit account						
46	--	--	--	--		
Issuance of Class A Common Stock: Acquisition of Media(4)					1,376	
14	--	--	--			
News Corporation and MCI transaction					68,824	688
--	--	--				
Exercise of stock options					3,868	39
--	--	--				
Employee benefits					556	6
--	--					
Employee Stock Purchase Plan					44	--
--	--	--	--			
Deferred stock-based compensation					--	--
--	--	--	(178,840)			
Deferred stock-based compensation recognized						
--	--	--	61,060			
Net loss						
--	--	--	--	--	--	--
--	--	--	--			
Balance, December 31, 1999					458,522	4,584
--	45,434	(117,780)				
Series C Preferred Stock dividends (at $0.84375 per share, per quarter)					--	--
--	--	--	--	--		
Conversion of Series C Preferred Stock					11,320	113
--	(34,486)	--				
Issuance of Class A Common Stock: Acquisition of Kelly Broadcasting Systems					510	5
--	--	--				
Exercise of stock options					3,593	36
--	--	--				
Employee benefits					182	2
--	--					
Employee Stock Purchase Plan					58	1
--	--	--				
Forfeitures of deferred non-cash, stock-based compensation					--	--
--	--	--	--			
6,730	Deferred stock-based compensation recognized					
--	--	--	--			
52,857	Unrealized					

holding losses on available-for-sale securities, net ..... -- -- -- -- -- -- Net loss ..... -- -- -- -- -- ------- ---------- - ---------- ---------- ------- ---- Balance, December 31, 2000 ..... 474,185 4,741 -- 10,948 (58,193) Series C Preferred Stock dividends (at $0.84375 per share, per quarter) ..... -- -- -- -- -- Conversion and redemption of Series C Preferred Stock ..... 3,592 36 -- (10,948) -- Issuance of Class A Common Stock: ..... -- Exercise of stock options ..... 1,555 16 -- -- -- Employee benefits ..... 39 -- -- -- -- Employee Stock Purchase Plan ..... 80 1 -- -- -- Forfeitures of deferred non-cash, stock-based compensation ..... -- -- -- -- 5,143 Deferred stock-based compensation recognized ..... -- -- -- -- 27,594 Change in unrealized holding gains (losses) on available-for-sale securities, net ..... -- -- -- -- -- Net loss ..... -- -- -- -- -- ------- ---------- - ---------- ---------- ------- ---- Balance, December 31, 2001 ..... 479,451 $ 4,794 $ -- $ -- $ (25,456) ======= ========== ========== ========== ========== ACCUMULATED DEFICIT AND ADDITIONAL UNREALIZED PAID-IN HOLDING GAINS CAPITAL (LOSSES) TOTAL ---------- ---------- - ---------- Balance, December 31, 1998 ..... $ 228,471 $ (733,093) $ (371,540) Series A Preferred Stock dividends (at $0.75 per share) ..... -- (124) -- Retirement of Series A Preferred Stock .... -- (70,003) (90,934) Series B Preferred Stock dividends payable in-kind ..... -- (241) (241) Accretion of Series C Preferred Stock ..... -- (6,335) -- Series C Preferred Stock dividends (at $0.84375 per share, per quarter) ..... -- (553) (553) Conversion of Series C Preferred Stock .... 69,339 -- -- Proceeds from Series C Preferred Stock deposit account ..... 953 2 955 Issuance of Class A Common Stock: Acquisition of Media(4) ..... 9,593 -- 9,607 News Corporation and MCI transaction .... 1,123,632 -- 1,124,320 Exercise of stock options ..... 7,125 -- 7,164 Employee benefits ..... 3,789 -- 3,795 Employee Stock Purchase Plan ..... 796 -- 796 Deferred stock-based compensation ..... 178,840 -- -- Deferred stock-based compensation recognized

.... --
-- 61,060 Net loss
....
-- (792,847) (792,847) ----------
- ----------- -----------
Balance, December 31, 1999
.... 1,622,538
(1,603,194) (48,418) Series C
Preferred Stock dividends (at
$0.84375 per share, per quarter)
.... -- (1,146) (1,146)
Conversion of Series C Preferred
Stock .... 34,373 -- -- Issuance
of Class A Common Stock:
Acquisition of Kelly Broadcasting
Systems 31,551 -- 31,556 Exercise
of stock options ....
10,973 -- 11,009 Employee
benefits ....
7,282 -- 7,284 Employee Stock
Purchase Plan 1,722
-- 1,723 Forfeitures of deferred
non-cash, stock-based
compensation ....
(8,072) -- (1,342) Deferred
stock-based compensation
recognized
.... --
-- 52,857 Unrealized holding
losses on available-for-sale
securities, net ...... --
(60,580) (60,580) Net loss
....
-- (650,326) (650,326) ----------
- ----------- -----------
Balance, December 31, 2000
.... 1,700,367
(2,315,246) (657,383) Series C
Preferred Stock dividends (at
$0.84375 per share, per quarter)
.... -- (337) (337)
Conversion and redemption of
Series C Preferred Stock
.... 10,909
-- (3) Issuance of Class A Common
Stock: .... Exercise of
stock options ....
8,040 -- 8,056 Employee benefits
.... 1,173 --
1,173 Employee Stock Purchase
Plan .... 1,872 -- 1,873
Forfeitures of deferred non-cash,
stock-based compensation
.... (12,564) --
(7,421) Deferred stock-based
compensation recognized
.... --
-- 27,594 Change in unrealized
holding gains (losses) on
available-for-sale securities,
net .... --
64,174 64,174 Net loss
....
-- (215,498) (215,498) ----------
- ----------- -----------
Balance, December 31, 2001
.... $ 1,709,797
$(2,466,907) $ (777,772)
=========== ===========
===========

See accompanying Notes to Consolidated Financial Statements.

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

YEAR ENDED DECEMBER 31, ----------
1999 2000 2001 ---------- ---------- ---------- CASH FLOWS FROM OPERATING ACTIVITIES: Net loss ..... $ (792,847) $ (650,326) $ (215,498) Adjustments to reconcile net loss to net cash flows from operating activities: Extraordinary charge for early retirement of debt ..... 268,999 -- -- Equity in losses of affiliates ..... -- 29,115 34,908 Loss on impairment of satellite (Note 3) ..... 13,741 -- -- Realized and unrealized loss (gain) on investments ..... (24,439) 3,039 110,458 Deferred stock-based compensation recognized ..... 61,060 51,465 20,173 Depreciation and amortization ..... 113,228 185,356 278,652 Amortization of debt discount and deferred financing costs ..... 13,678 6,506 9,189 Change in long-term deferred satellite services revenue and other long-term liabilities ..... 10,173 37,236 46,282 Other, net ..... 447 17,819 36,179 Changes in current assets and current liabilities: Trade accounts receivable, net ..... (52,452) (111,898) (39,514) Inventories ..... (45,688) (41,851) (25,247) Other current assets ..... (4,091) (8,296) (8,316) Trade accounts payable ..... 103,400 27,250 28,233 Deferred revenue ..... 48,549 100,776 75,529 Accrued expenses ..... 227,729 235,132 138,455 ---------- ---------- ---------- Net cash flows from operating activities ..... (58,513) (118,677) 489,483 CASH FLOWS FROM INVESTING ACTIVITIES: Purchases of marketable investment securities ..... (541,401) (1,363,884) (2,549,179) Sales of marketable investment securities ..... 434,517 1,041,784 2,023,268 Cash reserved for satellite insurance (Note 3) ..... -- (82,393) (59,488) Change in cash reserved for satellite insurance due to depreciation on related satellites (Note 3) ..... -- -- 19,813 Funds released from escrow and restricted cash and marketable investment securities ..... 80,585 -- 1,712 Purchases of property and equipment ..... (91,152) (331,401) (637,457) Advances and payments under in-orbit satellite contract ..... 67,804 (48,894) (8,441) Capitalized merger-related costs ..... -- -- (17,830) Investment in Wildblue Communications ..... -- (50,000) -- Investment in SONICblue (fka Replay TV) ..... -- (10,000) -- Investment in StarBand Communications ..... -- (50,045) (50,000) Other ..... (13,179) (17,124) (1,517) ---------- ---------- ---------- Net cash flows from investing activities ..... (62,826) (911,957) (1,279,119) CASH FLOWS FROM FINANCING ACTIVITIES: Proceeds from issuance of 9 1/4% Seven Year Notes ..... 375,000 -- -- Proceeds from issuance of 9 3/8% Ten Year Notes ..... 1,625,000 -- -- Proceeds from issuance of 10 3/8% Seven Year Notes ..... -- 1,000,000 -- Proceeds from issuance of 9 1/8% Seven Year Notes ..... -- -- 700,000 Proceeds from issuance of 4 7/8% Convertible Notes ..... 1,000,000 -- -- Proceeds from issuance of 5 3/4% Convertible Notes ..... -- -- 1,000,000 Debt issuance costs and prepayment premiums ..... (293,987) (9,645) (29,450) Deferred bridge loan financing costs ..... -- -- (55,250) Retirement of 1994 Notes ..... (575,674) -- -- Retirement of 1996 Notes

Retirement of 1997 Notes	(501,350)	--	--
Retirement of Senior Exchange Notes	(378,110)	--	--
Redemption of Series A Preferred Stock	(228,528)	--	--
Repayments of mortgage indebtedness and other notes payable	(90,934)	--	--
Net proceeds from Class A Common Stock options exercised and Class A Common Stock issued for Employee Stock Purchase Plan	(22,201)	(17,668)	(14,182)
Other	7,960	12,732	9,929
Net cash flows from financing activities	2,915	(3,266)	(340)
Net increase (decrease) in cash and cash equivalents	920,091	982,153	1,610,707
Cash and cash equivalents, beginning of year	798,752	(48,481)	821,071
Cash and cash equivalents, end of year	106,547	905,299	856,818
	$ 905,299	$ 856,818	$ 1,677,889

See accompanying Notes to Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND BUSINESS ACTIVITIES

Principal Business

The operations of EchoStar Communications Corporation ("ECC," and together with its subsidiaries, or referring to particular subsidiaries in certain circumstances, "EchoStar" or the "Company") include two interrelated business units:

- The DISH Network - a direct broadcast satellite ("DBS") subscription television service in the United States. and
- EchoStar Technologies Corporation ("ETC") - engaged in the design, development, distribution and sale of DBS set-top boxes, antennae and other digital equipment for the DISH Network ("EchoStar receiver systems") and the design, development and distribution of similar equipment for international satellite service providers.

Since 1994, EchoStar has deployed substantial resources to develop the "EchoStar DBS System." The EchoStar DBS System consists of EchoStar's FCC-allocated DBS spectrum, seven DBS satellites ("EchoStar I" through "EchoStar VII"), EchoStar receiver systems, digital broadcast operations centers, customer service facilities, and other assets utilized in its operations. EchoStar's principal business strategy is to continue developing its subscription television service in the United States to provide consumers with a fully competitive alternative to cable television service.

Recent Developments

On October 28, 2001, EchoStar signed definitive agreements with Hughes Electronics Corporation ("Hughes"), and General Motors ("GM"), which is Hughes' parent corporation, relating to EchoStar's merger with Hughes in a stock-for-stock transaction.

The surviving corporation in the merger will carry EchoStar's name and will provide DBS services in the United States and Latin America, primarily under the DIRECTV brand name, global fixed satellite services and other broadband communication services. The merger is subject to the prior separation of Hughes from GM by way of a recapitalization of Hughes and split-off of Hughes from GM and other conditions and risks.

Consummation of the Hughes merger and related transactions will require at least $7.025 billion of cash. At the time of signing of the merger agreement, EchoStar had approximately $1.5 billion of available cash on hand, and obtained $5.525 billion in bridge financing commitments for Hughes merger and related transactions. These commitments have been reduced to $3.325 billion as a result of the sale of $700 million of 9 1/8% senior notes by EDBS and $1.5 billion of our series D preferred stock to Vivendi. Any other financings EchoStar completes prior to closing of the Hughes merger will generally further reduce the bridge financing commitments dollar-for-dollar. The remaining approximately $3.325 billion of required cash, is expected to come from new cash raised by EchoStar, Hughes or a subsidiary of Hughes on or prior to the closing of the merger through public or private debt or equity offerings, bank debt or a combination thereof. The amount of such cash that could be raised by EchoStar prior to completion of the Hughes merger is severely restricted. EchoStar's agreements with GM and Hughes prohibit it from raising any additional equity capital beyond the $1.5 billion Vivendi investment. The prohibition will likely continue for two years following completion of the Hughes merger, absent possible favorable IRS rulings or terminations of the Hughes merger. Further, EchoStar's agreements with GM and Hughes place substantial restrictions on EchoStar's ability to raise additional debt prior to the closing of the Hughes merger.

If Hughes cannot complete the merger with EchoStar, EchoStar may be required to purchase Hughes' 81% interest in PanAmSat, merge with PanAmSat or make a tender offer for all of PanAmSat's shares and may also be required to pay a $600 million termination fee to Hughes. If EchoStar purchases the Hughes interest in PanAmSat rather than undertaking the merger or the tender offer, EchoStar must make offers for all PanAmSat shares that remain outstanding. EchoStar expects that its acquisition of Hughes' interest in PanAmSat, which is at a price of $22.47 per share, together with its assumed purchase of the remaining outstanding PanAmSat shares and payment of the termination fee to Hughes would require at least $3.4 billion of cash and approximately $600 million of EchoStar's class A common stock. EchoStar expects that it would meet this cash requirement by utilizing a portion of cash on hand.

Organization and Legal Structure

In December 1995, ECC merged Dish, Ltd. with another wholly-owned subsidiary of ECC. During 1999, EchoStar placed ownership of all of its direct broadcast satellites and related FCC licenses into subsidiaries of EchoStar DBS Corporation. Dish, Ltd. and EchoStar Satellite Broadcasting Company were merged into EchoStar DBS Corporation. EchoStar IV and the related FCC licenses were transferred to ESC. During September 2000, EchoStar Broadband Corporation was formed for the purposes of issuing new debt. Contracts for the construction and launch of EchoStar VII, EchoStar VIII and EchoStar IX are held in EchoStar Orbital Corporation. Substantially all of EchoStar's operations are conducted by subsidiaries of EDBS.

The following table summarizes the organizational structure of EchoStar and its principal subsidiaries as of December 31, 2001:

REFERRED TO LEGAL ENTITY HEREIN AS PARENT - ---- -------- ---- ------- -----
- EchoStar Communications Corporation ECC Publicly owned
EchoStar Broadband Corporation EBC ECC
EchoStar DBS Corporation EDBS EBC
EchoStar Orbital Corporation EOC EBC
EchoStar Satellite Corporation ESC EDBS
Echosphere Corporation Echosphere EDBS EchoStar Technologies Corporation ETC EDBS

Significant Risks and Uncertainties

Substantial Leverage. EchoStar is highly leveraged, which makes it vulnerable to changes in general economic conditions. As of December 31, 2001, EchoStar had outstanding long-term debt (including both the current and long-term portions) totaling approximately $5.7 billion. EchoStar has semi-annual cash debt service obligations for all of its outstanding long-term debt securities, as follows:

SEMI-ANNUAL PAYMENT SEMI-ANNUAL DEBT DATES SERVICE REQUIREMENTS ------------ ------------ ---------- ---------- 9 1/4% Senior Notes due 2006 ("9 1/4% Seven Year Notes") ..... February 1 and August 1 $17,343,750 9 3/8% Senior Notes due 2009 ("9 3/8% Ten Year Notes") ..... February 1 and August 1 76,171,875 10 3/8% Senior Notes due 2007 ("10 3/8% Seven Year Notes") .... April 1 and October 1 51,875,000 9 1/8% Senior Notes due 2009 ("9 1/8% Seven Year Notes") ..... January 15 and July 15 31,937,500 4 7/8% Convertible Subordinated Notes due 2007 ("4 7/8% Convertible Notes") .....

January 1 and July 1 Convertible Subordinated Notes due 2008 ("5 3/4% Convertible Notes")	24,375,000	5 3/4%
May 15 and November 15	28,750,000	

Semi-annual debt service requirements related to EchoStar's 5 3/4% Convertible Subordinated Notes due 2008 commenced on November 15, 2001. Semi-annual debt service requirements related to EchoStar's 9 1/8% Senior Notes due 2009 will commence on July 15, 2002. There are no scheduled principal payment or sinking fund requirements prior to maturity of any of these notes. EchoStar's ability to meet its debt service obligations will depend on, among other factors, the successful execution of its business strategy, which is subject to uncertainties and contingencies beyond EchoStar's control.

Expected Operating Losses. Since 1996, EchoStar has reported significant operating and net losses. Improvements in EchoStar's future results of operations are largely dependent upon its ability to increase its customer base while maintaining its overall cost structure, controlling subscriber turnover and effectively managing its subscriber acquisition costs. No assurance can be given that EchoStar will be effective with regard to these matters. In addition, generally EchoStar incurs significant acquisition costs to obtain DISH Network subscribers. The high cost of obtaining new subscribers magnifies the negative effects of subscriber turnover.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of EchoStar and all of its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated. EchoStar accounts for investments in 50% or less owned entities using the equity or cost method, except for its investments in marketable equity securities, which are carried at fair value.

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.

Stock Splits

On each of July 19, 1999, October 25, 1999 and March 22, 2000, EchoStar completed a two-for-one split of its outstanding class A and class B common stock. An amount equal to the par value of the common shares issued for the July, October and March stock splits was transferred from additional paid-in capital to class A common stock and class B common stock. All references to shares and per share amounts included herein retroactively give effect to the stock splits completed in July 1999, October 1999 and March 2000.

Foreign Currency Transaction Gains and Losses

The functional currency of EchoStar's foreign subsidiaries is the U.S. dollar because their sales and purchases are predominantly denominated in that currency. Transactions denominated in currencies other than U.S. dollars are recorded based on exchange rates at the time such transactions arise. Subsequent changes in exchange rates result in transaction gains and losses which are reflected in income as unrealized (based on period-end translation) or realized (upon settlement of the transaction). Net transaction gains (losses) during 1999, 2000 and 2001 were not material to EchoStar's results of operations.

Statements of Cash Flows Data

The following presents EchoStar's supplemental cash flow statement disclosure (in thousands):

YEAR ENDED DECEMBER 31,		
1999	2000	2001
Cash paid for interest, net of amounts capitalized	$ 128,553	$ 211,064	$ 377,038
Cash paid for income taxes	119	641	1,832
Capitalized interest	--	5,343	25,647
8% Series A Cumulative Preferred Stock dividends	124	--	--
12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock dividends payable in-kind			241
Accretion of 6 3/4% Series C Cumulative Convertible Preferred Stock	6,335	--	--
6 3/4% Series C Cumulative Convertible Preferred Stock dividends	553	1,146	337
Assets acquired from News Corporation and MCI: FCC licenses and other			626,120
Satellites			451,200
Digital broadcast operations center			47,000
Common Stock issued to News Corporation and MCI			1,124,320
Class A common stock issued related to acquisition of Kelly Broadcasting			31,556
Systems			34,373
Conversion of 6 3/4% Series C Cumulative Convertible Preferred Stock to Class A common stock			10,948
Forfeitures of deferred non-cash, stock-based compensation			8,072
			12,564

Cash and Cash Equivalents

EchoStar considers all liquid investments purchased with an original maturity of 90 days or less to be cash equivalents. Cash equivalents as of December 31, 2000 and 2001 consist of money market funds, corporate notes and commercial paper; such balances are stated at fair market value.

Marketable and Non-Marketable Investment Securities and Restricted Cash

EchoStar currently classifies all marketable investment securities as available-for-sale. The fair market value of marketable investment securities approximates the carrying value and represents the quoted market prices at the balance sheet dates. Related unrealized gains and losses are reported as a separate component of stockholders' deficit, net of related deferred income taxes, if applicable. The specific identification method is used to determine cost in computing realized gains and losses. Such unrealized gains totaled approximately $4 million as of December 31, 2001.

In accordance with generally accepted accounting principles, declines in the fair market value of a marketable investment security which are estimated to be "other than temporary" must be recognized in the statement of operations, thus establishing a new cost basis for such investment. EchoStar evaluates its marketable investment securities portfolio on a quarterly basis to determine whether declines in the market 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 value of these securities, 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 period of less than six months are considered to be temporary. Declines in the fair value of investments for a 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 greater than nine months are considered other than temporary and are recorded as charges to earnings, absent specific factors to the contrary. As a result of EchoStar's quarterly evaluations, during the year ended December 31, 2001 EchoStar recorded an aggregate charge to earnings for other than temporary declines in the fair market value of its marketable investment securities of approximately $70 million. This amount does not include

realized gains of approximately $22 million on the sales of marketable investment

securities. If the fair market value of EchoStar's marketable securities portfolio does not remain at or above cost basis or if EchoStar becomes aware of any market or company specific factors that indicate that the carrying value of certain of its securities is impaired, EchoStar may be required to record an additional charge to earnings in future periods equal to the amount of the decline in fair value.

EchoStar also has made strategic equity investments in certain non-marketable investment securities within the broadband industry including Wildblue Communications, StarBand Communications and VisionStar, Inc. Through December 31, 2001, EchoStar invested approximately $156 million in these non-marketable investment securities, including loans to VisionStar of approximately $4.6 million. The securities of these companies are not publicly traded. EchoStar's ability to create realizable value for its strategic investments in companies that are not public is dependent on the success of their business and ability to obtain sufficient capital to execute their business plans. Since private markets are not as liquid as public markets, there is also increased risk that EchoStar will not be able to sell these investments, or that when EchoStar desires to sell them that it will not be able to obtain full value for them. StarBand and Wildblue have cancelled their planned initial public stock offerings and have minimal cash on hand. StarBand has reduced its operations and Wildblue has suspended most of its operations. The ability of both of these entities to raise additional capital in the future is currently uncertain, and attempts to date have been unsuccessful. In addition, StarBand has significant vendor and bank obligations and their independent public accountants have expressed uncertainty as to their ability to continue as a going concern in the 2001 StarBand audit opinion. As a result of these factors, EchoStar has recorded cumulative impairment and equity-method charges of approximately $114 million to reduce the carrying values of these non-marketable investment securities to their estimated net realizable values, aggregating approximately $42 million as of December 31, 2001. Of the $114 million, approximately $64 million was recorded related to EchoStar's equity in losses of StarBand ($29 million and $35 million during the years ended December 31, 2000 and 2001, respectively). The remaining $50 million represents impairment charges recorded during 2001 to reduce the carrying value of Wildblue to zero. If EchoStar becomes aware of any factors that indicate that the carrying values of any of its non-marketable investment securities are impaired, EchoStar will be required to record additional charges to earnings in future periods to reduce some or all of the remaining investment balances to their estimated net realizable values.

Restricted cash and marketable investment securities, as reflected in the accompanying consolidated balance sheets, include restricted cash placed in trust for the purpose of repaying a note payable as of December 31, 2000 and 2001.

The major components of marketable investment securities and restricted cash are as follow (in thousands):

	MARKETABLE INVESTMENT SECURITIES		RESTRICTED CASH	
	DECEMBER 31,		DECEMBER 31,	
	2000	2001	2000	2001
Commercial paper	$ 327,250	$ 515,752	$ --	$ --
Corporate notes and bonds	206,556	550,364	--	--
Corporate equity securities	53,936	40,633	--	--
Government bonds				

19,615 43,659 -- -
- Restricted cash
.....
-- -- 3,000 1,288
----------- -----
----- ---------- -
--------- $
607,357 $1,150,408
$ 3,000 $ 1,288
==========
==========
==========
==========

As of December 31, 2001, marketable investment securities and restricted cash include debt securities of $947 million with contractual maturities of one year or less, $157 million with contractual maturities between one and five years and $6 million with contractual maturities greater than five years. Actual maturities may differ from contractual maturities as a result of EchoStar's ability to sell these securities prior to maturity.

Fair Value of Financial Instruments

Fair values for EchoStar's high-yield debt are based on quoted market prices. The fair values of EchoStar's mortgages and other notes payable are estimated using discounted cash flow analyses. The interest rates assumed in such discounted cash flow analyses reflect interest rates currently being offered for loans with similar terms to borrowers of similar credit quality.

The following table summarizes the book and fair values of EchoStar's debt facilities at December 31, 2000 and 2001 (in thousands):

DECEMBER 31, 2000
DECEMBER 31, 2001

---- BOOK VALUE
FAIR VALUE BOOK
VALUE FAIR VALUE

--------- 9 1/4%
Seven Year Notes
.....
$ 375,000 $
365,625 $ 375,000
$ 382,500 9 3/8%
Ten Year Notes
.....
1,625,000
1,584,375
1,625,000
1,673,750 10 3/8%
Seven Year Notes
.....
1,000,000 985,000
1,000,000
1,040,000 9 1/8%
Seven Year Notes
.....
-- -- 700,000
701,750 4 7/8%
Convertible Notes
.....
1,000,000 750,000
1,000,000 891,300
5 3/4%
Convertible Notes
.....
- -- 1,000,000
896,300 Mortgages
and other notes
payable .....
35,944 35,495
21,262 21,262

Inventories

Inventories are stated at the lower of cost or market value. Cost is determined using the first-in, first-out method. Proprietary products are manufactured by outside suppliers to EchoStar's specifications. Manufactured inventories include materials, labor, freight-in, royalties and manufacturing overhead. Cost of other inventories includes parts, contract manufacturers' delivered price, assembly and testing labor, and related overhead, including handling and storage costs. Inventories consist of the following (in thousands):

DECEMBER 31, ---

--- Finished goods - DBS
..... $
96,362 $ 127,186 Raw materials
.....
40,247 45,725 Finished goods -

reconditioned and other	
23,101	19,548
Work-in-process	
8,879	7,924
Consignment	
2,478	3,611
Reserve for excess and obsolete inventory	
(9,906)	(13,247)
---	---
$ 161,161	$ 190,747

Property and Equipment

Property and equipment are stated at cost. Cost includes interest capitalized of approximately $5 million and $26 million during the years ended December 31, 2000 and 2001, respectively. No interest was capitalized during 1999. The costs of satellites under construction are capitalized during the construction phase, assuming the eventual successful launch and in-orbit operation of the satellite. If a satellite were to fail during launch or while in-orbit, the resultant loss would be charged to expense in the period such loss was incurred. The amount of any such loss would be reduced to the extent of insurance proceeds received, if any, as a result of the launch or in-orbit failure. Depreciation is recorded on a straight-line basis for financial reporting purposes. Repair and maintenance costs are charged to expense when incurred. Renewals and betterments are capitalized.

EchoStar reviews its long-lived assets and identifiable intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. For assets which are

held and used in operations, the asset would be impaired if the book value of the asset exceeded the undiscounted future net cash flows related to the asset. For those assets which are to be disposed of, the assets would be impaired to the extent the fair value does not exceed the book value. EchoStar considers relevant cash flow, estimated future operating results, trends and other available information including the fair value of frequency rights owned, in assessing whether the carrying value of assets are recoverable.

FCC Authorizations

FCC authorizations are recorded at cost and amortized using the straight-line method over a period of 40 years. Such amortization commences at the time the related satellite becomes operational; capitalized costs are written off at the time efforts to provide services are abandoned. Accumulated amortization related to FCC authorizations totaled approximately $28 million and $47 million as of December 31, 2000 and 2001, respectively.

Effective January 1, 2002, EchoStar will be required to adopt Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have finite lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of FAS 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. EchoStar is currently evaluating the potential impact, if any, the adoption of FAS 142 will have on our financial position and results of operations.

Revenue Recognition

Revenue from the provision of DISH Network subscription television services and other satellite services is recognized as revenue in the period such services are provided. Revenue from international sales of digital set-top boxes and related accessories is recognized upon shipment to customers. Specific revenue and subscriber acquisition cost recognition policies relating to the marketing promotions for the periods presented are discussed below.

During the year ended December 31, 2001, our marketing promotions included the DISH Network One-Rate Plan, Bounty Programs, Free Now, I Like 9, and Digital Home Plan, which are described below.

DISH Network One-Rate Plan, Bounty Programs, Free Now Promotion and I Like 9. Under the DISH Network One-Rate Plan, consumers were eligible to receive a rebate of up to $199 on the purchase of certain EchoStar receiver systems. To be eligible for this rebate, a subscriber must have made a one-year commitment to subscribe to EchoStar's America's Top 150 programming or EchoStar's America's Top 100 CD programming package plus one premium movie package (or equivalent additional programming). This promotion expired on January 31, 2001.

Under the Bounty Programs, qualified customers were eligible to receive a free base-level EchoStar receiver system and free installation. To be eligible for this program, a subscriber must have made a one-year commitment to subscribe to a qualified programming package. Certain of these promotions expired on January 31, 2001.

From February through July 2001, EchoStar offered new subscribers a free base-level EchoStar receiver system and free installation under its Free Now promotion. To be eligible, a subscriber had to provide a valid major credit card and make a one-year commitment to subscribe to either EchoStar's America's Top 150 programming package or EchoStar's America's Top 100 CD or DISH Latino Dos programming package plus additional programming totaling at least $39.98 per month.

During August 2001, EchoStar commenced its I Like 9 promotion. Under this promotion, subscribers who purchased an EchoStar receiver system for $199 or higher, received free installation and either EchoStar's America's Top 100 CD or EchoStar's DISH Latino Dos programming package for $9 a month for the first year. This promotion expired January 31, 2002.

EchoStar's direct sales to consumers pursuant to its DISH Network One-Rate Plan, Bounty Programs, Free Now promotion and I Like 9 fall under the scope of EITF Issue No. 00-14, "Accounting for Certain Sales Incentives" ("EITF 00-14"). In accordance with EITF 00-14, EchoStar accounts for the rebate (substantively equivalent to the return of a customer deposit) under its DISH Network One-Rate Plan by establishing a liability equal to the amount of the rebate to be paid to the customer upon receipt of the upfront payment from the subscriber and does not recognize revenue for that amount. The return of the upfront payment received from the customer is charged against such liability account when such amount is paid back to the customer. EchoStar does not receive any up-front proceeds from subscribers under Bounty Programs or the Free Now promotion. Programming revenue under the I Like 9 promotion is recorded at the substantially discounted monthly rate charged to the subscriber. See Subscriber Promotions Subsidies and Subscriber Acquisition Costs below for discussion regarding the accounting for costs under these promotions.

EchoStar's dealer sales under its DISH Network One-Rate Plan, the Bounty Programs, Free Now promotion and I Like 9 fall under the scope of EITF Issue No. 00-25, "Vendor Income Statement Characterization of Consideration Paid to a Reseller of the Vendor's Products" ("EITF 00-25"). In accordance with the consensus guidance for Issue 2 of EITF 00-25, "buydowns" should be characterized as a reduction of revenue. As such, certain commissions paid to dealers are recorded as a reduction of the net proceeds received by EchoStar from the dealers. EchoStar also charges the equipment reimbursements paid under the Bounty Programs and the Free Now promotion against the proceeds from the dealer. The rebate paid under the One Rate Plan is treated similarly as a reduction of proceeds from the dealer by analogy to lease inducements, which are also generally recognized as a reduction of revenue. See additional discussion under Subscriber Promotions Subsidies and Subscriber Acquisition Costs below

Digital Home Plan. EchoStar's Digital Home Plan promotion, introduced during July 2000, offers several choices to consumers, ranging from the use of one EchoStar receiver system and our America's Top 100 CD or DISH Latino Dos programming package for $36.99 per month, to providing consumers two or more EchoStar receiver systems and our America's Top 150 programming package for $50.99 to $60.99 per month. With each plan, consumers receive in-home service, must agree to a one-year commitment and incur a one-time set-up fee of $49.99, which through December 31, 2001, included the first month's programming payment. For consumers who choose the Digital Home Plan with Dish PVR, which includes the use of one or more EchoStar receiver systems, one of which includes a built-in hard drive that allows viewers to pause and record live programming without the need for videotape, the consumer will incur a one-time set-up fee of $148.99. Since EchoStar retains ownership of equipment issued pursuant to the Digital Home Plan promotion, equipment costs are capitalized and depreciated over a period of four years.

StarBand. Prior to September 27, 2001, EchoStar accounted for the sale of StarBand equipment as a third-party distributor of the equipment. In accordance with EITF 99-19, EchoStar recorded revenue and cost of sales related to the sale of StarBand hardware on a gross basis upon shipment to its retailers, as the Company assumed the risk associated with the inventory if the equipment was not sold to its retailers. EchoStar also recorded revenue and cost of sales related to StarBand installations performed by the Company on a gross basis upon installation. EchoStar did not enter into a multiple element arrangement with its independent retailers or the end users of StarBand's service as EchoStar was only a distributor of StarBand's equipment. Once the equipment was purchased from an EchoStar retailer and installed in the StarBand subscriber's home, EchoStar was not responsible for actual StarBand subscriber activations or the provision of Internet services. Additionally, all StarBand subscriber Internet service payments collected by EchoStar in connection with a bundled billing are remitted directly to StarBand. If such bundled service revenue for StarBand Internet services is not collected by EchoStar as StarBand's billing agent, EchoStar has no remittance obligation to StarBand whatsoever.

Effective September 27, 2001, in connection with EchoStar's increased equity interest in StarBand, EchoStar began subsidizing the cost of equipment to the subscriber by offering discounted equipment through its independent

dealers. As such, beginning September 27, 2001, EchoStar accounts for the sale of StarBand equipment similar to the accounting for its DISH Network One-Rate Plan, Bounty Programs, and Free Now promotion, as discussed in subscriber promotion subsidies below.

EchoStar offers a bundled price of $100.99 for EchoStar's America's Top 150 ("AT 150") programming and the Starband Internet service. For StarBand customers activated prior to September 27, 2001, in accordance with EITF Issue No. 99-19, EchoStar recognizes $35.99 for the video portion of the revenue and records a liability to Starband for the $65.00 related to the Internet service. The $10.00 discount from the total standard price of EchoStar's AT 150 ($40.99/mo.) and the Starband Internet service ($70.00/mo.) is shared 50/50 between EchoStar and Starband. In the event EchoStar does not collect the monthly programming and Internet payments from a subscriber, EchoStar is not obligated to remit payment to Starband for Internet services rendered to the subscriber.

For StarBand customers activated after September 27, 2001, as a retailer of the StarBand service, EchoStar recognizes the entire $100.99 of revenue for the video and Internet service and records costs equal to the monthly payment made by EchoStar to Starband for providing the service. In the event EchoStar does not collect the monthly programming and Internet payments from a subscriber, EchoStar is still obligated to remit payment to Starband for the cost of providing the Internet service to the customer.

Subscriber Promotion Subsidies and Subscriber Acquisition Costs

Subscriber promotion subsidies - cost of sales includes the cost of Echostar receiver systems distributed to retailers and other distributors of EchoStar's equipment and receiver systems sold directly by EchoStar to subscribers. Subscriber promotion subsidies - other includes net costs related to various installation promotions and other promotional incentives. EchoStar makes payments to its independent dealers as consideration for equipment installation services and for equipment buydowns (commissions and rebates). EchoStar expenses payments for equipment installation services as Subscriber promotion subsidies - other. EchoStar's payments for equipment buydowns represent a partial or complete return of the dealer's purchase price and are, therefore, netted against the proceeds received from the dealer. EchoStar reports the net proceeds or cost from its various sales promotions through its independent dealer network as a component of Subscriber promotion subsidies - other. No net proceeds or cost from the sale of subscriber related equipment is recognized as revenue. Accordingly, subscriber acquisition costs are generally expensed as incurred except for under EchoStar's Digital Home Plan which was initiated during 2000 wherein the Company retains title to the receiver system and certain ancillary equipment resulting in the capitalization and depreciation of such equipment cost over its estimated useful life.

Deferred Debt Issuance Costs and Debt Discount

Costs of issuing debt are generally deferred and amortized to interest expense over the terms of the respective notes (see Note 4).

Deferred Revenue

Deferred revenue principally consists of prepayments received from subscribers for DISH Network programming. Such amounts are recognized as revenue in the period the programming is provided to the subscriber.

Long-Term Deferred Distribution and Carriage Revenue

Long-term deferred distribution and carriage revenue consists of advance payments from certain content providers for carriage of their signal on the DISH Network. Such amounts are deferred and recognized as revenue on a straight-line basis over the related contract terms (up to ten years).

Accrued Expenses

Accrued expenses consist of the following (in thousands):

DECEMBER 31,			2000
2001			Programming
$176,566	$250,795	Royalties and copyright fees	111,228	145,140
		Interest	
131,999	142,789	Marketing	
86,861	53,279	Other	
184,828	267,290		$691,482
$859,293			

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs totaled $10 million, $17 million and $19 million for the years ended December 31, 1999, 2000, and 2001, respectively.

Comprehensive Loss

The change in unrealized gain (loss) on available-for-sale securities is the only component of EchoStar's other comprehensive loss. Accumulated other comprehensive income (loss) presented on the accompanying consolidated balance sheets consists of the accumulated net unrealized income (loss) on available-for-sale securities, net of deferred taxes.

Basic and Diluted Loss Per Share

Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("FAS No. 128") requires entities to present both basic earnings per share ("EPS") and diluted EPS. Basic EPS excludes dilution and is computed by dividing income (loss) available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock options or warrants were exercised or convertible securities were converted to common stock, resulting in the issuance of common stock that then would share in any earnings of the Company. EchoStar had net losses for the years ending December 31, 1999, 2000 and 2001. Therefore, the effect of the common stock equivalents and convertible securities is excluded from the computation of diluted earnings (loss) per share since the effect is anti-dilutive.

Earnings per share amounts for all periods are presented below in accordance with the requirements of FAS No. 128.

YEAR ENDED DECEMBER 31,		
	1999	2000
	2001	
	(In thousands, except per share data)	
Numerator:		
Net loss	$(792,847)	$(650,326)
$(215,498)		
8% Series A Cumulative Preferred Stock dividends	(124)	--
--		
12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock dividends payable in-kind	(241)	--
--		
Accretion of 6 3/4% Series C Cumulative Convertible Preferred Stock	(6,335)	--
--		
6 3/4% Series C Cumulative Convertible Preferred Stock dividends	(553)	(1,146)
(337)		
Numerator for basic and diluted loss per share - loss attributable to common shareholders	$(800,100)	$(651,472)
$(215,835)		
Denominator:		
Denominator for basic and diluted loss per share - weighted-average common shares outstanding	416,476	471,023
477,172		
Net loss per common share:		
Basic and diluted loss per share before extraordinary charge	$ (1.28)	$ (1.38)
$ (0.45)		
Extraordinary charge for the early retirement of debt	(0.64)	--
--		
Basic and diluted loss per share	$ (1.92)	$ (1.38)
$ (0.45)		
Shares of Class A Common Stock issuable upon conversion of:		
6 3/4% Series C Cumulative Convertible Preferred Stock	14,912	3,593
--		
4 7/8% Convertible Subordinated Notes	22,007	22,007
22,007		
5 3/4% Convertible Subordinated Notes	--	--
23,100		

As of December 31, 1999, 2000 and 2001, options to purchase approximately 27,844,000, 25,118,000 and 22,748,000 shares of class A common stock were outstanding, respectively.

Reclassifications

Certain prior year balances in the consolidated financial statements and accompanying notes to consolidated financial statements have been reclassified to conform with the 2001 presentation.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations," ("FAS 141"), which is required to be adopted July 1, 2001. FAS 141 requires the purchase method of accounting for all business combinations initiated after June 30, 2001. The application of FAS 141 has not had a material impact on EchoStar's financial position or results of operations.

In July 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets" ("FAS 142"), which requires goodwill and intangible assets with indefinite useful lives to no longer be amortized but to be tested for impairment at least annually. Intangible assets that have finite lives will continue to be amortized over their estimated useful lives. The amortization and non-amortization provisions of FAS 142 will be applied to all goodwill and intangible assets acquired after June 30, 2001. Effective January 1, 2002, EchoStar is required to apply all other provisions of FAS 142. EchoStar is currently evaluating the potential impact, if any, the adoption of FAS 142 will have on our financial position and results of operations.

In August 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("FAS 144"), which is effective for fiscal periods beginning after December 15, 2001 and interim periods within those fiscal years. FAS 144 establishes an accounting model for impairment or disposal of long-lived assets to be disposed of by sale. EchoStar is currently evaluating the potential impact, if any, the adoption of FAS 144 will have on its financial position and results of operation.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following (in thousands):

DECEMBER 31,	LIFE (IN YEARS)	2000	2001
EchoStar I	12	$ 201,607	$ 201,607
EchoStar II	12	228,694	228,694
EchoStar III	12	234,083	234,083
EchoStar IV	4	89,505	89,505
EchoStar V	12	208,548	210,446
EchoStar VI	12	243,789	246,022
Furniture, fixtures and equipment	2-12	331,069	409,523
Buildings and improvements	7-40	83,922	94,325
Digital Home Plan equipment	4	62,726	353,567
Tooling and other	2	5,211	6,041
Land			
Vehicles	7	968	1,595
Construction in progress		226,454	462,365
Total property and equipment		1,926,659	2,550,472
Accumulated depreciation		(415,356)	(646,460)
Property and equipment, net		$ 1,511,303	$ 1,904,012

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

DECEMBER 31,	2000	2001
Progress amounts for satellite construction, launch, and launch insurance: EchoStar VII	76,382	159,577
EchoStar VIII	46,487	128,535
EchoStar IX	22,215	74,189
Digital broadcast operations center	39,797	56,347
Other	41,573	43,717
	$226,454	$462,365

EchoStar V

EchoStar V is equipped with a total of three momentum wheels, including one spare. During July 2001, EchoStar V experienced an anomaly resulting in the loss of one momentum wheel. The satellite was quickly restored to normal operations mode. An investigation conducted by the spacecraft manufacturer concluded that a failure within the momentum wheel electronics caused the loss. The manufacturer also believes that the failure was isolated to this particular unit. While no further momentum wheel losses are expected, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite. At EchoStar's request, the manufacturer has developed contingency plans which include modification to the spacecraft's on-board software that will allow continued operation in the event of additional momentum wheel failures, with limited effect on spacecraft life. During August 2001, one of the thrusters on EchoStar V experienced an anomalous event resulting in a temporary interruption of service. The satellite was quickly restored to normal operations mode. An investigation by the manufacturer has determined that the engine remains functional but with a reduction in rated thrust. The satellite is equipped with a substantial number of backup thrusters. EchoStar V is also equipped with a total of 48 traveling-wave-tube amplifiers ("TWTAs"), including 16 spares. A total of two TWTAs were taken out of service and replaced by spares between the launch of the satellite and June 30, 2001. During the third quarter 2001, EchoStar V experienced anomalous telemetry readings on two additional TWTAs. As a precaution, during September 2001 EchoStar substituted one of those TWTA's with a spare. To the extent that EchoStar V experiences anomalous telemetry readings on additional TWTAs it may be necessary to utilize additional spare TWTAs. EchoStar V has also experienced anomalies resulting in the loss of one solar array string. The satellite has a total of approximately 96 solar array strings and approximately 92 are required to assure full power availability for the 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite to date, is continuing. Until the root cause of these anomalies is finally determined, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite.

EchoStar VI

EchoStar VI is equipped with a total of 48 transponders, including 16 spares. During April 2001, EchoStar VI experienced a series of anomalous events resulting in a temporary interruption of service. The satellite was quickly restored to normal operations mode. As a result of the anomaly, an investigation conducted by the spacecraft manufacturer concluded that one stationkeeping thruster and a pair of TWTA are unusable. The satellite is equipped with a substantial number of backup transponders and thrusters. The satellite manufacturer, Space Systems Loral ("SS/L"), has advised EchoStar that it believes that the thruster anomaly was isolated to one stationkeeping thruster, and that while further failures are possible, SS/L does not believe it is likely that additional thrusters will be impacted. EchoStar VI has also experienced anomalies resulting in the loss of two solar array strings. The satellite has a total of approximately 112 solar array strings and approximately 106 are required to assure full power availability for the 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite to date, is continuing. Until the root cause of these anomalies is finally determined, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite.

Satellite Insurance

As a result of the failure of EchoStar IV solar arrays to fully deploy and the failure of 30 transponders to date, a maximum of approximately 14 of the 44 transponders on EchoStar IV are available for use at this time. In addition to the transponder and solar array failures, EchoStar IV experienced anomalies affecting its thermal systems and propulsion system. There can be no assurance that further material degradation, or total loss of use, of EchoStar IV will not occur in the immediate future.

In September 1998, EchoStar filed a $219.3 million insurance claim for a constructive total loss under the launch insurance policies covering EchoStar IV. The satellite insurance consists of separate substantially identical

policies with different carriers for varying amounts that, in combination, create a total insured amount of $219.3 million. EchoStar's insurance carriers offered EchoStar a total of approximately $88 million, or 40% of the total policy amount, in settlement of the EchoStar IV insurance claim. The insurers offered to pay only part of the $219.3 million claim because they allege we did not abide by the exact terms of the insurance policy. The insurers also assert that EchoStar IV was not a constructive total loss, as that term is defined in the policy. EchoStar strongly disagrees and filed an arbitration claim against the insurers for breach of contract, failure to pay a valid insurance claim and bad faith denial of a valid claim, among other things. There can be no assurance that EchoStar will receive the amount claimed or, if EchoStar does, that EchoStar will retain title to EchoStar IV with its reduced capacity. Based on the carriers' failure to pay the amount EchoStar believes is owed under the policy and their improper attempts to force EchoStar to settle for less than the full amount of its claim, EchoStar has added causes of action in its EchoStar IV demand for arbitration for breach of the duty of good faith and fair dealing, and unfair claim practices. Additionally, EchoStar filed a lawsuit against the insurance carriers in the U.S. District Court for the District of Colorado asserting causes of action for violation of Federal and State antitrust laws. During March 2001, EchoStar voluntarily dismissed its antitrust lawsuit without prejudice. EchoStar has the right to re-file an antitrust action against the insurers in the future.

At the time EchoStar filed its claim in 1998, EchoStar recognized an impairment loss of $106 million to write-down the carrying value of the satellite and related costs, and simultaneously recorded an insurance claim receivable for the same amount. EchoStar will have to reduce the amount of the receivable if a final settlement is reached for less than this amount.

As a result of the thermal and propulsion system anomalies, EchoStar reduced the estimated remaining useful life of EchoStar IV to approximately 4 years during January 2000. EchoStar will continue to evaluate the performance of EchoStar IV and may modify its loss assessment as new events or circumstances develop.

The indentures related to certain of EDBS' senior notes contain restrictive covenants that require EchoStar to maintain satellite insurance with respect to at least half of the satellites it owns or leases. In addition, the indenture related to EBC's senior notes requires EchoStar to maintain satellite insurance on the lesser of half of its satellites or three of its satellites. EchoStar I through EchoStar IX are owned by a direct subsidiary of EBC. Insurance coverage is therefore required for at least three of EchoStar's seven satellites currently in-orbit. The launch and/or in-orbit insurance policies for EchoStar I through EchoStar VII have expired. To date EchoStar has been unable to obtain insurance on any of these satellites on terms acceptable to EchoStar. As a result, EchoStar is currently self-insuring these satellites. To satisfy insurance covenants related to EDBS' and EBC's senior notes, EchoStar has reclassified an amount equal to the depreciated cost of three of its satellites from cash and cash equivalents to cash reserved for satellite insurance on its balance sheet. As of December 31, 2001, cash reserved for satellite insurance totaled approximately $122 million. If EchoStar leases or transfers ownership of EchoStar VII, EchoStar VIII or EchoStar IX to EDBS, which it is currently considering, EchoStar would need to reserve additional cash for the depreciated cost of additional satellites. The reserve would increase by approximately $60 million if one or two satellites are so leased or transferred, and by an additional material amount if a third satellite is leased or transferred. The reclassifications will continue until such time, if ever, as EchoStar can again insure its satellites on acceptable terms and for acceptable amounts.

4. LONG-TERM DEBT

9 1/4% Seven Year and 9 3/8% Ten Year Notes

On January 25, 1999, EDBS sold $375 million principal amount of the 9 1/4% Seven Year Notes and $1.625 billion principal amount of the 9 3/8% Ten Year Notes. Interest accrues at annual rates of 9 1/4% and 9 3/8%, respectively and is payable semi-annually in cash in arrears on February 1 and August 1 of each year, commencing August 1, 1999.

Concurrently with the closing of the 9 1/4% Seven Year Notes and 9 3/8% Ten Year Notes offering, EchoStar used approximately $1.658 billion of net proceeds received from the sale of the 9 1/4% Seven Year and 9 3/8% Ten Year Notes to complete tender offers for its then outstanding senior notes issued in 1994, 1996 and 1997. In February 1999, EchoStar used approximately $268 million of net proceeds received from the sale of the 9 1/4% Seven Year and 9 3/8% Ten Year Notes to complete the tender offers related to the 12 1/8% Senior Exchange Notes due 2004, issued on January 4, 1999, in exchange for all issued and outstanding 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock.

With the exception of certain de minimis domestic and foreign subsidiaries, the 9 1/4% Seven Year and 9 3/8% Ten Year Notes are fully, unconditionally and jointly and severally guaranteed by all subsidiaries of EDBS. The 9 1/4% Seven Year and 9 3/8% Ten Year Notes are general senior unsecured obligations which:

- rank pari passu in right of payment to each other and to all existing and future senior unsecured obligations;
- rank senior to all existing and future junior obligations; and
- are effectively junior to secured obligations to the extent of the collateral securing such obligations, including any borrowings under future secured credit facilities.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 9 1/4% Seven Year and 9 3/8% Ten Year Notes are not redeemable at EDBS's option prior to February 1, 2003 and February 1, 2004, respectively. Thereafter, the 9 1/4% Seven Year Notes will be subject to redemption, at the option of EDBS, in whole or in part, at redemption prices decreasing from 104.625% during the year commencing February 1, 2003 to 100% on or after February 1, 2005, together with accrued and unpaid interest thereon to the redemption date. The 9 3/8% Ten Year Notes will be subject to redemption, at the option of EDBS, in whole or in part, at redemption prices decreasing from 104.688% during the year commencing February 1, 2004 to 100% on or after February 1, 2008, together with accrued and unpaid interest thereon to the redemption date.

The indentures related to the 9 1/4% Seven Year and 9 3/8% Ten Year Notes (the "Seven and Ten Year Notes Indentures") contain restrictive covenants that, among other things, impose limitations on the ability of EDBS to:

- incur additional indebtedness;
- apply the proceeds of certain asset sales;
- create, incur or assume liens;
- create dividend and other payment restrictions with respect to EDBS's subsidiaries;
- merge, consolidate or sell assets; and
- enter into transactions with affiliates.

In addition, EDBS may pay dividends on its equity securities only if no default shall have occurred or is continuing under the Seven and Ten Year Notes Indentures; and after giving effect to such dividend and the incurrence of any indebtedness (the proceeds of which are used to finance the dividend), EDBS' ratio of total indebtedness to cash flow (calculated in accordance with the Indentures) would not exceed 8.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of the difference of cumulative consolidated cash flow (calculated in accordance with

the Indentures) minus 120% of consolidated interest expense of EDBS (calculated in accordance with the Indentures), in each case from April 1, 1999 plus an amount equal to 100% of the aggregate net cash proceeds received by EDBS and its subsidiaries from the issuance or sale of certain equity interests of EDBS or EchoStar.

In the event of a change of control, as defined in the Seven and Ten Year Notes Indentures, EDBS will be required to make an offer to repurchase all of the 9 1/4% Seven Year and 9 3/8% Ten Year Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

10 3/8% Seven Year Notes

On September 25, 2000, our wholly-owned subsidiary, EBC, sold $1 billion principal amount of the 10 3/8% Seven Year Notes. Interest accrues at an annual rate of 10 3/8% and is payable semi-annually in cash, in arrears on April 1 and October 1 of each year. The proceeds of the 10 3/8% Seven Year Notes will be used primarily by EchoStar's subsidiaries for the construction and launch of additional satellites, strategic acquisitions and other general working capital purposes.

The indenture related to the 10 3/8% Seven Year Notes (the "10 3/8% Seven Year Notes Indenture") contains certain restrictive covenants that generally do not impose material limitations on EchoStar. Subject to certain limitations, the 10 3/8% Seven Year Notes Indenture permits EBC to incur additional indebtedness, including secured and unsecured indebtedness that ranks on parity with the 10 3/8% Seven Year Notes. Any secured indebtedness will, as to the collateral securing such indebtedness, be effectively senior to the 10 3/8% Seven Year Notes to the extent of such collateral.

The 10 3/8% Seven Year Notes are:

- general unsecured obligations of EBC;
- ranked equally in right of payment with all of EBC's existing and future senior debt;
- ranked senior in right of payment to all of EBC's other existing and future subordinated debt; and
- ranked effectively junior to (i) all liabilities (including trade payables) of EBC's subsidiaries and (ii) all of EBC's secured obligations, to the extent of the collateral securing such obligations, including any borrowings under any of EBC's future secured credit facilities, if any.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 10 3/8% Seven Year Notes are not redeemable at EchoStar's option prior to October 1, 2004. Thereafter, the 10 3/8% Seven Year Notes will be subject to redemption, at EchoStar's option, in whole or in part, at redemption prices decreasing from 105.188% during the year commencing October 1, 2004 to 100% on or after October 1, 2006, together with accrued and unpaid interest thereon to the redemption date.

In the event of a change of control, as defined in the 10 3/8% Seven Year Notes Indenture, EBC will be required to make an offer to repurchase all or any part of a holder's 10 3/8% Seven Year Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

Under the terms of the 10 3/8% Seven Year Notes Indenture, EBC has agreed to cause its subsidiary, EDBS to make an offer to exchange (the "EDBS Exchange Offer") all of the outstanding 10 3/8% Seven Year Notes for a new class of notes issued by EDBS as soon as practical following the first date (as reflected in EDBS' most recent quarterly or annual financial statements) on which EDBS is permitted to incur indebtedness in an amount equal to the outstanding principal balance of the 10 3/8% Seven Year Notes under the "Indebtedness to Cash Flow Ratio" test contained in the indentures (the "EDBS Indentures") governing the EDBS 9 1/4% Seven Year Notes and 9 3/8% Ten Year Notes, and such incurrence of indebtedness would not otherwise cause any breach or violation of, or result in a default under, the terms of the EDBS Indentures. Pursuant to the terms of the EDBS indentures, the actual EDBS Exchange offer will be effected during the first quarter of 2002.

9 1/8% Seven Year Notes

On December 28, 2001, EDBS sold $700 million principal amount of the 9 1/8% Seven Year Notes. Interest accrues at an annual rate of 9 1/8% and is payable semi-annually in cash, in arrears on January 15 and July 15 of each year, commencing July 15, 2002. The proceeds of the 9 1/8% Seven Year Notes are intended to be used for one or more of the following: 1) to provide a portion of the financing for the proposed merger of EchoStar with Hughes Electronics Corporation, 2) if EchoStar does not consummate the merger, to provide a portion of the financing for the acquisition by EchoStar of Hughes' approximately 81% interest in PanAmSat Corporation, and 3) the construction, launch and insurance of additional satellites, strategic acquisitions and other general corporate purposes.

The 9 1/8% Seven Year Notes are guaranteed by substantially all subsidiaries of EDBS on a senior basis. The 9 1/8% Seven Year Notes are general unsecured senior obligations which:

- rank senior with all of EDBS' future subordinated debt; and
- rank junior to any of EDBS' secured debt to the extent of the value of the assets securing such debt.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 9 1/8% Seven Year Notes are not redeemable at EDBS' option prior to January 15, 2006. Thereafter, the 9 1/8% Seven Year Notes will be subject to redemption, at EDBS' option, in whole or in part, at redemption prices decreasing from 104.563% during the year commencing January 15, 2006 to 100% on or after January 15, 2008, together with accrued and unpaid interest thereon to the redemption date.

The indenture related to the 9 1/8% Seven Year Notes (the "9 1/8% Seven Year Notes Indenture") contains restrictive covenants that, among other things, impose limitations on the ability of EDBS and its restricted subsidiaries to:

- incur additional indebtedness or enter into sale and leaseback transactions;
- pay dividends or make distribution on EDBS' capital stock or repurchase EDBS' capital stock;
- make certain investments;
- create liens;
- enter into transactions with affiliates;
- merge or consolidate with another company; and
- transfer and sell assets

In the event of a change of control, as defined in the 9 1/8% Seven Year Notes Indenture, EDBS will be required to make an offer to repurchase all or any part of a holder's 9 1/8% Seven Year Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

4 7/8% Convertible Notes

On December 2, 1999, EchoStar sold $1 billion principal amount of the 4 7/8% Convertible Notes. Interest accrues at an annual rate of 4 7/8% and is payable semi-annually in cash, in arrears on January 1 and July 1 of each year, commencing July 1, 2000.

The 4 7/8% Convertible Notes are general unsecured obligations, which rank junior in right of payment to:

- all existing and future senior obligations;
- all of EchoStar's secured debts to the extent of the value of the assets securing those debts; and
- all existing and future debts and other liabilities or EchoStar's subsidiaries.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 4 7/8% Convertible Notes are not redeemable at EchoStar's option prior to January 1, 2003. Thereafter, the 4 7/8% Convertible Notes will be subject to redemption, at the option of the Company, in whole or in part, at redemption prices decreasing from 102.786% during the year commencing January 1, 2003 to 100% on or after January 1, 2007, together with accrued and unpaid interest thereon to the redemption date.

The 4 7/8% Convertible Notes, unless previously redeemed, are convertible at the option of the holder any time after 90 days following the date of their original issuance and prior to maturity into shares of our class A common stock at a conversion price of $45.44 per share.

The indenture related to the 4 7/8% Convertible Notes (the "4 7/8% Convertible Notes Indenture") contain certain restrictive covenants that do not impose material limitations on EchoStar.

In the event of a change of control, as defined in the 4 7/8% Convertible Notes Indenture, EchoStar will be required to make an offer to repurchase all or any part of the holder's 4 7/8% Convertible Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

5 3/4% Convertible Notes

On May 24, 2001, EchoStar sold $1 billion principal amount of the 5 3/4% Convertible Notes. Interest accrues at an annual rate of 5 3/4% and is payable semi-annually in cash, in arrears on May 15 and November 15 of each year, commencing November 15, 2001.

The 5 3/4% Convertible Notes are general unsecured obligations, which rank equal to EchoStar's 4 7/8% Convertible Notes and junior in right of payment to:

- all existing and future senior obligations;
- all of EchoStar's secured debts to the extent of the value of the assets securing those debts; and
- all existing and future debts and other liabilities or EchoStar's subsidiaries.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 5 3/4% Convertible Notes are not redeemable at EchoStar's option prior to May 15, 2004. Thereafter, the 5 3/4% Convertible Notes will be subject to redemption, at the option of the Company, in whole or in part, at redemption prices decreasing from 103.286% during the year commencing May 15, 2004 to 100% on or after May 15, 2008, together with accrued and unpaid interest thereon to the redemption date.

The 5 3/4% Convertible Notes, unless previously redeemed, are convertible at the option of the holder any time after 90 days following the date of their original issuance and prior to maturity into shares of EchoStar's class A common stock at a conversion price of $43.29 per share.

The indenture related to the 5 3/4% Convertible Notes (the "5 3/4% Convertible Notes Indenture") contains certain restrictive covenants that do not impose material limitations on EchoStar.

In the event of a change of control, as defined in the 5 3/4% Convertible Notes Indenture, EchoStar will be required to make an offer to repurchase all or any part of the holder's 5 3/4% Convertible Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

Certain Debt Indentures

The Hughes merger agreement requires that EchoStar use commercially reasonable efforts to: 1) amend the indentures relating to certain of its debt instruments so that the Hughes merger and related transactions would not constitute a change of control requiring it to make an offer to repurchase those notes, 2) obtain additional committed financing, on terms reasonably satisfactory to Hughes, sufficient to refinance the notes outstanding under the indentures which EchoStar is unable to amend, or 3) present to Hughes a plan, taking into account prevailing market

conditions for the relevant notes, designed so that at and after the effective time of the Hughes merger, the surviving corporation and its subsidiaries would not be in breach of their obligations under those indentures.

Mortgages and Other Notes Payable

Mortgages and other notes payable consists of the following (in thousands):

DECEMBER 31, ---------- 2000 2001 -------- -------- 8.25% note payable for satellite vendor financing for EchoStar I due in equal monthly installments of $772, including interest, through February 2001 ..... $ 2,137 $ -- 8.25% note payable for satellite vendor financing for EchoStar II due in equal monthly installments of $562, including interest, through November 2001 ..... 5,930 -- 8.25% note payable for satellite vendor financing for EchoStar III due in equal monthly installments of $294, including interest, through October 2002 ..... 5,978 2,829 8.25% note payable for satellite vendor financing for EchoStar IV due upon resolution of satellite insurance claim (Note 3) ..... 11,327 11,327 Mortgages and other unsecured notes payable due in installments through August 2020 with interest rates ranging from 2% to 10% ..... 10,572 7,106 -------- -------- Total ..... 35,944 21,262 Less current portion ..... (21,132) (14,782) -------- -------- Mortgages and other notes payable, net of current portion ..... $ 14,812 $ 6,480 ======== ========

Future maturities of EchoStar's outstanding long-term debt are summarized as follows (in thousands):

DECEMBER 31, ---------- ---------- ---------- ---------- 2002 2003 2004 2005 2006 THEREAFTER TOTAL ------ ---- ---------- ------- --- ---------- -------- -- ---------- --------- - 9 1/4% Seven Year Notes ..... $ -- $ -- $ -- $ -- $ 375,000 $ - - $ 375,000 9 3/8% Ten Year Notes ..... -- -- -- -- -- 1,625,000 1,625,000 10 3/8% Seven Year Notes ..... -- -- -- -- 1,000,000 1,000,000 9 1/8% Seven Year Notes ..... -- -- -- -- 700,000 700,000 4 7/8% Convertible Notes ..... -- -- -- -- -- 1,000,000 1,000,000 5 3/4% Convertible Notes ..... -- -- -- -- -- 1,000,000 1,000,000 Mortgages and Other Notes Payable ..... 14,782 1,992 723 753 798 2,214 21,262 ------ ---- ---------- ------- --- ---------- -------- -- ---------- --------- - Total ..... $ 14,782 $ 1,992 $ 723 $ 753 $ 375,798 $5,327,214 $5,721,262 ========== ==========

Satellite Vendor Financing

The purchase price for satellites is required to be paid in progress payments, some of which are non-contingent payments that are deferred until after the respective satellites are in orbit (satellite vendor financing). EchoStar utilized $36 million, $28 million, $14 million and $13 million of satellite vendor financing for EchoStar I, EchoStar II, EchoStar III and EchoStar IV, respectively. The satellite vendor financings for both EchoStar III, EchoStar IV and EchoStar VII are secured by an ECC corporate guarantee.

Bridge Financing Commitments

As previously discussed, EchoStar and Hughes have obtained $5.525 billion in bridge financing commitments for the Hughes merger and related transactions. This commitment has been reduced to $3.325 billion as a result of the sale the 9 1/8% Senior Notes due 2009 by EDBS on December 28, 2001 and the closing of the $1.5 billion equity investment in EchoStar as part of EchoStar's strategic alliance with Vivendi on January 22, 2002.

In consideration for the bridge financing commitments, EchoStar is obligated to the lenders for the following non-refundable fees whether or not the Hughes merger or PanAmSat acquisition are ever consummated:

- Commitment Fees of 1% of the aggregate bridge financing commitments were paid by EchoStar to the lenders upon execution of the agreements relating to the commitments. These fees, totaling approximately $55 million, were deferred and are being charged to interest expense as the bridge commitments are reduced. Approximately $7.4 million of these commitment fees were expensed upon issuance of the 9 1/8% Seven Year Notes by EDBS during December 2001. If the Hughes merger is not consummated, total remaining commitment fees will be written off. In the event that the bridge commitment is drawn, any commitment fees not previously expensed will be charged to interest expense in future periods.

- Ticking fees of .50% per year on the aggregate remaining bridge financing commitments are payable quarterly, in arrears, until the closing of either the Hughes merger or the PanAmSat acquisition, or the termination or expiration of the agreements relating to the bridge commitments. These ticking fees will be expensed as incurred. As of December 31, 2001, we had expensed approximately $4.9 million in ticking fees.

5. INCOME TAXES

As of December 31, 2001, EchoStar had net operating loss carryforwards ("NOLs") for Federal income tax purposes of approximately $2.112 billion. The NOLs will begin to expire in the year 2012. The use of the NOLs is subject to statutory and regulatory limitations regarding changes in ownership. Statement of Financial Accounting Standard No. 109, "Accounting for Income Taxes," ("FAS No. 109") requires that the potential future tax benefit of NOLs be recorded as an asset. FAS No. 109 also requires that deferred tax assets and liabilities be recorded for the estimated future tax effects of temporary differences between the tax basis and book value of assets and liabilities. Deferred tax assets are offset by a valuation allowance to the extent it is considered more likely than not that the benefits of such assets will not be realized.

In 2001, EchoStar increased its valuation allowance sufficient to offset net deferred tax assets arising during the year except for the tax deferred asset related to federal alternative minimum income tax, which has an indefinite life. Realization of net deferred tax assets is not assured and is principally dependent on generating future taxable income prior to expiration of the NOLs. Management believes existing net deferred tax assets in excess of the valuation allowance will, more likely than not, be realized. EchoStar continuously reviews the adequacy of its valuation allowance. Future decreases to the valuation allowance will be made only as changed circumstances indicate that it is more likely than not that the additional benefits will be realized. Any future adjustments to the valuation allowance will be recognized in EchoStar's provision for income taxes.

The actual tax (provision) benefit for 1999, 2000 and 2001 are reconciled to the amounts computed by applying the statutory Federal tax rate to income before taxes as follows:

YEAR ENDED DECEMBER 31,			
	1999	2000	2001
Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of Federal benefit	2.3	2.9	1.4
Employee stock option exercise and sale	--	3.2	1.5
Cumulative effect of change in tax rate resulting from a revision of apportionment of state income	--	--	(11.9)
Non-deductible interest expense	(0.3)	--	--
Other	1.3	1.4	(2.8)
Increase in valuation allowance	(38.3)	(42.5)	(22.5)
Total benefit from income taxes	--%	--%	0.7%

The temporary differences, which give rise to deferred tax assets and liabilities as of December 31, 2000 and 2001, are as follows (in thousands):

DECEMBER 31,		
	2000	2001
Current deferred tax assets: Accrued expenses	$ 77,110	$ 95,431
Inventory reserves and cost methods	3,974	5,369
Allowance for doubtful accounts	12,533	8,896
Other	79	243
Total current deferred tax assets	93,696	109,939
Current deferred tax liabilities: Other	(40)	(39)
Total current deferred tax liabilities	(40)	(39)
Gross current deferred tax assets	93,656	109,900
Valuation allowance	(79,194)	(89,115)
Net current deferred tax assets	14,462	20,785
Noncurrent deferred tax assets: General business, foreign tax, alternative minimum tax credits	2,504	3,904
Net operating loss carryforwards	771,748	771,162
Incentive plan stock compensation	38,841	44,715
Unrealized loss on investments	--	48,159
Loss on equity method investments	10,961	24,219
Other	23,802	39,200
Total noncurrent deferred tax assets	847,856	931,359
Noncurrent deferred tax liabilities: Depreciation	(77,452)	(115,589)
Other	(1,108)	(13,072)
Total noncurrent deferred tax liabilities	(78,560)	(128,661)
Gross deferred tax assets	769,296	802,698
Valuation allowance	(716,623)	(754,948)
Net noncurrent deferred tax assets	52,673	47,750
Net deferred tax assets	$ 67,135	$ 68,535

The components of the (provision for) benefit from income taxes are as follows (in thousands):

YEAR ENDED DECEMBER 31,		
	1999	2000	2001
Current (provision) benefit:			
Federal	$ --	$ --	$ (1,400)
State	(45)	(80)	(860)
Foreign	(108)	(475)	(593)
	(153)	(555)	(2,853)
Deferred (provision) benefit:			
Federal	286,195	247,519	44,910
State	27,748	28,809	4,736
Increase in valuation allowance	(313,943)	(276,328)	(48,246)
	1,400		
Total (provision) benefit	$ (555)	$ (1,453)	

Deferred Tax Assets

Net deferred tax assets of approximately $69 million and $67 million as of December 31, 2001 and 2000, respectively, have remained substantially unchanged on EchoStar's balance sheet since 1996. Additional deferred tax assets of approximately $844 million generated since 1996 have been substantially offset by adjustments to EchoStar's valuation allowance. EchoStar expects to generate taxable income in the future, but the timing and amount of that taxable income is uncertain and EchoStar does not believe the criteria for recognition of additional tax benefits are presently satisfied. EchoStar needs to generate future taxable income of approximately $190 million to realize the benefit of the net deferred tax assets recognized and EchoStar continues to believe it is more likely than not that the assets it has recorded will be realized. EchoStar expects to adjust the valuation allowance in the future when the timing and amount of additional future taxable income becomes more certain. If it is determined at some point in the future that any or all of previously reserved deferred tax assets are more likely than not realizable, significant deferred income tax benefits will need to be recorded and such benefits may be material.

Internal Revenue Service Proposed Adjustment

During 2001, the Internal Revenue Service conducted an audit of EchoStar's consolidated federal income tax returns for the years 1997, 1998, and 1999. As a result of this review, the IRS' position is that certain subscriber acquisition costs deducted by EchoStar in those years should instead be capitalized and amortized over a period of five years. EchoStar does not agree with this proposed adjustment and has initiated an appeal of the agent's position. At this time, the ultimate resolution of this dispute is uncertain. If EchoStar's arguments for deductibility are unsuccessful and EchoStar is required to capitalize and amortize these costs over five years, the federal net operating losses ("NOLs") available to EchoStar at December 31, 2001 could be reduced by as much as $1.7 billion. Such an outcome would not materially alter EchoStar's ultimate tax obligations but could significantly accelerate the timing of when it would be required to begin making material current income tax payments. EchoStar would also incur a cumulative alternative minimum tax liability for the years 1998, 2000, and 2001 totaling approximately $7 million. Any reduction in NOLs and the resulting alternative minimum tax liability would be offset by corresponding deferred tax assets related to the unamortized capitalized cost and the future credit for the alternative minimum taxes paid which may be carried forward indefinitely. EchoStar intends to vigorously defend its position that EchoStar will be able to continue its current policy of deducting subscriber acquisition costs as incurred for tax purposes. However, as

of December 31, 2001, the outcome is uncertain.

6. STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock

The class A, class B and class C common stock are equivalent in all respects except voting rights. Holders of class A and class C common stock are entitled to one vote per share and holders of class B common stock are entitled to ten votes per share. Each share of class B and class C common stock is convertible, at the option of the holder, into one share of class A common stock. Upon a change in control of ECC, each holder of outstanding shares of class C common stock is entitled to ten votes for each share of class C common stock held. ECC's principal stockholder owns all outstanding class B common stock and all other stockholders own class A common stock. There are no shares of class C common stock outstanding.

7. STOCK COMPENSATION PLANS

Stock Incentive Plan

In April 1994, EchoStar adopted a stock incentive plan to provide incentive to attract and retain officers, directors and key employees. EchoStar currently has reserved up to 80 million shares of its class A common stock for granting awards under its 1995 Stock Incentive Plan and an additional 80 million shares of its class A common stock for granting awards under its 1999 Stock Incentive Plan. In general, stock options granted through December 31, 2001 have included exercise prices not less than the fair market value of EchoStar's class A common stock at the date of grant, and vest, as determined by EchoStar's Board of Directors, generally at the rate of 20% per year.

During 1999, EchoStar adopted the 1999 Incentive Plan which provided certain key employees a contingent incentive including stock options and cash. The payment of these incentives was contingent upon the achievement of certain financial and other goals of EchoStar. EchoStar met certain of these goals during 1999. Accordingly, in 1999, EchoStar recorded approximately $179 million of deferred compensation related to post-grant appreciation of options to purchase approximately 4.2 million shares, granted pursuant to the 1999 Incentive Plan. The related deferred compensation will be recognized over the five-year vesting period. During the year ended December 31, 1999, 2000 and 2001, EchoStar recognized expense of $61 million, $51 million and $20 million, respectively, under the 1999 Incentive Plan. The remaining deferred compensation of $25 million, which will be reduced by future forfeitures, if any, will be recognized over the remaining vesting period.

Options to purchase an additional 9.7 million shares are outstanding as of December 31, 2001 and were granted at fair market value during 1999, 2000 and 2001 pursuant to a Long Term Incentive Plan. The weighted-average exercise price of these options is $9.04. Vesting of these options is contingent on meeting certain longer-term goals, which may be met upon the consummation of the proposed merger with Hughes. However, as the achievement of these goals cannot be reasonably predicted through December 31, 2001, no compensation was recorded during 1999, 2000 and 2001 related to these long-term options. EchoStar will continue to evaluate the likelihood of achieving these long-term goals and will record the related compensation at the time achievement of these goals becomes probable. Such compensation, if recorded, could result in material non-cash stock-based compensation expense in EchoStar's statements of operations.

A summary of EchoStar's incentive stock option activity for the years ended December 31, 1999, 2000 and 2001 is as follows:

1999		2000		2001	
	WEIGHTED-		WEIGHTED-		WEIGHTED-
WEIGHTED-	AVERAGE	WEIGHTED-	AVERAGE	WEIGHTED-	AVERAGE
AVERAGE	EXERCISE	AVERAGE	EXERCISE	AVERAGE	EXERCISE
EXERCISE	OPTIONS	EXERCISE	OPTIONS	EXERCISE	OPTIONS
PRICE		PRICE		PRICE	
Options outstanding, beginning of year	11,576,120	$ 2.04	27,843,640	$ 6.26	25,117,893
$ 10.81					
Granted	20,847,712	7.71	2,942,000	51.56	867,500
37.30					
Exercised	(3,808,114)	1.84	(3,591,209)	3.05	(1,579,324)
5.17					
Forfeited	(772,078)	4.92	(2,076,538)	20.78	(1,658,476)
10.86					
Options outstanding, end of year	27,843,640	$ 6.26	25,117,893	$ 10.81	22,747,593
$ 13.18					
Exercisable at end of year	2,755,432	$ 1.86	2,911,256	$ 5.49	4,701,357
$ 10.77					

Exercise prices for options outstanding as of December 31, 2001 are as follows:

OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES	NUMBER OUTSTANDING AS OF DECEMBER 31, 2001	WEIGHTED- AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED- AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AS OF DECEMBER 31, 2001	WEIGHTED- AVERAGE EXERCISE PRICE

PRICE 2001
EXERCISE PRICE - -

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------------- $
1.167 - $ 2.750
3,294,790 4.48 $
2.21 2,174,862 $
2.14 3.000 - 3.434
148,904 5.69 3.01
35,704 3.05 5.486
- 6.600 12,221,723
7.08 6.01
1,216,399 6.02
10.203 - 19.180
3,060,976 6.81
13.75 570,392
12.33 22.703 -
27.688 608,200
8.41 23.42 91,400
22.71 32.420 -
39.500 1,818,000
7.32 35.50 272,000
34.30 48.750 -
52.750 442,000
8.11 49.31 126,000
48.94 60.125 -
79.000 1,153,000
8.42 65.90 214,600
64.93 - ----------
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$ 1.1667 - $
79.000 22,747,593*
6.80 $ 13.18
4,701,357 $ 10.77
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* This amount includes 9.7 million shares outstanding pursuant to the Long Term Incentive Plan.

Accounting for Stock-Based Compensation

EchoStar has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related interpretations in accounting for its stock-based compensation plans. Under APB 25, EchoStar generally does not recognize compensation expense on the issuance of stock under its Stock Incentive Plan because the option terms are typically fixed and typically the exercise price equals or exceeds the market price of the underlying stock on the date of grant. In October 1995, the Financial Accounting Standards Board issued Financial Accounting Standard No. 123, "Accounting and Disclosure of Stock-Based Compensation," ("FAS No. 123") which established an alternative method of expense recognition for stock-based compensation awards to employees based on fair values. EchoStar elected to not adopt FAS No. 123 for expense recognition purposes.

Pro forma information regarding net income and earnings per share is required by FAS No. 123 and has been determined as if EchoStar had accounted for its stock-based compensation plans using the fair value method prescribed by that statement. For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the options' vesting period. All options are initially assumed to vest. Compensation previously recognized is reversed to the extent applicable to forfeitures of unvested options. EchoStar's pro forma net loss attributable to common shares and pro forma basic and diluted loss per common share were as follows (in thousands, except per share amounts):

YEAR ENDED DECEMBER 31,	1999	2000	2001
Net loss attributable to common shares	$ (749,836)	$ (622,925)	$ (224,229)
Basic and diluted loss per share	$ (1.80)	$ (1.32)	$ (0.47)

The pro forma net loss for 1999 and 2000 is less than the loss reported in the statement of operations because of the $61 million and $51 million charge, respectively, for the post-grant appreciation of stock-based compensation, determined under APB 25 and reported by EchoStar, is greater than the amount of stock-based compensation that would have been reported by EchoStar under the provisions of FAS No. 123.

The fair value of each option grant was estimated at the date of the grant using a Black-Scholes option pricing model with the following weighted-average assumptions:

YEAR ENDED DECEMBER 31,	1999	2000	2001
Risk-free interest rate	5.38%	6.19%	4.94%
Volatility factor	76%	98%	64%
Dividend yield	0.00%	0.00%	0.00%
Expected term of options	6 years	6 years	6 years
Weighted-average fair value of options granted	$ 7.14	$ 30.41	$ 15.75

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its stock-based compensation awards.

8. EMPLOYEE BENEFIT PLANS

Employee Stock Purchase Plan

During 1997, the Board of Directors and shareholders approved an employee stock purchase plan (the "ESPP"), effective beginning October 1, 1997. Under the ESPP, EchoStar is authorized to issue a total of 800,000 shares of class A common stock. Substantially all full-time employees who have been employed by EchoStar for at least one calendar quarter are eligible to participate in the ESPP. Employee stock purchases are made through payroll deductions. Under the terms of the ESPP, employees may not deduct an amount which would permit such employee to purchase capital stock of EchoStar under all stock purchase plans of EchoStar at a rate which would exceed $25,000 in fair market value of capital stock in any one year. The purchase price of the stock is 85% of the closing price of the class A common stock on the last business day of each calendar quarter in which such shares of class A common stock are deemed sold to an employee under the ESPP. The ESPP shall terminate upon the first to occur of (i) October 1, 2007 or (ii) the date on which the ESPP is terminated by the Board of Directors. During

1999, 2000 and 2001, employees purchased approximately 44,000, 58,000 and 80,000 shares of class A common stock through the ESPP, respectively.

401(k) Employee Savings Plan

EchoStar sponsors a 401(k) Employee Savings Plan (the "401(k) Plan") for eligible employees. Voluntary employee contributions to the 401(k) Plan may be matched 50% by EchoStar, subject to a maximum annual contribution by EchoStar of $1,000 per employee. EchoStar also may make an annual discretionary contribution to the plan with approval by EchoStar's Board of Directors, subject to the maximum deductible limit provided by the Internal Revenue Code of 1986, as amended. EchoStar's cash contributions to the 401(k) Plan for matching contributions totaled $314,000 in 1999, $1.6 million in 2000 and $429,000 in 2001. Additionally, during 1999, EchoStar 520,000 shares of its class A common stock (fair value of approximately $3 million) to the 401(k) Plan related to its 1998 discretionary contribution. During 2000, EchoStar contributed 120,000 shares of its class A common stock (fair value of approximately $6 million) to the 401(k) Plan related to its 1999 discretionary contribution. During 2001, EchoStar contributed approximately $2 million in cash to the 401 (k) Plan related to its 2000 discretionary contribution and accrued approximately $6.7 million related to its 2002 discretionary contribution.

9. OTHER COMMITMENTS AND CONTINGENCIES

Leases

Future minimum lease payments under noncancelable operating leases as of December 31, 2001, are as follows (in thousands):

YEAR ENDING DECEMBER 31,	
2002	$11,918
2003	11,486
2004	9,551
2005	5,262
2006	1,623
Thereafter	3,444
Total minimum lease payments	$43,284

Total rental expense for operating leases approximated $4 million, $9 million and $14 million in 1999, 2000 and 2001, respectively.

Purchase Commitments

As of December 31, 2001, EchoStar's purchase commitments totaled approximately $79 million. The majority of these commitments relate to EchoStar receiver systems and related components. All of the purchases related to these commitments are expected to be made during 2002. EchoStar expects to finance these purchases from existing unrestricted cash balances and future cash flows generated from operations.

Patents and Intellectual Property

Many entities, including some of EchoStar's competitors, now have and may in the future obtain patents and other intellectual property rights that cover or affect products or services directly or indirectly related to those that EchoStar offers. EchoStar may not be aware of all patents and other intellectual property rights that its products may potentially infringe. Damages in patent infringement cases can include a tripling of actual damages in certain cases. Further, EchoStar cannot estimate the extent to which it may be required in the future to obtain licenses with respect to patents held by others and the availability and cost of any such licenses. Various parties have asserted patent and other

intellectual property rights with respect to components within EchoStar's direct broadcast satellite system. EchoStar cannot be certain that these persons do not own the rights they claim, that its products do not infringe on these rights, that it would be able to obtain licenses from these persons on commercially reasonable terms or, if it was unable to obtain such licenses, that it would be able to redesign its products to avoid infringement.

Fee Dispute

EchoStar had a contingent fee arrangement with attorneys who represented EchoStar in prior litigation with The News Corporation, Ltd. The contingent fee arrangement provides for the attorneys to be paid a percentage of any net recovery obtained by EchoStar in the News Corporation litigation. The attorneys asserted that they might be entitled to receive payments totaling hundreds of millions of dollars under this fee arrangement. EchoStar consistently maintained that the demand significantly overstated the amount to which the attorneys might reasonably be entitled.

During mid-1999, EchoStar initiated litigation against the attorneys in the Arapahoe County, Colorado, District Court arguing that the fee arrangement was void and unenforceable. In December 1999, the attorneys initiated an arbitration proceeding before the American Arbitration Association. The litigation was stayed while the arbitration proceeded. The arbitration hearing concluded on October 11, 2001. During the four week arbitration hearing, the attorneys presented a damage model for $56 million. EchoStar asserted even that amount significantly overstated the amount to which the attorneys might reasonably be entitled. During closing arguments, the attorneys presented a separate damage calculation for $111 million to the arbitration panel.

On November 7, 2001, the arbitration panel awarded the attorneys approximately $40 million for its contingency fee under the fee agreement. In the award, the arbitration panel also dismissed EchoStar's claims against the attorneys that EchoStar had initiated in the Arapahoe County, Colorado, District Court. Pursuant to the award, approximately $8 million was to be paid within 30 days of the award with the balance to be paid in equal quarterly principal installments over four years, commencing February 1, 2002. Interest is to be paid at the prime rate (calculated as the average amount for each relevant year as published daily in the Wall Street Journal), compounded annually. As a result of this award, EchoStar recorded a charge of approximately $30 million during 2001.

On November 30, 2001, Echostar filed a motion to vacate the award on the following grounds: (1) the award as issued violates public policy and cannot be enforced; and (2) the Panel exceeded its authority under Colorado Revised Statutes Section 13-22-214(1)(a)(III). Alternatively, EchoStar requested that the Arapahoe County District Court modify the award to correct a calculation error. The attorneys have opposed EchoStar's motion to vacate. The motion remains pending before the District Court in Arapahoe County, Colorado. There can be no assurance that EchoStar will succeed in its effort to vacate or modify the arbitration award.

WIC Premium Television Ltd.

During July 1998, a lawsuit was filed by WIC Premium Television Ltd., an Alberta corporation, in the Federal Court of Canada Trial Division, against General Instrument Corporation, HBO, Warner Communications, Inc., John Doe, Showtime, United States Satellite Broadcasting Company, Inc., EchoStar, and two of EchoStar's wholly-owned subsidiaries, Echosphere Corporation and Dish, Ltd. EchoStar Satellite Corporation, EchoStar DBS Corporation, EchoStar Technologies Corporation, and EchoStar Satellite Broadcast Corporation were subsequently added as defendants. The lawsuit seeks, among other things, interim and permanent injunctions prohibiting the defendants from activating receivers in Canada and from infringing any copyrights held by WIC.

During September 1998, WIC filed another lawsuit in the Court of Queen's Bench of Alberta Judicial District of Edmonton against certain defendants, including EchoStar. WIC is a company authorized to broadcast certain copyrighted work, such as movies and concerts, to residents of Canada. WIC alleges that the defendants engaged in, promoted, and/or allowed satellite dish equipment from the United States to be sold in Canada and to Canadian residents and that some of the defendants allowed and profited from Canadian residents purchasing and viewing subscription television programming that is only authorized for viewing in the United States. The lawsuit seeks, among other things, interim and permanent injunctions prohibiting the defendants from importing hardware into Canada and from activating receivers in Canada, together with damages in excess of $175 million.

The Court in the Alberta action recently denied EchoStar's Motion to Dismiss, and EchoStar's appeal of such decision. The Court in the Federal action has stayed that case pending the outcome of the Alberta action. The case is now currently in discovery. EchoStar intends to vigorously defend the suit. It is too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Broadcast network programming

Until July 1998, EchoStar obtained distant broadcast network channels (ABC, NBC, CBS and FOX) for distribution to its customers through PrimeTime 24. In December 1998, the United States District Court for the Southern District of Florida entered a nationwide permanent injunction requiring PrimeTime 24 to shut off distant network channels to many of its customers, and henceforth to sell those channels to consumers in accordance with certain stipulations in the injunction.

In October 1998, EchoStar filed a declaratory judgment action against ABC, NBC, CBS and FOX in the U.S. District Court for the District of Colorado. EchoStar asked the court to enter a judgment declaring that its method of providing distant network programming did not violate the Satellite Home Viewer Act ("SHVA") and hence did not infringe the networks' copyrights. In November 1998, the networks and their affiliate groups filed a complaint against EchoStar in Miami Federal Court alleging, among other things, copyright infringement. The court combined the case that EchoStar filed in Colorado with the case in Miami and transferred it to the Miami court. The case remains pending in Miami. While the networks have not sought monetary damages, they have sought to recover attorney fees if they prevail.

In February 1999, the networks filed a "Motion for Temporary Restraining Order, Preliminary Injunction and Contempt Finding" against DirecTV, Inc. in Miami related to the delivery of distant network channels to DirecTV customers by satellite. DirecTV settled this lawsuit with the networks. Under the terms of the settlement between DirecTV and the networks, some DirecTV customers were scheduled to lose access to their satellite-provided distant network channels by July 31, 1999, while other DirecTV customers were to be disconnected by December 31, 1999. Subsequently, PrimeTime 24 and substantially all providers of satellite-delivered network programming other than EchoStar agreed to this cut-off schedule, although EchoStar does not know if they adhered to this schedule.

In December 1998, the networks filed a Motion for Preliminary Injunction against EchoStar in the Miami court, and asked the court to enjoin EchoStar from providing network programming except under limited

circumstances. A preliminary injunction hearing was held on September 21, 1999. In March 2000, the networks filed an emergency motion again asking the court to issue an injunction requiring EchoStar to turn off network programming to certain of its customers. At that time, the networks also argued that EchoStar's compliance procedures violate the Satellite Home Viewer Improvement Act ("SHVIA"). EchoStar opposed the networks' motion and again asked the court to hear live testimony before ruling upon the networks' injunction request.

During September 2000, the Court granted the Networks' motion for preliminary injunction, denied the Network's emergency motion and denied EchoStar's request to present live testimony and evidence. The Court's original order required EchoStar to terminate network programming to certain subscribers "no later than February 15, 1999," and contained other dates with which it would be physically impossible to comply. The order imposes restrictions on EchoStar's past and future sale of distant ABC, NBC, CBS and Fox channels similar to those imposed on PrimeTime 24 (and, EchoStar believes, on DirecTV and others). Some of those restrictions go beyond the statutory requirements imposed by the SHVA and the SHVIA. For these and other reasons EchoStar believes the Court's order is, among other things, fundamentally flawed, unconstitutional and should be overturned. However, it is very unusual for a Court of Appeals to overturn a lower court's order and there can be no assurance whatsoever that it will be overturned.

On October 3, 2000, and again on October 25, 2000, the Court amended its original preliminary injunction order in an effort to fix some of the errors in the original order. The twice amended preliminary injunction order required EchoStar to shut off, by February 15, 2001, all subscribers who are ineligible to receive distant network programming under the court's order. EchoStar appealed the September 2000 preliminary injunction order and the October 3, 2000 amended preliminary injunction order. On November 22, 2000, the United States Court of Appeals for the Eleventh Circuit stayed the Florida Court's preliminary injunction order pending EchoStar's appeal. At that time, the Eleventh Circuit also expedited its consideration of EchoStar's appeal.

Oral argument before the Eleventh Circuit was held on May 24, 2001. On September 17, 2001, the Eleventh Circuit vacated the District Court's nationwide preliminary injunction, which the Eleventh Circuit had stayed in November 2000. The Eleventh Circuit also rejected EchoStar's First Amendment challenge to the SHVA. However, the Eleventh Circuit found that the District Court had made factual findings that were clearly erroneous and not supported by the evidence, and that the District Court had misinterpreted and misapplied the law. The Eleventh Circuit also found that the District Court came to the wrong legal conclusion concerning the grandfathering provision found in 17 U.S.C. Section 119(d); the Eleventh Circuit reversed the District Court's legal conclusion and instead found that this grandfathering provision allows subscribers who switch satellite carriers to continue to receive the distant network programming that they had been receiving. The Eleventh Circuit's order indicated that the matter was to be remanded to the District Court for an evidentiary hearing. On December 28, 2001, the Eleventh Circuit denied EchoStar's request for rehearing. The Eleventh Circuit issued its mandate on January 29, 2002, remanding the case to the Florida District Court. Echostar cannot predict when an evidentiary hearing will be set before the District Court or when a trial will be set before the District Court if the Networks withdraw their request for a preliminary injunction as they have indicated they will do when the case was remanded to the District Court.

EchoStar is considering an appeal to the United States Supreme Court. If EchoStar decides to appeal, there is no guarantee that the United States Supreme Court will agree to hear any petition filed or that EchoStar's appeal will be heard before any evidentiary hearing or trial in the District Court.

If, after an evidentiary hearing or trial, the District Court enters an injunction against EchoStar, the injunction could force EchoStar to terminate delivery of distant network channels to a substantial portion of its distant network subscriber base, which could also cause many of these subscribers to cancel their subscription to its other services. Management has determined that such terminations would result in a small reduction in EchoStar's reported average monthly revenue per subscriber and could result in a temporary increase in churn. If EchoStar loses the case at trial, the judge could, as one of many possible remedies, prohibit all future sales of distant network programming by EchoStar, which would have a material adverse affect on EchoStar's business.

Gemstar

During October 2000, Starsight Telecast, Inc., a subsidiary of Gemstar-TV Guide International, Inc., filed a suit for patent infringement against EchoStar and certain of its subsidiaries in the United States District Court for the Western District of North Carolina, Asheville Division. The suit alleges infringement of United States Patent No. 4,706,121 (the "121 Patent") which relates to certain electronic program guide functions. EchoStar has examined this patent and believes that it is not infringed by any of its products or services. EchoStar will vigorously defend against this suit. On March 30, 2001, the Court stayed the action pending resolution of the International Trade Commission matter discussed below.

In December 2000, EchoStar filed suit against Gemstar - TV Guide (and certain of its subsidiaries) in the United States District Court for the District of Colorado alleging violations by Gemstar of various federal and state anti-trust laws and laws governing unfair competition. The lawsuit seeks an injunction and monetary damages. Gemstar filed counterclaims alleging infringement of United States Patent Nos. 5,923,362 and 5,684,525 that relate to certain electronic program guide functions. EchoStar examined these patents and believes they are not infringed by any of EchoStar's products or services. In August 2001, the Federal Multi-District Litigation panel combined this suit, for discovery purposes, with other lawsuits asserting antitrust claims against Gemstar, which had previously been filed by other plaintiffs. In January 2002, Gemstar dropped the counterclaims of patent infringement.

In February 2001, Gemstar filed patent infringement actions against us in District Court in Atlanta, Georgia and in the International Trade Commission ("ITC"). These suits allege infringement of United States Patent Nos. 5,252,066, 5,479,268 and 5,809,204 all of which relate to certain electronic program guide functions. In addition, the ITC action alleges infringement of the 121 Patent which is asserted in the North Carolina case. In the Atlanta District Court case, Gemstar seeks damages and an injunction. The North Carolina and Atlanta cases have been stayed pending resolution of the ITC action. ITC actions typically proceed according to an expedited schedule. In December 2001, the ITC held a 15-day hearing before an administrative judge. Prior to the hearing, Gemstar dropped its allegations regarding Unites States Patent No. 5,252,066 with respect to which EchoStar had asserted substantial allegations of inequitable conduct. The hearing addressed, among other things, Gemstar's allegations of patent infringement and respondents' (EchoStar, SCI, Scientific Atlanta and Pioneer) allegations of patent misuse. A decision by the judge is expected by March 21, 2002 and a ruling by the full ITC is expected 60 days later. While the ITC cannot award damages, an adverse decision in this case could temporarily halt the import of EchoStar receivers and could require EchoStar to

materially modify certain user-friendly electronic programming guides and related features EchoStar currently offers to consumers. EchoStar has examined the patents in dispute and believes they are not infringed by any of its products or services. EchoStar will vigorously contest the ITC, North Carolina and Atlanta allegations of infringement and will, among other things, challenge both the validity and enforceability of the asserted patents. EchoStar is providing a defense and indemnification to SCI in the ITC and Atlanta cases pursuant to the terms of their contract.

During 2000, Superguide Corp. also filed suit against EchoStar, DirecTV 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, 5,293,357 and 4,751,578 which relate to certain electronic program guide functions, including the use of electronic program guides to control VCRs. Superguide seeks injunctive and declaratory relief and damages in an unspecified amount. It is EchoStar's understanding that these patents may be licensed by Superguide to Gemstar. Gemstar has been added as a party to this case and is now asserting these patents against EchoStar. EchoStar has examined these patents and believes that they are not infringed by any of its products or services. A Markman ruling was issued by the Court and in response to that ruling EchoStar has filed motions for summary judgment of non-infringement for each of the asserted patents. Gemstar has filed a motion for summary judgment of infringement with respect to the patents. EchoStar intends to vigorously defend this case and to press its patent misuse defenses.

In the event it is ultimately determined that EchoStar infringes on any of the aforementioned patents EchoStar may be subject to substantial damages, including the potential for treble damages, and/or an injunction that could require EchoStar to materially modify certain user friendly electronic programming guide and related features it currently offers to consumers. It is too early to make an assessment of the probable outcome of the suits.

IPPV Enterprises

IPPV Enterprises, LLC and MAAST, Inc. filed a patent infringement suit against EchoStar, and its conditional access vendor Nagra, in the United States District Court for the District of Delaware. The suit alleged infringement of five patents. One patent claim was subsequently dropped by plaintiffs. Three of the remaining patents disclose various systems for the implementation of features such as impulse-pay-per view, parental control and category lock-out. The fourth remaining patent relates to an encryption technique. The Court entered summary judgment in our favor on the encryption patent. Plaintiffs had claimed $80 million in damages with respect to the encryption patent. On July 13, 2001, a jury found that the remaining three patents were infringed and awarded damages of $15 million. The jury also found that one of the patents was willfully infringed which means that the judge is entitled to increase the award of damages. The parties have completed briefing and oral argument of post-trial motions. EchoStar intends to appeal any adverse decision and plaintiffs have indicated they may appeal as well. Any final award of damages would be split between EchoStar and Nagra in percentages to be agreed upon between EchoStar and Nagra.

California Actions

A purported class action was filed against EchoStar in the California State Superior Court for Alameda County during May 2001 by Andrew A. Werby. The complaint, relating to late fees, alleges unlawful, unfair and fraudulent business practices in violation of California Business and Professions Code Section 17200 et seq., false and misleading advertising in violation of California Business and Professions Code Section 17500, and violation of the California Consumer Legal Remedies Act. On September 24, 2001, EchoStar filed an answer denying all material allegations of the Complaint. On September 27, 2001, the Court entered an Order Pursuant to Stipulation for a provisional certification of the class, for an orderly exchange of information and for mediation. The provisional Order specifies that the class shall be de-certified upon notice in the event mediation does not resolve the dispute. It is too early in the litigation to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages. EchoStar intends to deny all liability and to vigorously defend the lawsuit.

A purported class action relating to the use of terms such as "crystal clear digital video," "CD-quality audio," and "on-screen program guide", and with respect to the number of channels available in various programming packages, has also been filed against EchoStar in the California State Superior Court for Los Angeles County by David Pritikin and by Consumer Advocates, a nonprofit unincorporated association. The complaint alleges breach of express warranty and violation of the California Consumer Legal Remedies Act, Civil Code Sections 1750, et. seq., and the California Business & Professions Code Sections 17500, 17200. EchoStar has filed an answer and the case is currently in discovery. Plaintiffs filed their Motion for Class Certification on January 21, 2002. EchoStar's response is due on March 7, 2002, and the Court will conduct a hearing on class certification in early May 2002. It is too early in the litigation to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages. EchoStar denies all liability and intends to vigorously defend the lawsuit.

Retailer Class Actions

EchoStar has been sued by retailers in three separate purported class actions. In two separate lawsuits filed in the District Court, Arapahoe County, State of Colorado and the United States District Court for the District of Colorado, respectively, Air Communication & Satellite, Inc. and John DeJong, et. al. filed lawsuits on October 6, 2000 on behalf of themselves and a class of persons similarly situated. The plaintiffs are attempting to certify nationwide classes allegedly brought on behalf of persons, primarily retail dealers, who were alleged signatories to certain retailer agreements with EchoStar Satellite Corporation. The plaintiffs are requesting the Courts to declare certain provisions of the alleged agreements invalid and unenforceable, to declare that certain changes to the agreements are invalid and unenforceable, and to award damages for lost commissions and payments, charge backs, and other compensation. EchoStar intends to vigorously defend against the suits and to assert a variety of counterclaims. It is too early to make an assessment of the probable outcome of the litigation or to determine the extent of any potential liability or damages.

Satellite Dealers Supply, Inc. filed a lawsuit in the United States District Court for the Eastern District of Texas on September 25, 2000, on behalf of itself and a class of persons similarly situated. The plaintiff is attempting to certify a nationwide class on behalf of sellers, installers, and servicers of satellite equipment who contract with EchoStar and claims the alleged class has been "subject to improper chargebacks." The plaintiff alleges that EchoStar: (1) charged back certain fees paid by members of the class to professional installers in violation of contractual terms; (2) manipulated the accounts of subscribers to deny payments to class members; and (3) misrepresented to class members who own certain equipment related to the provision of satellite television service. On September 18, 2001, the Court granted EchoStar's Motion to Dismiss for lack of personal jurisdiction. Plaintiff Satellite Dealers Supply has moved for reconsideration of the Court's order dismissing the case.

PrimeTime 24 Joint Venture

PrimeTime 24 Joint Venture filed suit against EchoStar during September, 1998 alleging breach of contract, wrongful termination of contract, interference with contractual relations, trademark infringement and unfair competition. EchoStar's motion for summary judgment was granted with respect to PrimeTime 24's claim of interference with contractual relations and unfair competition. Plaintiff's motion for summary judgment was granted with respect to its approximate $10 million breach of contract claim for fees during the period from May 1998 through July 19, 1998. It is too early to make an assessment of the probable outcome of the remainder of the litigation or to determine the extent of any additional potential liability or damages.

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

Meteoroid Events

Meteoroid events pose a potential threat to all in orbit geosynchronous satellites including EchoStar's DBS satellites. While the probability that EchoStar's satellites will be damaged by meteoroids is very small, that probability increases significantly when the Earth passes through the particulate stream left behind by various comets.

Occasionally, increased solar activity poses a potential threat to all in-orbit geosynchronous satellites including EchoStar's DBS satellites. The probability that the effects from this activity will damage our satellites or cause service interruptions is generally very small.

Some decommissioned spacecraft are in uncontrolled orbits which pass through the geostationary belt at various points, and present hazards to operational spacecraft including EchoStar's DBS satellites. The locations of these hazards are generally well known and may require EchoStar to perform maneuvers to avoid collisions.

10. SEGMENT REPORTING

Financial Data by Business Unit (in thousands)

Statement of Financial Accounting Standard No. 131, "Disclosures About Segments of an Enterprise and Related Information" ("FAS No. 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 shareholders. 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. During 2000, under this definition, we were operating as three separate business units. However, beginning 2001, it was determined that EchoStar's chief operating decision maker regularly evaluates only the following two separate business units. In addition, as previously stated, EchoStar has retroactively applied the equity method of accounting to its StarBand investment. All prior year amounts have been adjusted to conform to the current year presentation. The All Other column consists of revenue and expenses from other operating segments for which the disclosure requirements of FAS No. 131 do not apply.

	ECHOSTAR DISH TECHNOLOGIES	CONSOLIDATED NETWORK	CORPORATION ALL OTHER	ELIMINATIONS TOTAL
YEAR ENDED DECEMBER 31, 1999				
Revenue	$ 1,390,074	$ 160,276	$ 53,876	$ (1,385) $ 1,602,841
Depreciation and amortization	97,150	4,434	11,648	(4) 113,228
Total expenses	1,634,251	165,238	155,440	(4,997) 1,949,932
EBITDA	(147,026)	(528)	(28,857)	3,608 (172,803)
Interest income	26,506	1	143	(471) 26,179
Interest expense, net of interest capitalized	(201,356)	(253)	(475)	471 (201,613)
Income tax benefit (provision), net	--	(46)	(108)	-- (154)
Net income (loss)	(765,925)	(31,883)	4,961	-- (792,847)
YEAR ENDED DECEMBER 31, 2000				
Revenue	$ 2,417,533	$ 207,945	$ 93,183	$ (3,441) $ 2,715,220
Depreciation and amortization	160,910	5,338	19,108	-- 185,356
Total expenses	2,755,965	197,073	194,363	(8,115) 3,139,286
EBITDA	(177,522)	16,210	(30,607)	4,674 (187,245)
Interest income	79,724	--	340	(331) 79,733
Interest expense, net of interest capitalized	(267,650)	(233)	(438)	331 (267,990)
Income tax benefit (provision), net	(48)	(32)	(475)	-- (555)
Net income				

(loss) .....
(703,229) (155) 53,267 (209)
(650,326) YEAR ENDED DECEMBER
31, 2001 Revenue
.....
$ 3,683,156 $ 189,150 $
133,426 $ (4,594) $ 4,001,138
Depreciation and amortization
..... 243,810 6,682 28,160
-- 278,652 Total expenses
.....
3,273,670 188,699 331,061
(4,594) 3,788,836 EBITDA
.....
653,296 7,134 (149,303) --
511,127 Interest income
..... 96,372
-- 1,571 (272) 97,671
Interest expense, net of
interest capitalized
.....
(370,331) (211) (1,095) 272
(371,365) Income tax benefit
(provision), net . (51) --
(1,403) -- (1,454) Net income
(loss) .....
(231,053) (7,478) 23,033 --
(215,498)

Geographic Information (in thousands) and Transaction with Major Customers

	UNITED STATES	EUROPE	TOTAL
1999 Total revenue	$1,579,992	$ 22,849	$1,602,841
Long-lived assets	2,059,242	3,099	2,062,341
2000 Total revenue	$2,667,133	$ 48,087	$2,715,220
Long-lived assets	2,217,741	3,546	2,221,287
2001 Total revenue	$3,903,607	$ 97,531	$4,001,138
Long-lived assets	2,595,542	4,879	2,600,421

Revenues are attributed to geographic regions based upon the location from which the sale originated. United States revenue includes transactions made to both United States and International customers. Europe revenue includes transactions made customers in Europe, Africa and the Middle East. During the years ended December 31, 1999, 2000 and 2001, United States revenue included export sales to two international customers which totaled $126 million, $187 million and $176 million, respectively. These international sales accounted for approximately 8%, 7% and 4% of EchoStar's total revenue during each of the three years ended December 31, 2001, respectively. Revenues from these customers are included within the EchoStar Technologies Corporation business unit.

11. SUMMARY FINANCIAL INFORMATION OF EQUITY METHOD INVESTEE

EchoStar originally invested $50 million in StarBand Communications Inc. in April 2000. Effective September 27, 2001, EchoStar invested an additional $50 million in StarBand, increasing its equity interest from approximately 19% to approximately 32%. As a result of the increased equity stake, this investment is now accounted for using the equity method of accounting. As required by APB Opinion No. 18, the equity method accounting was retroactively applied back to April 2000, the date of EchoStar's original investment in StarBand.

Summarized financial information for StarBand has been derived from StarBand's audited financial statements as of and for the years ended December 31, 2000 and 2001, which were audited by other auditors (whose reports expressed substantial doubt regarding StarBand's ability to continue as a going concern) and is as follows (in thousands):

	PERIOD FROM JANUARY 11, 2000 (INCEPTION) THROUGH DECEMBER 31, 2000	AS OF DECEMBER 31, 2001
BALANCE SHEET DATA: Current assets	$104,251	$ 35,738
Noncurrent assets	113,327	33,567
Current liabilities	82,230	114,869
Noncurrent liabilities	142,165	109,482
Mandatorily redeemable		

convertible preferred stock 153,426 238,394

YEAR ENDED DECEMBER 31,	2000	2001
STATEMENT OF OPERATIONS DATA:		
Total revenues	$ 394	$ 36,630
Total operating expenses	140,019	231,486
Net loss	(139,531)	(205,553)

12. VALUATION AND QUALIFYING ACCOUNTS

EchoStar's valuation and qualifying accounts as of December 31, 1999, 2000 and 2001 are as follows (in thousands):

	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS	BALANCE AT END OF YEAR
YEAR ENDED DECEMBER 31, 1999: Assets: Allowance for doubtful accounts	$ 2,996	$ 23,481	$(13,368)	$ 13,109
Loan loss reserve	2,011	100	(272)	1,839
Reserve for inventory	5,181	1,785	(3,019)	3,947
Liabilities: Reserve for warranty costs and other	275	--	(65)	210
YEAR ENDED DECEMBER 31, 2000: Assets: Allowance for doubtful accounts	$ 13,109	$ 45,985	$(27,853)	$ 31,241
Loan loss reserve	1,839	66	(346)	1,559
Reserve for inventory	3,947	6,357	(398)	9,906
Liabilities: Reserve for warranty costs and other	210	--	--	210
YEAR ENDED DECEMBER 31, 2001: Assets: Allowance for doubtful accounts	$ 31,241	$ 59,725	$(68,196)	$ 22,770
Loan loss reserve	1,559	67	(35)	1,591
Reserve for inventory	9,906	12,204	(8,863)	13,247
Liabilities: Reserve for warranty costs and other	210	773	(316)	667

13. QUARTERLY FINANCIAL DATA (UNAUDITED)

EchoStar's quarterly unaudited results of operations are summarized as follows (in thousands, except per share amounts):

THREE MONTHS ENDED	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
(Unaudited) Year Ended December 31, 2000: Total revenue	$ 565,721	$ 646,129	$ 697,972	$ 805,398
Operating loss	(142,017)	(86,231)	(82,082)	(113,736)
Net loss				

.....
(185,130) (138,963)
(142,049) (184,184) Basic
and diluted loss per share
..... $ (0.40) $ (0.30) $
(0.30) $ (0.39) Year Ended
December 31, 2001: Total
revenue
..... $
861,930 $ 966,272 $
1,022,506 $ 1,150,430
Operating income (loss)
..... (15,183)
63,913 75,472 88,100 Net
income (loss)
.....
(169,867) (5,855) 3,095
(42,871) Basic and diluted
income (loss) per share
..... $
(0.36) $ (0.01) $ 0.01 $
(0.09)

14. SUBSEQUENT EVENTS

Strategic Alliance with Vivendi Universal and Sale of Series D Convertible Preferred Stock

On January 22, 2002, a subsidiary of Vivendi Universal acquired 5,760,479 shares of EchoStar series D convertible preferred stock for $1.5 billion, or approximately $260.40 per share. Each share of the series D preferred stock has the same economic (other than liquidation) and voting rights as ten shares of EchoStar class A common stock into which it is convertible and has a liquidation preference equal to approximately $260.40 per share. Immediately prior to the consummation of the Hughes merger, the series D preferred stock will convert into shares of EchoStar class A common stock, which will then be exchanged for shares of class A common stock of the surviving corporation in the Hughes merger. The series D preferred stock is also convertible into shares of EchoStar's class A common stock at any time at the option of the holder and automatically upon the occurrence of certain other specified events. EchoStar currently expects that the series D preferred stock and related features, discussed below, will be classified as temporary equity on its balance sheets.

In connection with the purchase of the series D convertible preferred stock, Vivendi Universal also received contingent value rights, intended to provide protection against any downward price movements in the class A common stock to be issued upon conversion of the series D convertible preferred stock. The maximum payment under the rights is $225 million if the Hughes merger is completed and the price of our class A common stock falls below $26.04 per share on the date specified below , or $525 million if the Hughes merger is not completed and the price of our class A common stock falls below $26.04 per share on the date specified below. Any amount owing under these rights would be settled three years after completion of the Hughes merger, except in certain limited circumstances. In addition, if the Hughes merger is not consummated, these rights will be settled 30 months after the acquisition of Hughes' 81% interest in PanAmSat or the termination of the merger agreement and the PanAmSat stock purchase agreement. The contingent value rights will be recorded as of the date of consummation of the investment and will be periodically adjusted to the current settlement amount of the contingent value rights, based on the current price of the class A common stock, through a charge to retained earnings. Future non-cash charges or credits to retained earnings related to adjustments to the contingent value rights will impact EchoStar's net income (loss) available to common shareholders.

In addition, the conversion price for the series D convertible preferred stock was set at $26.04 upon execution of the investment agreement on December 14, 2001. However, the investment was not consummated until January 22, 2002, when the price of EchoStar's class A common stock was $26.58. Since the price as of the date of consummation of the investment was above the set conversion price and since consummation of the investment was contingent on regulatory approval, the series D preferred stock was issued with a beneficial conversion feature. This feature requires the difference between the conversion price and the price as of the date of consummation to be recorded as a discount on the series D preferred stock. This discount of $0.54 per share will be charged to retained earnings as of the date of issuance of the series D preferred stock. Future non-cash charges to retained earnings related to the amortization of the series D preferred stock discount will have a negative impact on Echostar's net income (loss) available to common shareholders.

The issuance costs related to the series D preferred stock will be recorded as a reduction of the carrying value of the series D preferred stock and corresponding contingent value rights and will be immediately charged to retained earnings upon issuance of the series D preferred stock, which will have a negative impact on EchoStar's net income (loss) available to common shareholders.

In addition, Vivendi Universal and EchoStar announced an eight-year strategic alliance in which Vivendi Universal will develop and provide EchoStar's DISH Network customers in the U.S. a variety of programming and interactive television services.

As part of this alliance, Vivendi Universal plans to offer EchoStar's DISH Network customers five new non-exclusive channels of basic and niche programming content. Vivendi Universal will also offer expanded pay-per-view and video-on-demand movies. These services are expected to begin to launch in the fall of 2002. Customary fees per subscriber will be paid by EchoStar. Vivendi Universal and EchoStar will also work together on a new programming initiative

to develop new non-exclusive satellite-delivered broadband channels featuring interactive games, movies, sports, education, and music to be launched within a three-year period following consummation of the agreement.

Also as part of the alliance, EchoStar will integrate Vivendi Universal's advanced, interactive middleware technology, MediaHighway, a Canal+Technology, as a non-exclusive middleware solution that will provide DISH Network customers using personal video records unique interactive television services, such as movies from Vivendi Universal and music from Universal Music Group.

EchoStar III

During January 2002, a transponder pair on EchoStar III failed, resulting in a temporary interruption of service. The operation of the satellite was quickly restored. Including the five transponders pairs that malfunctioned in prior years, these anomalies have resulted in the failure of a total of twelve transponders on the satellite to date. While a maximum of 32 transponders can be operated at any time, the satellite was equipped with a total of 44 transponders to provide redundancy. In addition, EchoStar is only licensed by the FCC to operate 11 transponders at the 61.5 degree orbital location (together with an additional six leased transponders).

EchoStar VII

EchoStar VII was launched on February 21, 2002 from Cape Canaveral, Florida. EchoStar VII will be tested at the 129 degree orbital location and will then be moved to the 119 degree orbital location for commercial service. Assuming successful completion of in-orbit testing, EchoStar VII is expected to commence commercial service at the 119 degree orbital location during the second quarter of 2002. EchoStar VII is planned to replace the capacity of the EchoStar IV satellite, which has experienced a series of anomalies materially impacting its functionality. Operating from the 119 degree orbital location, EchoStar VII, assuming successful completion of in-orbit testing, will also provide local channels by satellite to consumers in Alaska and Hawaii. EchoStar VII, together with EchoStar VIII which is expected to launch this summer, will also improve spectrum efficiency, enhance the quality of video channels for all DISH Network customers, provide a broader array of programming choices to consumers in Alaska and Hawaii, and increase in-orbit backup capacity.

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
3.1(a)+	Amended and Restated Articles of Incorporation of EchoStar.
3.1(b)*	Amended and Restated Bylaws of EchoStar (incorporated by reference to Exhibit 3(ii) to the Current Report on Form 8-K, dated January 23, 2002, of EchoStar, Commission File No. 0-26176).
3.2(a)*	Articles of Incorporation of EchoStar Broadband Corporation ("EBC") (incorporated by reference to Exhibit 3.1(a) to the Registration Statement on Form S-4 of EBC, Registration No. 333-52756).
3.2(b)*	Bylaws of EBC (incorporated by reference to Exhibit 3.1(b) to the Registration Statement on Form S-4 of EBC, Registration No. 333-52756).
3.3(a)*	Articles of Incorporation of EchoStar DBS Corporation ("DBS Corp.") (incorporated by reference to Exhibit 3.4(a) to the

Registration Statement on Form S-4 of DBS Corp., Registration No. 333-31929). 3.3(b)* Bylaws of DBS Corp. (incorporated by reference to Exhibit 3.4(b) to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-31929). 4.1* Warrant Agreement between EchoStar and First Trust, as Warrant Agent (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450). 4.2* Security Agreement in favor of First Trust, as trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450). 4.3* Escrow and Disbursement Agreement between Dish Ltd. and First Trust (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450). 4.4* Pledge Agreement in favor of First Trust,

as trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-76450).

4.5*	Intercreditor Agreement among First Trust, Continental Bank, N.A. and Martin Marietta Corporation ("Martin Marietta") (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.6*	Registration Rights Agreement by and between EchoStar and Charles W. Ergen (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
4.7*	Indenture of Trust, relating to DBS Corp.'s 9 1/4% Senior Notes due 2006 ("Seven Year Notes"), dated as of January 25, 1999, among DBS Corp., the Guarantors (as defined therein) and U.S. Bank Trust National Association ("U.S. Bank"), as trustee (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).
4.8*	Indenture of Trust, relating to DBS Corp.'s 9 3/8% Senior Notes due 2009 ("Ten Year Notes"), dated as of January 25, 1999, among DBS Corp., the Guarantors (as defined therein) and U.S. Bank, as trustee (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).
4.9*	Registration Rights Agreement, relating to the Seven Year Notes, dated as of January 25, 1999, by and among DBS Corp., the Guarantors and the Initial Purchasers (as defined therein) (incorporated by reference to Exhibit 4.5 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).
4.10*	Registration Rights Agreement, relating to the Ten Year Notes, dated as of January 25, 1999, by and among DBS Corp., the Guarantors and the Initial Purchasers (as defined therein) (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-4 of DBS Corp., Registration No. 333-71345).
4.11*	Indenture relating to 4 7/8% Convertible Subordinated Notes due 2007, dated as of December 8, 1999, between EchoStar Communications Corporation and U.S. Bank Trust National Association, as trustee, (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-3 of EchoStar Communications Corporation, Registration No. 333-31894).
4.12*	Registration Rights Agreement, relating to the 47/8 % Convertible Subordinated Notes Due 2007, dated as of December 8, 1999, by and among EchoStar Communications Corporation and the initial purchasers (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 of EchoStar Communications Corporation, Registration No. 333-31894).
4.13*	Indenture relating to 10 3/8% Senior Notes due 2007, dated as of September 25, 2000, between EchoStar Broadband Corporation and U.S. Bank Trust National Association, as trustee (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2000, Commission File No.0-26176).
4.14*	Registration Rights Agreement dated as of September 25, 2000, by and among EchoStar Broadband Corporation, Donaldson, Lufkin & Jenrette Securities Corporation, Banc of America Securities LLC, Credit Suisse First Boston Corporation and ING Barings LLC (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2000, Commission File No.0-26176).
4.15*	Indenture, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001 between EchoStar Communications Corporation and U.S. Bank Trust National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).

4.16*	Registration Rights Agreement, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001, by and between EchoStar Communications Corporation and UBS Warburg LLC (incorporated by reference to Exhibit 4.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).
4.17+	Indenture, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001 between EchoStar DBS Corporation and U.S. Bank Trust National Association, as Trustee.
4.18+	Registration Rights Agreement, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001, by and among EchoStar DBS Corporation and Deutsche Banc Alex. Brown, Inc., Credit Suisse First Boston Corporation, Lehman Brothers Inc. and UBS Warburg LLC.
4.19+	Certificate of Withdrawal Withdrawing the Series A, Series B and Series C Preferred Stock Designations of EchoStar.
4.20+	Series D Mandatorily Convertible Participating Preferred Stock Certificate of Designation of EchoStar.
10.1*	Key Employee Bonus Plan, dated as of January 1, 1994 (incorporated by reference to Exhibit 10.7 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450)**
10.2*	Consulting Agreement, dated as of February 17, 1994, between ESC and Telesat Canada (incorporated by reference to Exhibit 10.8 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
10.3*	Form of Satellite Launch Insurance Declarations (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 of Dish, Registration No. 33-81234).
10.4*	Dish 1994 Stock Incentive Plan (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).**
10.5*	Form of Tracking, Telemetry and Control Contract between AT&T Corp. and ESC (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 of Dish, Registration No. 33-81234).
10.6*	Manufacturing Agreement, dated as of March 22, 1995, between HTS and SCI Technology, Inc. (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form S-1 of Dish, Commission File No. 33-81234).
10.7*	Statement of Work, dated January 31, 1995 from ESC to DiviCom, Inc. (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
10.8*	EchoStar 1995 Stock Incentive Plan (incorporated by reference to Exhibit 10.16 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276)**
10.9*	Satellite Construction Contract, dated as of July 18, 1996, between EDBS and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.18 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 1996, Commission File No. 0-26176).
10.10*	Confidential Amendment to Satellite Construction Contract between DBSC and Martin Marietta, dated as of May 31, 1995 (incorporated by reference to Exhibit 10.14 to the Registration Statement of Form S-4 of EchoStar, Registration No. 333-03584).
10.11*	Agreement between HTS, ESC and ExpressVu Inc., dated January 8, 1997, as amended (incorporated by reference to Exhibit 10.18 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996, as amended, Commission File No. 0-26176).

10.12* Amendment No. 9 to Satellite Construction Contract, effective as of July 18, 1996, between Direct Satellite Broadcasting Corporation, a Delaware corporation ("DBSC") and Martin Marrieta Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997, Commission File No. 0-26176).

10.13* Amendment No. 10 to Satellite Construction Contract, effective as of May 31, 1996, between DBSC and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997, Commission File No. 0-26176).

10.14* Purchase Agreement, dated November 30, 1998, by and among American Sky Broadcasting, LLC ("ASkyB"), The News Corporation Limited ("News Corporation"), MCI Telecommunications Corporation and EchoStar (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed by EchoStar on December 1, 1998, Commission File No. 0-26176).

10.15* Voting Agreement, dated November 30, 1998, among EchoStar, AskyB, News Corporation and MCI Telecommunications Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of EchoStar, filed as of December 1, 1998, Commission File No. 0-26176).

10.16* Agreement to Form NagraStar LLC, dated as of June 23, 1998, by and between Kudelski S.A., EchoStar and ESC (incorporated by reference to Exhibit 10.28 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1998, Commission File No. 0-26176).

10.17* First Amendment, dated June 23, 1999, to the Purchase Agreement dated November 30, 1998, by and among American Sky Broadcasting, LLC, The News Corporation Limited, MCI Telecommunications Corporation, and EchoStar Communications Corporation (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K of EchoStar, filed as of July 2, 1999, Commission File No. 0-26176).

10.18* Registration Rights Agreement, dated June 24, 1999, by and among EchoStar Communications Corporation, MCI Telecommunications Corporation, American Sky Broadcasting, LLC, and News America Incorporated (incorporated by reference to Exhibit 10.4 to the Current Report on Form 8-K of EchoStar, filed as of July 2, 1999, Commission File No. 0-26176).

10.19* Satellite Construction Contract dated as of January 27, 2000, between EchoStar Orbital Corporation and Lockheed Martin Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.20* Satellite Construction Contract dated as of February 4, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.21* Satellite Construction Contract dated as of February 22, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.22* Agreement dated as of February 22, 2000, between EchoStar Orbital Corporation and Loral Skynet, a division of Loral SpaceCom Corporation (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2000, Commission File No.0-26176).

10.23* Contract for Launch Services, dated January 31, 2001, between Lockheed Martin's International Launch Services and EchoStar Orbital Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2001, Commission File No.0-26176).

10.24*	Modification Nos. 1-7 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated January 27, 2000, between Lockheed Martin Corporation and EchoStar Orbital Corporation (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).
10.25*	Amended and Restated Contract dated February 1, 2001, between EchoStar Orbital Corporation and Space Systems/Loral, Inc., EchoStar VIII Satellite Program (110 degree West Longitude) (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).
10.26*	Amendment No. 1 to the Contract dated February 22, 2000, between EchoStar Orbital Corporation and Space Systems/Loral Inc., EchoStar IX Satellite Program (121 degree West Longitude) (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended June 30, 2001, Commission File No.0-26176).
10.27*	Agreement and Plan of Merger, dated October 28, 2001, by and between EchoStar and Hughes Electronics Corporation (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).
10.28*	Implementation Agreement, dated October 28, 2001, by and among General Motors Corporation, Hughes Electronics Corporation and EchoStar (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).
10.29*	Stock Purchase Agreement, dated October 28, 2001, among EchoStar, Hughes Electronics Corporation, Hughes Communications Galaxy, Inc., Hughes Communications Satellite Services, Inc. and Hughes Communications Inc. (incorporated by reference to Exhibit 99.3 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).
10.30*	Separation Agreement, dated October 28, 2001, by and between General Motors Corporation and Hughes Electronics Corporation (incorporated by reference to Exhibit 99.4 to the Current Report on Form 8-K of EchoStar, filed as of October 31, 2001, Commission File No. 0-26176).
10.31*	Investment Agreement, dated December 14, 2001, between EchoStar and Vivendi Universal, S.A., and exhibits (incorporated by reference to Exhibit 99.1 to the Current Report on Form 8-K of EchoStar, filed as of December 20, 2001, Commission File No. 0-26176).
10.32*	Stockholder Voting Agreement, dated December 14, 2001, by and among Charles W. Ergen, The Samburu Warrior Revocable Trust and Vivendi Universal, S.A. (incorporated by reference to Exhibit 99.2 to the Current Report on Form 8-K of EchoStar, filed as of December 20, 2001, Commission File No. 0-26176).
10.33+	Modification No. 8 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated October 12, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.
10.34+	Modification No. 9 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated October 16, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.
10.35+	Contract amendment No.1 to the EchoStar VIII contract between EchoStar Orbital Corporation and Space Systems/Loral, Inc., dated October 19, 2001.
10.36+	Modification No. 10 to the Satellite Contract (EchoStar VII - 119 degree West Longitude) dated December 12, 2001, between Lockheed Martin Corporation and EchoStar Orbital Corporation.
21+	Subsidiaries of EchoStar Communications Corporation.

23.1+		Consent of Arthur Andersen LLP, Independent Public Accountants
23.2+		Consent of Ernst & Young LLP, Independent Public Accountants
24.1+		Powers of Attorney authorizing signature of Cantey Ergen, Raymond L. Friedlob, O. Nolan Daines, Peter A. Dea and Jean-Marie Messier.

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* Incorporated by reference.

** Constitutes a management contract or compensatory plan or arrangement.

\+ Filed herewith.

EXHIBIT 3.1(a)

ARTICLES OF INCORPORATION OF ECHOSTAR COMMUNICATIONS CORPORATION

(incorporating all amendments and reflecting two separate two-for-one stock splits in 1999, and one two-for-one stock split in March 2000)

ARTICLE I
Name

The name of the corporation shall be ECHOSTAR COMMUNICATIONS CORPORATION (the "Corporation").

ARTICLE II
Period of Duration

The Corporation shall exist in perpetuity, from and after the date of filing of its original Articles of Incorporation with the Secretary of State of the State of Nevada unless dissolved according to law.

ARTICLE III
Purposes

The purpose for which this Corporation is organized is to engage in any lawful acts and activities for which corporations may be organized under the laws of the State of Nevada and to exercise any powers permitted to corporations under the laws of the State of Nevada.

ARTICLE IV
Capital

1. Authorized Capital Stock. The total number of shares of capital stock which the Corporation is authorized to issue shall be 3,220,000,000 shares, consisting of 3,200,000,000 shares of common stock, par value $0.01 per share ("Common Stock"), and 20,000,000 shares of preferred stock, par value $0.01 per share ("Preferred Stock").

2. Common Stock. (a) Of the 3,200,000,000 shares of authorized Common Stock, 1,600,000,000 shares shall be designated Class A Common Stock ("Class A Common Stock"), 800,000,000 shares shall be designated Class B Common Stock ("Class B Common Stock"), and 800,000,000 shares shall be designated Class C Common Stock ("Class C Common Stock").

3. Preferred Stock. The Board of Directors of the Corporation is hereby authorized to provide, by resolution or resolutions adopted by such Board, for the issuance of Preferred Stock from time to time in one or more classes and/or series, to establish the number of shares of each such class or series, and to fix the powers, designations, preferences and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions thereof, of any of the shares of each such class or series, all to the full extent permitted by the Nevada General Corporation Law, or any successor law(s) of the State of Nevada. Without limiting the generality of the foregoing, the Board of Directors is authorized to provide that shares of a class or series of Preferred Stock:

(1) are entitled to cumulative, partially cumulative or noncumulative dividends or other distributions payable in cash, capital stock or indebtedness of the Corporation or other property, at such times and in such amounts as are set forth in the Board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(2) are entitled to a preference with respect to payment of dividends over one or more other classes and/or series of capital stock of the Corporation;

(3) are entitled to a preference with respect to any distribution of assets of the Corporation its liquidation, dissolution or winding up over one or more other classes and/or series of capital stock of the Corporation in such amount as is set forth in the Board resolutions establishing such class or series or as is determined in a manner specified in such resolutions;

(4) are redeemable or exchangeable at the option of the Corporation and/or on a mandatory basis for cash, capital stock or indebtedness of the Corporation or other property, at such times or upon the occurrence of such events, and at such prices, as are set forth in the Board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(5) are entitled to the benefits of such sinking fund, if any, as is required to be established by the Corporation for the redemption and/or purchase of such shares by the Board resolutions establishing such class or series;

(6) are convertible at the option of the holders thereof into shares of any other class or series of capital stock of the Corporation, at such times or upon the occurrence of such events, and upon such terms, as are set forth in the Board resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(7) are exchangeable at the option of the holders thereof for cash, capital stock or indebtedness of the Corporation or other property, at such times or upon the occurrence of such events, and at such prices, as are set forth in the Board

resolutions establishing such class or series or as are determined in a manner specified in such resolutions;

(8) are entitled to such voting rights, if any, as are specified in the Board resolutions establishing such class or series (including, without limiting the generality of the foregoing, the right to elect one or more directors voting alone as a single class or series or together with one or more other classes and/or series of Preferred Stock, if so specified by such Board resolutions) at all times or upon the occurrence of specified events; and

(9) are subject to restrictions on the issuance of additional shares of Preferred Stock of such class or series or of any other class or series, or on the reissuance of shares of Preferred Stock of such class or series or of any other class or series, or on increases or decreases in the number of authorized shares of Preferred Stock of such class or series or of any other class or series.

Without limiting the generality of the foregoing authorizations, any of the voting powers, designations, preferences, rights and qualifications, limitations or restrictions of a class or series of Preferred Stock may be made dependent upon facts ascertainable outside the Board resolutions establishing such class or series, all to the full extent permitted by the Nevada General Corporation Law. Unless otherwise specified in the Board resolutions establishing a class or series of Preferred Stock, holders of a class or series of Preferred Stock shall not be entitled to cumulate their votes in any election of directors in which they are entitled to vote and shall not be entitled to any preemptive rights to acquire shares of any class or series of capital stock of the Corporation.

ARTICLE V
Voting and Conversion Rights

1. Voting Rights.

(a) Except as otherwise required by law or, in any Preferred Stock Statement and Certificate of Designations, Preferences and Rights ("Certificate of Designations"), with respect to all matters upon which stockholders are entitled to vote or to which stockholders are entitled to give consent, the holders of any outstanding shares of Class A Common Stock, Class B Common Stock, Class C Common Stock and Preferred Stock shall vote together without regard to class, and every holder of any outstanding shares of the Class A Common Stock and Class C Common Stock held by such holder; every holder of any outstanding shares of Class B Common Stock shall be entitled to cast ten votes in person or by proxy for each share of Class B Common Stock held by such holder; and every holder of any outstanding shares of Preferred Stock shall be entitled to cast, in person or by proxy for each share of Preferred Stock held by such holder, the number of votes specified in the applicable Certificate of Designations; provided however, in the event of a "Change in Control" of the Corporation, the holders

of any outstanding shares of Class C Common Stock shall be entitled to cast ten votes in person or by proxy for each share of Class C Common Stock held by such holder. As used herein, a "Change of Control" of the Corporation means: (i) any transaction or series of transactions, the result of which is that the Principals and their Related Parties (as such terms are hereinafter defined), or an entity controlled by the Principals and their Related Parties, cease to be the "beneficial owners" (as defined in Rule 13(d) (3) under the Securities Exchange Act of 1934) of at least 30% of the total equity interests of the Corporation and to have the voting power to elect at least a majority of the Board of Directors of the Corporation; or (ii) the first day on which a majority of the members of the Board of Directors of the Corporation are not continuing directors. "Principals" means Charles W. Ergen, James DeFranco, and David K. Moskowitz. "Related Parties" means, with respect to any Principal: (y) the spouse and each immediate family member of such Principal; and (z) each trust, corporation, partnership or other entity of which such Principal beneficially holds an 80% or more controlling interest.

(b) A quorum for the purpose of shareholder meeting shall consist of a majority of the voting power of EchoStar. If a quorum is present, the effective vote of a majority of the voting power represented at the meeting and entitled to vote on the subject matter shall be the act of the shareholders, unless the vote of a greater proportion or number is required by any provisions contained in the NGCL. Notwithstanding any provisions contained in the NGCL requiring the vote of shares possessing two-thirds of the voting power of EchoStar to take action, absent a provision herein to the contrary, in the case of such provisions the affirmative vote of a majority of the voting power shall be the act of the shareholders.

(c) Holders of Common Stock shall not be entitled to cumulate their votes in the election of directors and shall not be entitled to any preemptive rights to acquire shares of any class or series of capital stock of the Corporation. Subject to any preferential rights of holders of Preferred Stock, holders of Common Stock shall be entitled to receive their pro rata shares, based upon the number of shares of Common Stock held by them, of such dividends or other distributions as may be declared by the Board of Directors from time to time and of any distribution of the assets of the Corporation upon its liquidation, dissolution or winding up, whether voluntary or involuntary.

2. Conversion Rights.

(a) Each share of Class B Common Stock and Class C Common Stock Shall be convertible at the option of the holder thereof into Class A Common Stock of the Corporation in accordance with this Article V. In order to exercise the conversion privilege, a holder of Class B Common Stock or Class C Common Stock shall surrender the certificate evidencing such Class B Common Stock or Class C Common Stock to the Corporation at its principal office, duly endorsed to the Corporation and accompanied by written notice to the Corporation that the holder thereof elects to convert a specified portion or all of such shares. Class B Common Stock or Class C Common Stock

converted at the option of the holder shall be deemed to have been converted on the day of surrender of the certificate representing such shares for conversion in accordance with the foregoing provisions, and at such time the rights of the holder of such Class B Common Stock or Class C Common Stock, as such holder, shall cease and such holder shall be treated for all purposes as the record holder of Class A Common Stock issuable upon conversion. As promptly as practicable on or after the conversion date, the Corporation shall issue and mail or deliver to such holder a certificate or certificates for the number of Class A Common Stock issuable upon conversion, computed to the nearest one hundredth of a full share, and a certificate or certificates for the balance of Class B Common Stock or Class C Common Stock surrendered, if any, not so converted into Class A Common Stock.

(b) The Class B Common Stock and Class C Common Stock shall be convertible into one share of Class A Common Stock for each share of Class B Common Stock or Class C Common Stock so converted (the "Conversion Rate"). In the event the Corporation shall at any time subdivide or split its outstanding Class A Common Stock, into a greater number of shares or declare any dividend payable in Class A Common Stock, the Conversion Rate in effect immediately prior to such subdivision, split or dividend shall be proportionately increased, and conversely, in case the outstanding Class A Common Stock of the Corporation shall be combined into a smaller number of shares, the Conversion Rate in effect immediately prior to such combination shall be proportionately decreased.

(c) Upon any adjustment of the Conversion Rate then and in each such case the Corporation shall give written notice thereof, by first-class mail, postage prepaid, addressed to the registered holders of Class B Common Stock and Class C Common Stock at the addresses of such holders as shown on the books of the Corporation, which notice shall state the Conversion Rate resulting from such adjustment and the increase or decrease, if any, in the number of shares receivable at such price upon the conversion of Class B Common Stock or Class C Common Stock, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based.

(d) The holders of Class B Common Stock and Class C Common Stock shall have the following rights to certain properties received by the holders of Class A Common Stock:

(i) In case the Corporation shall declare a dividend or distribution upon Class A Common Stock payable other than in cash out of earnings or surplus or other than in Class A Common Stock, then thereafter each holder of Class B Common Stock or Class C Common Stock upon the conversion thereof will be entitled to receive the number of shares of Class A Common Stock into which such Class B Common Stock or Class C Common Stock shall be converted, and, in addition and without payment therefor, the property which such holder would have received as a dividend if continuously since the record date for any such dividend or distribution such holder: (A) had been the record holder of the number of Class A

Common Stock then received; and (B) had retained all dividends or distributions originating directly or indirectly from such Class A Common Stock.

(ii) If any capital reorganization or reclassification of the capital stock of the Corporation, or consolidation or merger of the Corporation with another corporation, or the sale of all or substantially all of its assets to another corporation shall be effected in such a way that holders of Class A Common Stock shall be entitled to receive stock, securities or assets with respect to or in exchange for a Class A Common, then, as a condition of such reorganization, reclassification, consolidation, merger or sale, lawful and adequate provision shall be made whereby the holders of Class B Common Stock and Class C Common Stock shall thereafter have the right to receive, in lieu of Class A Common Stock of the Corporation immediately theretofore receivable upon the conversion of such Class B Common Stock and Class C Common Stock, such shares of stock, securities or assets as may be issued or payable with respect to or in exchange for a number of outstanding Class A Common Stock equal to the number of Class A Common Stock immediately theretofore receivable upon the conversion or such Class B Common Stock and Class C Common Stock had such reorganization, reclassification, consolidation, merger or sale not taken place, and in any such case appropriate provision shall be made with respect to the rights and interests of the holders of the Class B Common Stock and Class C Common Stock to the end that the provisions hereof (including without limitation provisions for adjustments of the Conversion Rate and of the number of shares receivable upon the conversion of such Class B Common Stock and Class C Common Stock) shall thereafter be applicable, as nearly as may be, in relation to any shares of stock, securities or assets thereafter receivable upon the conversion of such Class B Common Stock and Class C Common Stock. The Corporation shall not effect any such reorganization, reclassification, consolidation, merger or sale, unless prior to the consummation thereof the surviving corporation (if other than the Corporation), the corporation resulting from such consolidation or the corporation purchasing such assets shall assume by written instrument executed and mailed to the registered holders of the Class B Common Stock and Class C Common Stock at the last address of such holders appearing on the books of the Corporation, the obligation to deliver to such holders such shares of stock, securities or assets as, in accordance with the foregoing provisions, such holders may be entitled to receive.

(e) In case at any time:

(iii) the Corporation shall pay any dividend payable in stock upon Class A Common Stock or make any distribution (other than regular cash dividends to the holders of Class A Common Stock); or

(iv) the Corporation shall offer for subscription pro rata to the holders of Class A Common Stock any additional shares of stock of any class or other rights; or

(v) there shall be any capital reorganization, reclassification of the capital stock of the Corporation, or consolidation or merger of the Corporation with, or sale of all or substantially all of its assets, to another corporation (provided however, that this provision shall not be applicable to the merger or consolidation of the Corporation with or into another corporation if, following such merger or consolidation, the shareholders of the Corporation immediately prior to such merger or consolidation own at least 80% of the equity of the combined entity); or

(vi) there shall be a voluntary or involuntary dissolution, liquidation or winding up of the Corporation;

then, in any one or more of the aforesaid cases, the Corporation shall give written notice, by first-class mail, postage prepaid, addressed to the holders of Class B Common Stock and Class C Common Stock at the addresses of such holders as shown on the books of the Corporation, of the date on which: (A) the books of the Corporation shall close or a record shall be taken for such dividend, distribution or subscription rights; or (B) such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up shall take place, as the case may be. Such notice shall also specify the date as of which the holders of Class A Common Stock of record shall participate in such dividend, distribution, or subscription rights, or shall be entitled to exchange their Class A Common Stock for securities or other property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding up, as the case may be. Such written notice shall be given at least 20 days prior to the action in question and not less than 20 days prior to the record date or the date on which the Corporation's transfer books are closed in respect thereto.

ARTICLE VI
Board of Directors

The name and addresses of the first board of directors, which shall be three (3) in number, are as follows:

NAME	ADDRESS
Charles W. Ergen	5701 S. Santa Fe Drive Littleton, CO 80102
James DeFranco	5701 S. Santa Fe Drive Littleton, CO 80120
R. Scott Zimmer	5701 S. Santa Fe Drive Littleton, CO 80120

The number of directors shall be increased or decreased as prescribed by the Bylaws of the Corporation.

ARTICLE VII
Right of Directors to Contract with Corporation

The following provisions are inserted for the management of the business and for the conduct of the affairs of the Corporation, and the same are in furtherance of and not in limitation of the powers conferred by law.

1. No contract or other transaction between this Corporation and one or more of its directors or any other corporation, firm, association, or entity in which one or more of its directors are directors or officers or are financially interested shall be either void or voidable solely because of such relationship or interest or solely because such directors are present at the meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction or solely because their votes are counted for such purpose if:

(a) The material facts as to such relationship or interest and as to the contract or transaction are disclosed or are otherwise known to the Board of Directors or committee and the Board or committee authorizes, approves, or ratifies such contract or transaction by the affirmative vote of a majority of the disinterested directors, even though such directors are less than a quorum; or

(b) The material facts of such relationship or interest and as to the contract or transaction are disclosed or are otherwise known to the shareholders entitled to vote thereon and they authorize, approve or ratify such contract or transaction by vote or written consent; or

(c) The contract or transaction is fair and reasonable to the Corporation.

2. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or a committee thereof which authorizes, approves or ratifies such contract or transaction.

ARTICLE VIII
Corporate Opportunity

The officers, directors and other members of management of this Corporation shall be subject to the doctrine of "corporate opportunities" only insofar as it applies to business opportunities in which this Corporation has expressed an interest as determined from time to time by this Corporation's Board of Directors as evidenced by resolutions appearing in

the Corporation's minutes. Once such areas of interest are delineated, all such business opportunities within such areas of interest which come to the attention of the officers, directors and other members of management of this Corporation shall be offered first to the Corporation. In the event the Corporation declines to pursue any or all such business opportunities, the officers, directors and other members of management of this Corporation shall be free to engage in such areas of interest on their own and this doctrine shall not limit the right of any officer, director or other member of management of this Corporation to continue a business existing prior to the time that such area of interest is designated by the Corporation. This provision shall not be construed to release any employee of this Corporation (other than an officer, director or member of management) from any duties which he may have to this Corporation.

ARTICLE IX
Indemnification of Officers, Directors and Others

1. To the full extent permitted by the NGCL, 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 in 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, fiduciary or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgements, fines an 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 proceeding, 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 no reasonable cause to believe that his conduct was unlawful.

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, fiduciary 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, employee benefit plan 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 interests

of the Corporation and 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.

3. To the extent that a director, officer, employee, fiduciary or agent of a corporation has been wholly successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs 1 and 2 of this Article, 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.

4. Any indemnification under paragraphs 1 and 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 director, officer, employee, fiduciary or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs 1 and 2. Such determination shall be made: (1) 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 (2) if such quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion; or (3) by the shareholders.

5. Expenses (including attorneys fees) incurred in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized in the manner provided in paragraph 4 of this Article IX upon receipt of an undertaking by or on behalf of the director, officer, employee, fiduciary or agent to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation.

6. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee, fiduciary 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, employee benefit plan 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 under the provisions of this Article IX.

7. In addition to the forgoing, the Corporation shall have the power to indemnify current or former directors, officer, employees and agents to the fullest extent provided by law.

ARTICLE X
Director Liability

To the fullest extent permitted by the Nevada General Corporation Law, as the same exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its shareholders for monetary damages for breach of fiduciary duty as a director.

ARTICLE XI
Incorporator

The name and address of the sole incorporator of the Corporation is as follows: Gregory S. Brown, and his address is 303 East 17th Avenue, Suite 1100, Denver, Colorado 80203.

ARTICLE XII
Registered Office and Registered Agent

The address of the registered office of the Corporation is One East First Street, Reno, Nevada 89501. The name of the Corporation's resident agent at that address is The Corporation Trust Company of Nevada. Either the registered office or the registered agent may be changed in the manner permitted by law.

EXHIBIT 4.17

ECHOSTAR DBS CORPORATION

9-1/8% SENIOR NOTES DUE 2009

INDENTURE

Dated as of December 28, 2001

U.S. Bank National Association

Trustee

CROSS-REFERENCE TABLE

TIA Indenture Section	Section
310(a)(1)	7.10
(a)(2)	7.10 (a)
(3)	N.A.
(a)(4)	N.A.
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(c)	N.A.
312(a)	2.05
(b)	11.03
(c)	11.03
313(a)	7.06 (b)
(b)(1)	7.06
(b)(2)	7.07
(c)	7.06; 11.02
(d)	7.06
314(a)	4.03(a); 11.05
(4)	4.04
(b)	N.A. (c)
(1)	11.04 (c)
(2)	11.04 (c)
(3)	N.A.
(d)	N.A.
(e)	11.05
(f)	N.A.
315(a)	7.01(b)
(b)	7.05; 11.02
(c)	7.01(a)
(d)	7.01
(e)	6.11 316(a) (last sentence)
(a)(1)(A)	2.09 (a)(1) (A)
(a)(1)(B)	6.05
(a)(2)	6.04 (a)
(b)	N.A.
(c)	6.07
317(a)(1)	2.12
(a)(2)	6.08
(b)	6.09
318(a)	2.04
	11.01

(c)..... 11.01

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N.A. means Not Applicable.

Note: This Cross-Reference Table shall not, for any purposes, be deemed to be part of this Indenture.

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EXHIBITS

INDENTURE dated as of December 28, 2001 by and between EchoStar DBS Corporation (the "Company"), a Colorado corporation, the Guarantors (as hereinafter defined) and U.S. Bank National Association, as trustee (the "Trustee").

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the Company's 9-1/8% Senior Notes due 2009.

RECITALS

The Company and the Guarantors have duly authorized the execution and delivery of this Indenture to provide for the issuance of the Notes and the Guarantees.

All things necessary (i) to make the Notes, when executed by the Company and authenticated and delivered hereunder and duly issued by the Company and delivered hereunder, the valid obligations of the Company, (ii) to make the Guarantees when executed by the Guarantors and delivered hereunder the valid obligations of the Guarantors, and (iii) to make this Indenture a valid agreement of the Company and the Guarantors, all in accordance with their respective terms, have been done.

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, it is mutually agreed as follows for the equal and ratable benefit of the Holders of the Notes.

ARTICLE 1

DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. Definitions.

"144A Global Note" means a global note substantially in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Accounts Receivable Subsidiary" means one Unrestricted Subsidiary of the Company specifically designated as an Accounts Receivable Subsidiary for the purpose of financing the Company's accounts receivable and provided that any such designation shall not be deemed to prohibit the Company from financing accounts receivable through any other entity, including, without limitation, any other Unrestricted Subsidiary.

"Accounts Receivable Subsidiary Notes" means the notes to be issued by the Accounts Receivable Subsidiary for the purchase of accounts receivable.

"Acquired Debt" means, with respect to any specified Person, Indebtedness of any other Person existing at the time such other Person merges with or into or becomes a Subsidiary of such specified Person, or Indebtedness incurred by such Person in connection with the acquisition of assets, including Indebtedness incurred in connection with, or in contemplation of, such other Person merging with or into or becoming a Subsidiary of such specified Person or the acquisition of such assets, as the case may be.

"Acquired Subscriber" means a subscriber to a telecommunications service provided by a telecommunications service provider that is not an Affiliate of the Company at the time the Company or one of its Restricted Subsidiaries purchases the right to provide telecommunications services to such subscriber from such telecommunications service provider, whether directly or through the acquisition of the entity providing telecommunications services or assets used or to be used to provide telecommunications service to such subscriber.

"Acquired Subscriber Debt" means (i) Indebtedness, the proceeds of which are used to pay the purchase price for Acquired Subscribers or to acquire the entity which has the right to provide telecommunications services to such Acquired Subscribers or to acquire from such entity or an Affiliate of such entity assets used or to be used in connection with such telecommunications business; provided that such Indebtedness is incurred within three years after the date of the acquisition of such Acquired Subscriber and (ii) Acquired Debt of any such entity being acquired; provided that in no event shall the amount of such Indebtedness and Acquired Debt for any Acquired Subscriber exceed the sum of the actual purchase price (inclusive of such Acquired Debt) for such Acquired Subscriber, such entity and such assets plus the cost of converting such Acquired Subscriber to usage of a delivery format for telecommunications services made available by the Company or any of its Restricted Subsidiaries.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the voting securities of a Person shall be deemed to be control; provided further that no individual, other than a director of EchoStar or the Company or an officer of EchoStar or the Company with a policy making function, shall be deemed an Affiliate of the Company or any of its Subsidiaries solely by reason of such individual's employment, position or responsibilities by or with respect to EchoStar, the Company or any of their respective Subsidiaries.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and Clearstream that apply to such transfer or exchange.

"Bankruptcy Law" means title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Board of Directors" means the Board of Directors of the Company.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, as to any Person, the obligations of such Person under a lease that are required to be classified and accounted for as capital lease obligations under GAAP and, for purposes of this definition, the amount of such obligations at the time any determination thereof is to be made shall be the amount of the liability in respect of a capital lease that would at such time be so required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means any and all shares, interests, participations, rights or other equivalents, however designated, of corporate stock or partnership or membership interests, whether common or preferred.

"Cash Equivalents" means: (a) United States dollars; (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof having maturities of not more than one year from the date of acquisition; (c) certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding

one year and overnight bank deposits, in each case with any domestic commercial bank having capital and surplus in excess of $500 million; (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) entered into with any financial institution meeting the qualifications specified in clause (c) above; (e) commercial paper rated P-1 or better, A-1 or better or the equivalent thereof by Moody's or S&P, respectively, and in each case maturing within six months after the date of acquisition; and (f) money market funds offered by any domestic commercial or investment bank having capital and surplus in excess of $500 million at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (e) of this definition.

"Change of Control" means: (a) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that the Principal and his Related Parties or an entity controlled by the Principal and his Related Parties (and not controlled by any Person other than the Principal or his Related Parties) sell, transfer or otherwise dispose of more than 50% of the total Equity Interests in EchoStar beneficially owned (as defined in Rule 13(d)(3) under the Exchange Act but without including any Equity Interests which may be deemed to be owned solely by reason of the existence of any voting arrangements), by such persons on the date of this Indenture (as adjusted for stock splits and dividends and other distributions payable in Equity Interests); (b) the first day on which a majority of the members of the Board of Directors of EchoStar are not Continuing Directors; or (c) any time that EchoStar shall cease to beneficially own 100% of the Equity Interests of the Company. Neither the Hughes Merger nor the PanAmSat Acquisition will constitute a Change of Control.

"Clearstream" means Clearstream Banking, societe anonyme.

"Communications Act" means the Communications Act of 1934, as amended.

"Consolidated Cash Flow" means, with respect to any Person for any period, the Consolidated Net Income of such Person for such period, plus, to the extent deducted in computing Consolidated Net Income: (a) provision for taxes based on income or profits; (b) Consolidated Interest Expense; (c) depreciation and amortization (including amortization of goodwill and other intangibles) of such Person for such period; and (d) any extraordinary loss and any net loss realized in connection with any Asset Sale, in each case, on a consolidated basis determined in accordance with GAAP; provided that Consolidated Cash Flow shall not include interest income derived from the net proceeds of the Offering.

"Consolidated Interest Expense" means, with respect to any Person for any period, consolidated interest expense of such Person for such period, whether paid or accrued, including amortization of original issue discount and deferred financing costs, non-cash interest payments and the interest component of Capital Lease Obligations, on a consolidated basis determined in accordance with GAAP; provided, however, that with respect to the calculation of the consolidated interest expense of the Company, the interest expense of Unrestricted Subsidiaries shall be excluded.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries or, if such Person is the Company, of the Company and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided, however, that: (a) the Net Income of any Person that is not a Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person, in the case of a gain, or to the extent of any contributions or other payments by the referent Person, in the case of a loss; (b) the Net Income of any Person that is a Subsidiary that is not a Wholly Owned Subsidiary shall be included only to the extent of the amount of dividends or distributions paid in cash to the referent Person; (c) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded; (d) the Net Income of any Subsidiary of such Person shall be excluded

to the extent that the declaration or payment of dividends or similar distributions is not at the time permitted by operation of the terms of its charter or bylaws or any other agreement, instrument, judgment, decree, order, statute, rule or government regulation to which it is subject; and (e) the cumulative effect of a change in accounting principles shall be excluded.

"Consolidated Net Worth" means, with respect to any Person, the sum of: (a) the stockholders' equity of such Person; plus (b) the amount reported on such Person's most recent balance sheet with respect to any series of preferred stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such Person upon issuance of such preferred stock, less: (i) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the date of this Indenture in the book value of any asset owned by such Person or a consolidated Subsidiary of such Person; and (ii) all unamortized debt discount and expense and unamortized deferred charges, all of the foregoing determined on a consolidated basis in accordance with GAAP.

"Continuing Director" means, as of any date of determination, any member of the Board of Directors of EchoStar who: (a) was a member of such Board of Directors on the date of this Indenture; or (b) was nominated for election or elected to such Board of Directors with the affirmative vote of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or was nominated for election or elected by the Principal and his Related Parties.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 11.02 or such other address as to which the Trustee may give notice to the Company.

"DBS" means direct broadcast satellite.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Deferred Payments" means Indebtedness owed to satellite construction or launch contractors incurred after the date of this Indenture in connection with the construction or launch of one or more satellites of the Company or its Restricted Subsidiaries used by the Company and/or them in the businesses described in Section 4.16 in an aggregate principal amount not to exceed $200 million at any one time outstanding.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 of this Indenture, substantially in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means the Depository Trust Company and any and all successors thereto appointed as depositary hereunder and having become such pursuant to an applicable provision of this Indenture.

"Disqualified Stock" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to date on which the Notes mature; provided, however, that any such Capital Stock may require the issuer of such Capital Stock to make an offer to purchase such Capital Stock upon the occurrence of certain events if the terms of such Capital Stock provide that such an offer may not be satisfied

and the purchase of such Capital Stock may not be consummated until the 91st day after the Notes have been paid in full.

"DNCC" means Dish Network Credit Corporation, a Colorado corporation.

"EBC" means EchoStar Broadband Corporation, a Colorado corporation.

"EBC Notes" means the $1,000 million aggregate principal amount of 10-3/8% Senior Notes due 2007 issued by EBC.

"EBC Notes Indenture" means the indenture dated September 25, 2000 among EBC and U.S. Bank Trust National Association, as Trustee, as the same may be amended, modified or supplemented from time to time.

"EchoStar" means EchoStar Communications Corporation, a Nevada corporation, together with each Wholly Owned Subsidiary of EchoStar that beneficially owns 100% of the Equity Interests of the Company, but only so long as EchoStar beneficially owns 100% of the Equity Interests of such Subsidiary.

"EchoStar Dish Network" means the DBS service of the Company and its Subsidiaries.

"EchoStar I" means the Company's high-powered direct broadcast satellite designated as EchoStar I in the Offering Memorandum.

"EchoStar II" means the Company's high-powered direct broadcast satellite designated as EchoStar II in the Offering Memorandum.

"EchoStar III" means the high-powered direct broadcast satellite designated as EchoStar III in the Offering Memorandum.

"EchoStar IV" means the high-powered direct broadcast satellite designated as EchoStar IV in the Offering Memorandum.

"EDBS Exchange Indenture" means the Indenture, by and between the Company and U.S. Bank National Association, to be entered into upon the completion of the EDBS Exchange Offer governing the EDBS Exchange Notes in accordance with Section 4.13 of the EBC Notes Indenture as in effect on the Issue Date.

"EDBS Exchange Notes" means the notes to be issued by the Company upon the completion of the EDBS Exchange Offer.

"EDBS Exchange Notes Guarantees" shall have the meaning set forth in Section 4.13 of the EBC Notes Indenture as in effect on the Issue Date.

"EDBS Exchange Offer" means the offer by the Company to exchange the EDBS Exchange Notes for the EBC Notes as provided in the EBC Notes Indenture as in effect on the Issue Date.

"Eligible Institution" means a commercial banking institution that has combined capital and surplus of not less than $500 million or its equivalent in foreign currency, whose debt is rated Investment Grade at the time as of which any investment or rollover therein is made.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"ESC" means EchoStar Satellite Corporation, a Colorado corporation.

"ETC" means EchoStar Technologies Corporation, a Texas corporation.

"Euroclear" means Euroclear Bank S.A./N.V., as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" means the Notes issued in the Exchange Offer pursuant to Section 2.06(f) or pursuant to a registered exchange offer for Notes with a Private Placement Legend issued after the Issue Date.

"Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Existing Indebtedness" means the Notes and any other Indebtedness of the Company and its Subsidiaries in existence on the date of this Indenture until such amounts are repaid.

"FCC" means Federal Communications Commission.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the U.S., which are applicable as of the date of determination; provided that, except as otherwise specifically provided, all calculations made for purposes of determining compliance with the terms of the provisions of this Indenture shall utilize GAAP as in effect on the date of this Indenture.

"Global Note Legend" means the legend set forth in Section 2.01, which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, substantially in the form of Exhibit A hereto issued in accordance with Section 2.01 or 2.06 of this Indenture.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"guarantee" means a guarantee (other than by endorsement of negotiable instruments for collection in the ordinary course of business), direct or indirect, in any manner (including, without limitation, letters of credit and reimbursement agreements in respect thereof), of all or any part of any Indebtedness.

"Guarantee" means a guarantee of the Notes by a Guarantor.

"Guarantor" means any entity that executes a Guarantee of the obligations of the Company under the Notes, and their respective successors and assigns.

"Hedging Obligations" means, with respect to any Person, the obligations of such Person pursuant to any arrangement with any other Person, whereby, directly or indirectly, such Person is entitled to receive from time to time periodic payments calculated by applying either floating or a fixed rate of interest on a stated notional amount in exchange for periodic payments made by such other Person calculated by applying a fixed or a floating rate of interest on the same notional amount and shall include, without limitation, interest rate swaps, caps, floors, collars and similar agreements designed to protect such Person against fluctuations in interest rates.

"Holder" means a Person in whose name a Note is registered.

"Hughes" means Hughes Electronics Corporation, a Delaware corporation.

"Hughes Merger" means the merger of EchoStar with and into Hughes (or a holding company that is expected to be formed to hold all of the stock of Hughes) and related transactions substantially in accordance with the Agreement and Plan of Merger by and between EchoStar and Hughes dated as of October 28, 2001 or on such other terms as would not have a material adverse effect on the Holders of the Notes.

"Indebtedness" means, with respect to any Person, any indebtedness of such Person, whether or not contingent, in respect of borrowed money or evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof) or representing the balance deferred and unpaid of the purchase price of any property (including pursuant to capital leases) or representing any Hedging Obligations, except any such balance that constitutes an accrued expense or trade payable, if and to the extent any of the foregoing (other than Hedging Obligations) would appear as a liability upon a balance sheet of such Person prepared in accordance with GAAP, and also includes, to the extent not otherwise included, the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock or, with respect to any Subsidiary of such Person, the liquidation preference with respect to, any Preferred Equity Interests (but excluding, in each case, any accrued dividends) as well as the guarantee of items that would be included within this definition. Notwithstanding the foregoing, the recording of some or all of the Indebtedness represented by the EBC Notes on the balance sheet of the Company prior to the completion of the EDBS Exchange Offer in accordance with GAAP and related rules and regulations promulgated by the SEC (including "push down" accounting) shall not be deemed to constitute Indebtedness for purposes of Section 4.09 or included as Indebtedness for purposes of calculating the Indebtedness to Cash Flow Ratio of the Company.

"Indebtedness to Cash Flow Ratio" means, with respect to any Person, the ratio of: (a) the Indebtedness of such Person and its Subsidiaries (or, if such Person is the Company, of the Company and its Restricted Subsidiaries) as of the end of the most recently ended fiscal quarter, plus the amount of any Indebtedness incurred subsequent to the end of such fiscal quarter; to (b) such Person's Consolidated Cash Flow for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur (the "Measurement Period"); provided, however; that: (i) in making such computation, Indebtedness shall include the total amount of funds outstanding and available under any revolving credit facilities; and (ii) if such Person or any of its Subsidiaries (or, if such Person is the Company, any of its Restricted Subsidiaries) consummates a material acquisition or an Asset Sale or other disposition of assets subsequent to the commencement of the Measurement Period but prior to the event for which the calculation of the Indebtedness to Cash Flow Ratio is made, then the Indebtedness to Cash Flow Ratio shall be calculated giving pro forma effect to such material acquisition or Asset Sale or other disposition of assets, as if the same had occurred at the beginning of the applicable period.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means the $700 million aggregate principal amount 9-1/8% Senior Notes due 2009 of the Company issued under this Indenture on the Issue Date.

"Initial Purchasers" means, with respect to the Notes, Deutsche Banc Alex. Brown Inc., Credit Suisse First Boston Corporation, Lehman Brothers Inc. and UBS Warburg LLC.

"Investment Grade" means, with respect to a security, that such security is rated, by at least two nationally recognized statistical rating organizations, in one of each such organization's four highest generic rating categories.

"Investments" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the forms of loans (including guarantees), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities and all other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

"Issue Date" means December 28, 2001, the date of original issuance of the Initial Notes.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law (including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statute) of any jurisdiction).

"Marketable Securities" means: (a) Government Securities; (b) any certificate of deposit maturing not more than 365 days after the date of acquisition issued by, or time deposit of, an Eligible Institution; (c) commercial paper maturing not more than 365 days after the date of acquisition issued by a corporation (other than an Affiliate of the Company) with an Investment Grade rating, at the time as of which any investment therein is made, issued or offered by an Eligible Institution; (d) any bankers' acceptances or money market deposit accounts issued or offered by an Eligible Institution; and (e) any fund investing exclusively in investments of the types described in clauses (a) through (d) above.

"Maximum Secured Amount" means (a) at any time other than as provided in clause (b), $500 million plus, if the Company at such time has a rating or has received in writing an indicative rating on the Notes of both "Ba3" or better from Moody's and "BB-" or better from S&P, an amount equal to the product of 1.25 times the Trailing Cash Flow Amount, and (b) substantially concurrently with or at any time after the completion of the Subscriber Contribution, $2,700 million plus either (i) $500 million, or (ii) if the Company at such time has a rating or has received in writing an indicative rating on the Notes of both "Ba3" or better from Moody's and

"BB-" or better from S&P, an amount equal to the greater of (x) the product of 1.25 times Trailing Cash Flow Amount and (y) $500 million.

"Moody's" means Moody's Investors Service, Inc.

"Net Income" means, with respect to any Person, the net income (loss) of such Person, determined in accordance with GAAP, excluding, however, any gain (but not loss), together with any related provision for taxes on such gain (but not loss), realized in connection with any Asset Sale (including, without limitation, dispositions pursuant to sale and leaseback transactions), and excluding any extraordinary gain (but not loss), together with any related provision for taxes on such extraordinary gain (but not loss) and excluding any unusual gain (but not loss) relating to recovery of insurance proceeds on satellites, together with any related provision for taxes on such extraordinary gain (but not loss).

"Net Proceeds" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries, as the case may be, in respect of any Asset Sale, net of the direct costs relating to such Asset Sale (including, without limitation, legal, accounting and investment banking fees, and sales commissions) and any relocation expenses incurred as a result thereof, taxes paid or payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), amounts required to be applied to the repayment of Indebtedness secured by a Lien on the asset or assets that are the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets. Net Proceeds shall exclude any non-cash proceeds received from any Asset Sale, but shall include such proceeds when and as converted by the Company or any Restricted Subsidiary to cash.

"1999 EDBS Notes" means (i) the $375 million aggregate principal amount of 9-1/4% Senior Notes due 2006 issued by the Company and (ii) the $1,625 million aggregate principal amount of 9-3/8% Senior Notes due 2009 issued by the Company.

"1999 EDBS Notes Indentures" means each of the indentures dated January 25, 1999 among the Company, the guarantors of the 1999 EDBS Notes named therein and U.S. Bank Trust National Association, as Trustee, as the same may be amended, modified or supplemented from time to time.

"Non-Core Assets" means: (1) all intangible authorizations, rights, interests and other intangible assets related to all "western" DBS orbital locations other than the 148 degree orbital slot (as the term "western" is used by the FCC) held by the Company and/or any of its Subsidiaries at any time, including without limitation the authorizations for 22 DBS frequencies at 175 degree orbital location and ESC's permit for 11 unspecified western assignments; (2) all intangible authorizations, rights, interests and other intangible assets related to the FSS in the Ku-band, Ka-band and C-band held by the Company and/or any of its Subsidiaries at any time, including without limitation the license of ESC for a two satellite Ku-band system at 83 degree and 121 degree orbital location, the license of ESC for a two satellite Ka-band system at 83 degree and 121 degree orbital location, and the application of ESC to add C-band capabilities to a Ku-band satellite authorized at 83 degree orbital location; (3) all intangible authorizations, rights, interests and other intangible assets related to the Mobile-Satellite Service held by the Company and/or any of its Subsidiaries at any time, including without limitation the license of E-SAT, Inc. for a low-earth orbit MSS system; (4) all intangible authorizations, rights, interests and other intangible assets related to local multi-point distribution service; and (5) any Subsidiary of the Company the assets of which consist solely of (i) any combination of the foregoing and (ii) other assets to the extent permitted under the provision described under the second paragraph of Section 4.19.

"Non-Recourse Indebtedness" of any Person means Indebtedness of such Person that: (i) is not guaranteed by any other Person (except a Wholly Owned Subsidiary of the referent Person); (ii) is not recourse to and does not obligate any other Person (except a Wholly Owned Subsidiary of the referent Person) in any way; (iii)

does not subject any property or assets of any other Person (except a Wholly Owned Subsidiary of the referent Person), directly or indirectly, contingently or otherwise, to the satisfaction thereof, and (iv) is not required by GAAP to be reflected on the financial statements of any other Person (other than a Subsidiary of the referent Person) prepared in accordance with GAAP.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Notes" means the Initial Notes, the Exchange Notes and any other notes issued after the Issue Date in accordance with the fourth paragraph of Section 2.02 of this Indenture treated as a single class of securities.

"Obligations" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Notes pursuant to the Offering Memorandum.

"Offering Memorandum" means the Offering Memorandum dated December 20, 2001 relating to and used in connection with the initial offering of the Notes.

"Officer" means, with respect to any Person, the Chairman of the Board, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, Controller, Secretary or any Vice-President of such Person.

"Officers' Certificate" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, principal financial officer, treasurer or principal accounting officer of the Company.

"Opinion of Counsel" means an opinion from legal counsel, who may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"PanAmSat Acquisition" means the acquisition by EchoStar of PanAmSat Corporation and related transactions substantially in accordance with the Stock Purchase Agreement by and among EchoStar, Hughes and certain subsidiaries of Hughes dated as of October 28, 2001 or on such other terms as would not have a material adverse effect on the holders of the Notes.

"Participant" means, with respect to the Depositary, Euroclear or Clearstream, a Person who has an account with the Depositary, Euroclear or Clearstream, respectively (and, with respect to DTC, shall include Euroclear and Clearstream).

"Permitted Investments" means: (a) Investments in the Company or in a Wholly Owned Restricted Subsidiary that is a Guarantor; (b) Investments in Cash Equivalents and Marketable Securities; and (c) Investments by the Company or any of its Subsidiaries in a Person if, as a result of such Investment: (i) such Person becomes a Wholly Owned Restricted Subsidiary and becomes a Guarantor, or (ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Wholly Owned Restricted Subsidiary that is a Guarantor; provided that if at any time a Restricted Subsidiary of the Company shall cease to be a Subsidiary of the Company, the Company shall be deemed to have made a Restricted Investment in the amount of its remaining investment, if any, in such former Subsidiary.

"Permitted Liens" means:

(a) Liens securing the Notes and Liens securing any Guarantee;

(b) Liens securing the Deferred Payments;

(c) Liens securing any Indebtedness permitted under Section 4.09 of this Indenture; provided that such Liens under this clause (c) shall not secure Indebtedness in an amount exceeding the Maximum Secured Amount at the time that such Lien is incurred;

(d) Liens securing Purchase Money Indebtedness; provided that such Indebtedness was permitted to be incurred by the terms of this Indenture and such Liens do not extend to any assets of the Company or its Restricted Subsidiaries other than the assets so acquired;

(e) Liens securing Indebtedness the proceeds of which are used to develop, construct, launch or insure any satellites other than EchoStar I, EchoStar II, EchoStar III, EchoStar IV; provided that such Indebtedness was permitted to be incurred by the terms of this Indenture and such Liens do not extend to any assets of the Company or its Restricted Subsidiaries other than such satellites being developed, constructed, launched or insured, and to the related licenses, permits and construction, launch and TT&C contracts;

(f) Liens on orbital slots, licenses and other assets and rights of the Company, provided that such orbital slots, licenses and other assets and rights relate solely to the satellites referred to in clause (e) of this definition;

(g) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Company or any of its Restricted Subsidiaries, provided that such Liens were not incurred in connection with, or in contemplation of, such merger or consolidation, other than in the ordinary course of business;

(h) Liens on property of an Unrestricted Subsidiary at the time that it is designated as a Restricted Subsidiary pursuant to the definition of "Unrestricted Subsidiary;" provided that such Liens were not incurred in connection with, or contemplation of, such designation;

(i) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company; provided that such Liens were not incurred in connection with, or in contemplation of, such acquisition and do not extend to any assets of the Company or any of its Restricted Subsidiaries other than the property so acquired;

(j) Liens to secure the performance of statutory obligations, surety or appeal bonds or performance bonds, or landlords', carriers', warehousemen's, mechanics', suppliers', materialmen's or other like Liens, in any case incurred in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate process of law, if a reserve or other appropriate provision, if any, as is required by GAAP shall have been made therefor;

(k) Liens existing on the Issue Date;

(l) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(m) Liens incurred in the ordinary course of business of the Company or any of its Restricted Subsidiaries (including, without limitation, Liens securing Purchase Money Indebtedness) with respect to obligations that do not exceed $50 million in principal amount in the aggregate at any one time outstanding;

(n) Liens securing Indebtedness in an amount not to exceed $50 million incurred pursuant to clause (xi) of the second paragraph of Section 4.09 of this Indenture;

(o) Liens on any asset of the Company or any of its Restricted Subsidiaries securing Indebtedness in an amount not to exceed $25 million;

(p) Liens securing Indebtedness permitted under clause (12) of the second paragraph of Section 4.09 of this Indenture; provided that such Liens shall not extend to assets other than the assets that secure such Indebtedness being refinanced;

(q) any interest or title of a lessor under any Capital Lease Obligations; provided that such Capital Lease Obligation is permitted under the other provisions of this Indenture;

(r) Liens permitted to be incurred under the 1999 EDBS Notes Indentures or the EBC Notes Indenture, in each case as in effect on the Issue Date, and Liens permitted to be incurred under the EDBS Exchange Indenture;

(s) Liens not provided for in clauses (a) through (r) above, securing Indebtedness incurred in compliance with the terms of this Indenture provided that the Notes are secured by the assets subject to such Liens on an equal and ratable basis or on a basis prior to such Liens; provided that to the extent that such Lien secured Indebtedness that is subordinated to the Notes, such Lien shall be subordinated to and be later in priority than the Notes on the same basis; and

(t) extensions, renewals or refundings of any Liens referred to in clauses (a) through (q) above; provided that (i) any such extension, renewal or refunding does not extend to any assets or secure any Indebtedness not securing or secured by the Liens being extended, renewed or refinanced and (ii) any extension, renewal or refunding of a Lien originally incurred pursuant to clause (c) above shall not secure Indebtedness in an amount greater than the Maximum Secured Amount at the time of such extension, renewal or refunding.

"Person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

"Preferred Equity Interest," in any Person, means an Equity Interest of any class or classes (however designated) which is preferred as to the payment of dividends or distributions, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over Equity Interests of any other class in such Person.

"Principal" means Charles W. Ergen.

"Private Placement Legend" means the legend set forth in Section 2.01 to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Purchase Money Indebtedness" means (i) Indebtedness of the Company, or any Guarantor incurred (within 365 days of such purchase) to finance the purchase of any assets (including the purchase of Equity Interests of Persons that are not Affiliates of the Company or the Guarantors): (a) to the extent the amount of Indebtedness thereunder does not exceed 100% of the purchase cost of such assets; and (b) to the extent that no more than $50 million of such Indebtedness at any one time outstanding is recourse to the Company or any of its Restricted Subsidiaries or any of their respective assets, other than the assets so purchased; or (ii) Indebtedness of

the Company or any Guarantor which refinances Indebtedness referred to in clause (i) of this definition, provided that such refinancing satisfies subclauses (a) and (b) of such clause (i).

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Receivables Trust" means a trust organized solely for the purpose of securitizing the accounts receivable held by the Accounts Receivable Subsidiary that (a) shall not engage in any business other than (i) the purchase of accounts receivable or participation interests therein from the Accounts Receivable Subsidiary and the servicing thereof, (ii) the issuance of and distribution of payments with respect to the securities permitted to be issued under clause (b) below and (iii) other activities incidental to the foregoing, (b) shall not at any time incur Indebtedness or issue any securities, except (i) certificates representing undivided interests in the trust issued to the Accounts Receivable Subsidiary and (ii) debt securities issued in an arm's length transaction for consideration solely in the form of cash and Cash Equivalents, all of which (net of any issuance fees and expenses) shall promptly be paid to the Accounts Receivable Subsidiary, and (c) shall distribute to the Accounts Receivable Subsidiary as a distribution on the Accounts Receivable Subsidiary's beneficial interest in the trust no less frequently than once every six months all available cash and Cash Equivalents held by it, to the extent not required for reasonable operating expenses or reserves therefor or to service any securities issued pursuant to clause (b) above that are not held by the Accounts Receivable Subsidiary.

"Registration Rights Agreement" means the Registration Rights Agreement for the Notes, dated as of December 28, 2001, by and among the Company, the Guarantors, the Initial Purchasers and any other parties named on the signature pages thereof, as such agreement may be amended, modified or supplemented from time to time.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a global Note bearing the Private Placement Legend and deposited with or on behalf of the Depositary and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Related Party" means, with respect to the Principal, (a) the spouse and each immediate family member of the Principal and (b) each trust, corporation, partnership or other entity of which the Principal beneficially holds an 80% or more controlling interest.

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than Permitted Investments.

"Restricted Period" means the 40-day distribution compliance period as defined in Regulation S.

"Restricted Subsidiary" or "Restricted Subsidiaries" means any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by the Company or one or more Subsidiaries of the Company or a combination thereof, other than Unrestricted Subsidiaries.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated under the Securities Act.

"S&P" means Standard & Poor's Rating Services.

"Satellite Receiver" means any satellite receiver capable of receiving programming from the EchoStar Dish Network.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X promulgated pursuant to the Securities Act, as such Regulation is in effect on the Issue Date.

"Subscriber Contribution" means the completion of the Hughes Merger and the contribution or other transfer to us or purchase by us of substantially all of the Subscribers owned and operated by the surviving corporation and its subsidiaries following the Hughes Merger and not already owned by the Company. For purposes of this definition, "Subscriber" means an owned and operated U.S. subscriber to DBS service.

"Subsidiary" or "Subsidiaries" means, with respect to any Person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof.

"TIA" means the Trust Indenture Act of 1939 as in effect on the date of this Indenture.

"Trailing Cash Flow Amount" means the Consolidated Cash Flow of the Company during the most recent four fiscal quarters of the Company for which financial statements are available.

"Trustee" means the party named as such above until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"TT&C" means telemetry, tracking and control.

"U.S. Person" means a U.S. Person as defined in Rule 902(k) under the Securities Act.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note substantially in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means: (A) E-Sat, Inc., EchoStar Real Estate Corporation, EchoStar International (Mauritius) Ltd., EchoStar Manufacturing and Distribution Pvt. Ltd. and Satrec Mauritius Ltd.; and (B) any Subsidiary of the Company designated as an Unrestricted Subsidiary in a resolution of the Board of Directors:

(a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which, immediately after such designation: (i) is guaranteed by the Company or any other Subsidiary of the Company (other than another Unrestricted Subsidiary); (ii) is recourse to or obligates the Company or any other Subsidiary of the Company (other than another Unrestricted Subsidiary) in any way; or (iii) subjects any property or asset of the Company or any other Subsidiary of the Company (other than another Unrestricted Subsidiary), directly or indirectly, contingently or otherwise, to satisfaction thereof;

(b) with which neither the Company nor any other Subsidiary of the Company (other than another Unrestricted Subsidiary) has any contract, agreement, arrangement, understanding or is subject to an obligation of any kind, written or oral, other than on terms no less favorable to the Company or such other Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company; and

(c) with which neither the Company nor any other Subsidiary of the Company (other than another Unrestricted Subsidiary) has any obligation: (i) to subscribe for additional shares of Capital Stock or other equity interests therein; or (ii) to maintain or preserve such Subsidiary's financial condition or to cause such Subsidiary to achieve certain levels of operating results;

provided, however, that neither ESC nor Echosphere Corporation may be designated as an Unrestricted Subsidiary. If at any time after the date of this Indenture the Company designates an additional Subsidiary (other than ETC or a Subsidiary that constitutes a Non-Core Asset) as an Unrestricted Subsidiary, the Company will be deemed to have made a Restricted Investment in an amount equal to the fair market value (as determined in good faith by the Board of Directors of the Company evidenced by a resolution of the Board of Directors of the Company and set forth in an Officers' Certificate delivered to the Trustee no later than ten business days following a request from the Trustee, which certificate shall cover the six months preceding the date of the request) of such Subsidiary. An Unrestricted Subsidiary may be designated as a Restricted Subsidiary of the Company if, at the time of such designation after giving pro forma effect thereto, no Default or Event of Default shall have occurred or be continuing.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the then outstanding principal amount of such Indebtedness into (b) the total of the product obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment.

"Wholly Owned Restricted Subsidiary" means a Wholly Owned Subsidiary of the Company that is a Restricted Subsidiary.

"Wholly Owned Subsidiary" means, with respect to any Person, any Subsidiary all of the outstanding voting stock (other than directors' qualifying shares) of which is owned by such Person, directly or indirectly.

SECTION 1.02. Other Definitions.

SECTION 1.03. Incorporation by Reference of Trust Indenture Act.

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee;

"obligor" on the Notes means each of the Company and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04. Rules of Construction.

Unless the context otherwise requires:

(1) a term has the meaning assigned to it;

(2) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(3) "or" is not exclusive;

(4) words in the singular include the plural, and in the plural include the singular; and

(5) provisions apply to successive events and transactions.

ARTICLE 2

THE NOTES

SECTION 2.01. Form and Dating.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto, the terms of which are incorporated in and made a part of this Indenture. The Notes may have notations, legends or endorsements approved as to form by the Company, and required by law, stock exchange rule, agreements to which the Company is subject or usage. Each Note shall be dated the date of its authentication. The Notes shall be issuable only in denominations of $1,000 and integral multiples thereof.

The Notes shall initially be issued in the form of one or more Global Notes and the Depository Trust Company ("DTC"), its nominees, and their respective successors, shall act as the Depositary with respect thereto. Each Global Note shall (i) be registered in the name of the Depositary for such Global Note or the nominee of such Depositary, (ii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary's instructions, and (iii) shall bear a legend (the "Global Note Legend") substantially to the following effect:

> UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC") TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

THIS NOTE IS A GLOBAL NOTE WITHIN THE MEANING OF THE INDENTURE HEREINAFTER REFERRED TO AND IS REGISTERED IN THE NAME OF A DEPOSITARY OR A NOMINEE OF A DEPOSITARY OR A SUCCESSOR DEPOSITARY. THIS NOTE IS NOT EXCHANGEABLE FOR SECURITIES REGISTERED IN THE NAME OF A PERSON OTHER THAN THE DEPOSITARY OR ITS NOMINEE EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE, AND NO TRANSFER OF THIS NOTE (OTHER THAN A TRANSFER OF THIS NOTE AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY) MAY BE REGISTERED EXCEPT IN THE LIMITED CIRCUMSTANCES DESCRIBED IN THE INDENTURE.

Except as permitted by Section 2.06(g), any Note not registered under the Securities Act shall bear the following legend (the "Private Placement Legend") on the face thereof:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH BELOW. BY ITS ACQUISITION HEREOF, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT), (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT OR (C) IT IS AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT) (AN "ACCREDITED INVESTOR"), (2) AGREES THAT IT WILL NOT WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (A) TO THE COMPANY OR ANY SUBSIDIARY THEREOF, (B) INSIDE THE UNITED STATES TO A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) INSIDE THE UNITED STATES TO AN ACCREDITED INVESTOR THAT, PRIOR TO SUCH TRANSFER, FURNISHES (OR HAS FURNISHED ON ITS BEHALF BY A U.S. BROKER-DEALER) TO THE TRUSTEE A SIGNED LETTER CONTAINING CERTAIN REPRESENTATIONS AND AGREEMENTS RELATING TO THE RESTRICTIONS ON TRANSFER OF THIS SECURITY (THE FORM OF WHICH LETTER CAN BE OBTAINED FROM THE TRUSTEE FOR THIS SECURITY), (D) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT (IF AVAILABLE), (E) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (F) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS) OR (G) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND (3) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY WITHIN TWO YEARS AFTER THE ORIGINAL ISSUANCE OF THIS SECURITY, THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE TRUSTEE AND THE COMPANY SUCH CERTIFICATIONS, LEGAL OPINIONS OR OTHER INFORMATION AS EITHER OF THEM MAY REASONABLY REQUIRE TO CONFIRM THAT SUCH TRANSFER IS BEING MADE

PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION," "UNITED STATES" AND "U.S. PERSON" HAVE THE MEANING GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT.

The Trustee must refuse to register any transfer of a Note bearing the Private Placement Legend that would violate the restrictions described in such legend.

SECTION 2.02. Form of Execution and Authentication.

Two Officers of the Company shall sign the Notes for the Company by manual or facsimile signature. The Company's seal shall be reproduced on the Notes.

If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature of the Trustee shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall authenticate (i) Initial Notes for original issue on the Issue Date in an aggregate principal amount of $700 million, (ii) pursuant to the Exchange Offer, Exchange Notes from time to time for issue only in exchange for a like principal amount of Initial Notes and (iii) subject to compliance with Section 4.09, one or more series of Notes for original issue after the Issue Date (such Notes to be substantially in the form of Exhibit A) in an unlimited amount (and if issued with a Private Placement Legend, the same principal amount of Exchange Notes in exchange therefor upon consummation of a registered exchange offer) in each case upon written orders of the Company in the form of an Officers' Certificate, which Officers' Certificate shall, in the case of any issuance pursuant to clause (iii) above, certify that such issuance is in compliance with Section 4.09. In addition, each such Officers' Certificate shall specify the amount of Notes to be authenticated, the date on which the Notes are to be authenticated, whether the Securities are to be Initial Notes, Exchange Notes or Notes issued under clause (iii) of the preceding sentence and the aggregate principal amount of Notes outstanding on the date of authentication, and shall further specify the amount of such Notes to be issued as a Global Note or Definitive Notes. Such Notes shall initially be in the form of one or more Global Notes, which (i) shall represent, and shall be denominated in an amount equal to the aggregate principal amount of, the Notes to be issued, (ii) shall be registered in the name of the Depositary for such Global Note or Notes or its nominee and (iii) shall be delivered by the Trustee to the Depositary or pursuant to the Depositary's instruction. All Notes issued under this Indenture shall vote and consent together on all matters as one class and no series of Notes will have the right to vote or consent as a separate class on any matter.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. Unless limited by the terms of such appointment, an authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with the Company or any Affiliate of the Company.

SECTION 2.03. Registrar and Paying Agent.

The Company shall maintain (i) an office or agency where Notes may be presented for registration of transfer or for exchange (including any co-registrar, the "Registrar") and (ii) an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their

transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Holder of a Note. The Company shall notify the Trustee and the Trustee shall notify the Holders of the Notes of the name and address of any Agent not a party to this Indenture. The Company may act as Paying Agent, Registrar or co-registrar. The Company shall enter into an appropriate agency agreement with any Agent not a party to this Indenture, which shall incorporate the provisions of the TIA. The agreement shall implement the provisions of this Indenture that relate to such Agent. The Company shall notify the Trustee of the name and address of any such Agent. If the Company fails to maintain a Registrar or Paying Agent, or fails to give the foregoing notice, the Trustee shall act as such, and shall be entitled to appropriate compensation in accordance with Section 7.07.

The Company initially appoints the Trustee as Registrar, Paying Agent and agent for service of notices and demands in connection with the Notes.

SECTION 2.04. Paying Agent To Hold Money in Trust.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of the Holders of the Notes or the Trustee all money held by the Paying Agent for the payment of principal of, premium, if any, and interest on the Notes, and shall notify the Trustee of any Default by the Company in making any such payment. While any such Default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company) shall have no further liability for the money delivered to the Trustee. If the Company acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders of the Notes all money held by it as Paying Agent.

SECTION 2.05. Lists of Holders of the Notes.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders of the Notes and shall otherwise comply with TIA Section 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders of the Notes, including the aggregate principal amount of the Notes held by each thereof, and the Company shall otherwise comply with TIA Section 312(a).

SECTION 2.06. Transfer and Exchange.

(a) Transfer and Exchange of Global Notes. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary and a successor Depositary is not appointed by the Company within 90 days after the date of such notice from the Depositary, (ii) the Depositary has ceased to be a clearing agency registered under the Exchange Act, (iii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee or (iv) there shall have occurred and be continuing a Default or an Event of Default under this Indenture. In any such case, the Company will notify the Trustee in writing that, upon surrender by the Direct Participants and Indirect Participants of their interest in such Global Note, Certificated Notes will be issued to each Person that such Direct

Participants and Indirect Participants and DTC identify as being the beneficial owner of the related Notes. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 of this Indenture. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 of this Indenture, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06. However, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b), (c) or (f) of this Indenture.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth in this Indenture to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, no transfer of beneficial interests in the Regulation S Global Note may be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser) unless permitted by applicable law and made in compliance with subparagraphs (ii) and (iii) below. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i) unless specifically stated above.

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or, (B) (1) if Definitive Notes are at such time permitted to be issued pursuant to this Indenture, a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f), the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h).

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (2) thereof.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any Holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an "affiliate" (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(y) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (1)(a) thereof, or

(z) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained in this Indenture and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate, one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any Holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Restricted Definitive Note in the appropriate principal amount. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Restricted Definitive Notes to the Persons in whose names such Notes are so registered. Any Restricted Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A Holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an "affiliate" (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(y) if the Holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (1)(b) thereof; or

(z) if the Holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof,

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained in this Indenture and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

(iii) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any Holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii), the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h), and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar

through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (1) thereof; or

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit C hereto, including the certifications in item (2) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, and in the case of clause (C) above, the Regulation S Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an "affiliate" (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(y) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (1)(c) thereof; or

(z) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained in this Indenture and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Unrestricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from an Unrestricted Definitive Note or a Restricted Definitive Note, as the case may be, to a beneficial interest is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 of this Indenture, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Unrestricted Definitive Notes or Restricted Definitive Notes, as the case may be, so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit C hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit C hereto, including, if the Registrar so requests, a certification or Opinion of Counsel in form reasonably acceptable to the Company to the effect that such transfer is in compliance with the Securities Act.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to an Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an "affiliate" (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to a Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to an Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(y) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit D hereto, including the certifications in item (1)(d) thereof; or

(z) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained in this Indenture and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Exchange Offer. Upon the occurrence of an Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not broker-dealers, (y) they are not participating in a distribution of the Exchange Notes and (z) they are not "affiliates" (as defined in

Rule 144) of the Company, and accepted for exchange in an Exchange Offer and (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in an Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Restricted Definitive Notes so accepted Unrestricted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note (other than an Unrestricted Global Note) and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the Private Placement Legend.

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear the Global Note Legend.

(h) Cancellation and/or Adjustment of Global Notes. At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.08 and 9.05).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits of this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business on a Business Day 15 days before the day of any selection of Notes for redemption under Section 3.02 of this Indenture and ending at the close of business on the day of selection or (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 of this Indenture.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

SECTION 2.07. Replacement Notes.

If any mutilated Note is surrendered to the Trustee, or the Company and the Trustee receive evidence to their satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon the written order of the Company signed by two Officers of the Company, shall authenticate a replacement Note if the Trustee's requirements for replacements of Notes are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent or any authenticating agent from any loss which any of them may suffer if a Note is replaced. Each of the Company and the Trustee may charge for its expenses in replacing a Note.

Every replacement Note is an obligation of the Company.

SECTION 2.08. Outstanding Notes.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation and those described in this Section as not outstanding.

If a Note is replaced pursuant to Section 2.07, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01, it shall cease to be outstanding and interest on it shall cease to accrue.

Subject to Section 2.09, a Note does not cease to be outstanding because the Company, a Subsidiary of the Company or an Affiliate of the Company holds the Note.

SECTION 2.09. Treasury Notes.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, any Subsidiary of the Company or any Affiliate of the Company shall be considered as though not outstanding, except that for purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which a Responsible Officer knows to be so owned shall be so considered. Notwithstanding the foregoing, Notes that are to be acquired by the Company, any Subsidiary of the Company or an Affiliate of the Company pursuant to an exchange offer, tender offer or other agreement shall not be deemed to be owned by the Company, a Subsidiary of the Company or an Affiliate of the Company until legal title to such Notes passes to the Company, such Subsidiary or such Affiliate, as the case may be.

SECTION 2.10. Temporary Notes.

Until definitive Notes are ready for delivery, the Company may prepare and the Trustee shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of definitive Notes but may have variations that the Company and the Trustee consider appropriate for temporary Notes. Without unreasonable delay, the Company shall prepare and the Trustee, upon receipt of the written order of the Company signed by two Officers of the Company, shall authenticate definitive Notes in exchange for temporary Notes. Until such exchange, temporary Notes shall be entitled to the same rights, benefits and privileges as definitive Notes.

SECTION 2.11. Cancellation.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy canceled Notes (subject to the record retention requirement of the Exchange Act), unless the Company directs canceled Notes to be returned to it. The Company may not issue new Notes to replace Notes that it has redeemed or paid or that have been delivered to the Trustee for cancellation. All canceled Notes held by the Trustee shall be destroyed and certification of their destruction delivered to the Company, unless by a written order, signed by two Officers of the Company, the Company shall direct that canceled Notes be returned to it.

SECTION 2.12. Defaulted Interest.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders of the Notes on a subsequent special record date, which date shall be at the earliest practicable date but in all events at least five Business Days prior to the payment date, in each case at the rate provided in the Notes. The Company shall, with the consent of the Trustee, fix or cause to be fixed each such special record date and payment date. At least 15 days before the special record date, the Company (or the Trustee, in the name of and at the expense of the Company) shall mail to Holders of the Notes a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. Record Date.

The record date for purposes of determining the identity of Holders of the Notes entitled to vote or consent to any action by vote or consent authorized or permitted under this Indenture shall be determined as provided for in TIA Section 316(c).

SECTION 2.14. CUSIP Number.

The Company in issuing the Notes may use a "CUSIP" number and, if it does so, the Trustee shall use the CUSIP number in notices of redemption or exchange as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness or accuracy of the CUSIP number printed in the notice or on the Notes and that reliance may be placed only on the other identification numbers printed on the Notes. The Company will promptly notify the Trustee of any change in the CUSIP number.

ARTICLE 3

REDEMPTION

SECTION 3.01. Notices to Trustee.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07, it shall furnish to the Trustee, at least 35 days (unless a shorter period is acceptable to the Trustee) but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the redemption date, (ii) the principal amount of Notes to be redeemed and (iii) the redemption price. If the Company is required to make the redemption pursuant to Section 3.08, it shall furnish the Trustee, at least one but not more than 10 Business Days before a redemption date, an Officers' Certificate setting forth (i) the redemption date and (ii) the redemption price.

SECTION 3.02. Selection of Notes To Be Redeemed.

If less than all of the Notes are to be redeemed at any time, the selection of Notes for redemption will be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or if the Notes are not so listed on a pro rata basis, by lot or in accordance with any other method the Trustee deems fair and appropriate, provided that no Notes with a principal amount of $1,000 or less shall be redeemed in part. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of them selected shall be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. Notice of Redemption.

Subject to the provisions of Sections 3.08, at least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part only, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued in the name of the Holder thereof upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; provided that the Company shall have delivered to the Trustee, at least 35 days (unless a shorter period is acceptable to the Trustee) prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. Effect of Notice of Redemption.

Once notice of redemption is mailed in accordance with Section 3.03, Notes called for redemption become due and payable on the redemption date at the redemption price.

SECTION 3.05. Deposit of Redemption Price.

On or prior to any redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

On and after the redemption date, if the Company does not default in the payment of the redemption price, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes.

SECTION 3.06. Notes Redeemed in Part.

Upon surrender and cancellation of a Note that is redeemed in part, the Company shall issue and the Trustee shall authenticate for the Holder of the Notes at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. Optional Redemption.

Except as provided in the next paragraph, the Notes will not be redeemable at the Company's option prior to January 15, 2006. Thereafter, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, together with accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the 12-month period beginning on January 15 of the years indicated below:

YEAR	PERCENTAGE
2006	104.563%
2007	102.281%
2008	100.000%

Notwithstanding the foregoing, at any time prior to January 15, 2005, the Company may redeem up to 35% of the aggregate principal amount of the Notes outstanding at a redemption price equal to 109.125% of the principal amount thereof on the repurchase date, together with accrued and unpaid interest to such repurchase date, with the net cash proceeds of one or more public or private sales (including sales to EchoStar, regardless of whether EchoStar obtained such funds from an offering of Equity Interests or Indebtedness of EchoStar or otherwise) of Equity Interests (other than Disqualified Stock) of the Company (other than proceeds from a sale to any Subsidiary of the Company or any employee benefit plan in which the Company or any of its Subsidiaries participates); provided that: (a) at least 65% in aggregate principal amount of the Notes originally issued remain outstanding immediately after the occurrence of such redemption; and (b) the sale of such Equity Interests is made in compliance with the terms of this Indenture.

SECTION 3.08. Offer To Purchase by Application of Excess Proceeds.

When the cumulative amount of Excess Proceeds that have not been applied in accordance with Section 4.10 or this Section 3.08 exceeds $50.0 million, the Company shall be obligated to make an offer to all Holders of the Notes (an "Excess Proceeds Offer") to purchase the maximum principal amount of Notes that may be purchased out of such Excess Proceeds at an offer price in cash in an amount equal to 101% of the principal amount thereof, together with accrued and unpaid interest to the date fixed for the closing of such offer in accordance with the procedures set forth in this Indenture. To the extent the Company or a Restricted Subsidiary is required under the terms of Indebtedness of the Company or such Restricted Subsidiary which is ranked equally with the Notes with any proceeds which constitute Excess Proceeds under this Indenture, the Company shall make a pro rata offer to the holders of all other pari passu Indebtedness (including the Notes) with such proceeds. If the aggregate principal amount of Notes and other pari passu Indebtedness surrendered by holders thereof exceeds the amount of such Excess Proceeds, the Trustee shall select the Notes and other pari passu Indebtedness to be purchased on a pro rata basis.

The Excess Proceeds Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the maximum principal amount of Notes that may be purchased with such Excess Pro-

ceeds (which maximum principal amount of Notes shall be the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Excess Proceeds Offer.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Excess Proceeds Offer.

Upon the commencement of any Excess Proceeds Offer, the Company shall send, by first class mail, a notice to each of the Holders of the Notes, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Excess Proceeds Offer. The notice, which shall govern the terms of the Excess Proceeds Offer, shall state:

(i) that the Excess Proceeds Offer is being made pursuant to this Section 3.08 and the length of time the Excess Proceeds Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that any Note accepted for payment pursuant to the Excess Proceeds Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to any Excess Proceeds Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three business days before the Purchase Date;

(vi) that Holders shall be entitled to withdraw their election if the Company, depositary or Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have the Note purchased;

(vii) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(viii) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered.

On or before the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Excess Proceeds Offer, or if less than the Offer Amount has been tendered, all Notes or portion thereof tendered, and deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.08. The Company, Depositary or Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Note tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and the Trustee

shall authenticate and mail or deliver such new Note, to such Holder equal in principal amount to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Excess Proceeds Offer on the Purchase Date. To the extent that the aggregate principal amount of Notes tendered pursuant to an Excess Proceeds Offer is less than the amount of such Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes. Upon completion of an Excess Proceeds Offer, the amount of Excess Proceeds shall be reset at zero.

Other than as specifically provided in this Section 3.08, any purchase pursuant to this Section 3.08 shall be made pursuant to the provisions of Sections 3.01 through 3.06.

ARTICLE 4

COVENANTS

SECTION 4.01. Payment of Notes.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest shall be considered paid on the date due if the Paying Agent, if other than the Company, holds as of 10:00 a.m. Eastern Time on the due date money deposited by or on behalf of the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest then due.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. Maintenance of Office or Agency.

The Company shall maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

SECTION 4.03. Reports.

(a) Whether or not required by the rules and regulations of the SEC, so long as any of the Notes remain outstanding, the Company shall cause copies of all quarterly and annual financial reports and of the information, documents, and other reports (or copies of such portions of any of the foregoing as the SEC may by rules and regulations prescribe) which the Company is required to file with the SEC on Forms 10-Q and 10-K to be filed with the SEC and the Trustee and mailed to the Holders at their addresses appearing in the register of Notes maintained by the Registrar, in each case, within 15 days of filing with the SEC. If the Company is not required to file reports on Form 10-Q and 10-K, the Company shall nevertheless continue to cause the annual and quarterly financial statements, including any notes thereto (and, with respect to annual reports, an auditors' report by an accounting firm of established national reputation) and a "Management's Discussion and Analysis of Financial Condition and Results of Operations," comparable to that which would have been required to appear in Forms 10-Q and 10-K, to be so filed with the SEC for public availability (to the extent permitted by the SEC) and the Trustee and mailed to the Holders within 120 days after the end of the Company's fiscal years and within 60 days after the end of each of the first three quarters of each such fiscal year. The Company shall also comply with the provisions of TIA Section 314(a).

(b) The Company shall provide the Trustee with a sufficient number of copies of all reports and other documents and information that the Trustee may be required to deliver to the Holders of the Notes under this Section 4.03.

SECTION 4.04. Compliance Certificate.

(a) The Company shall deliver to the Trustee, within 120 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether each has kept, observed, performed and fulfilled its obligations under this Indenture and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge each entity has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture including, without limitation, a default in the performance or breach of Section 4.07, Section 4.09, Section 4.10 or Section 4.15 (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action each is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action each is taking or proposes to take with respect thereto.

(b) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith upon any Officer becoming aware of (i) any Default or Event of Default, or (ii) any default under any Indebtedness referred to in Section 6.01(f) or (g) of this Indenture, an Officers' Certificate specifying such Default, Event of Default or default and what action the Company or any of its Affiliates is taking or proposes to take with respect thereto.

SECTION 4.05. Taxes.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except as contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.06. Stay, Extension and Usury Laws.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. Limitation on Restricted Payments.

Neither the Company nor any of its Restricted Subsidiaries may, directly or indirectly:

(a) declare or pay any dividend or make any distribution on account of any Equity Interests of the Company other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company;

(b) purchase, redeem or otherwise acquire or retire for value any Equity Interests of EchoStar, the Company or any of their respective Subsidiaries or Affiliates, other than any such Equity Interests owned by the Company or by any Wholly Owned Restricted Subsidiary;

(c) purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is expressly subordinated in right of payment to the Notes or the Guarantees, except in accordance with the scheduled mandatory redemption, sinking fund or repayment provisions set forth in the original documentation governing such Indebtedness;

(d) declare or pay any dividend or make any distribution on account of any Equity Interests of any Restricted Subsidiary, other than:

(i) to the Company or any Wholly Owned Restricted Subsidiary; or

(ii) to all holders of any class or series of Equity Interests of such Restricted Subsidiary on a pro rata basis; provided that in the case of this clause (ii), such dividends or distributions may not be in the form of Indebtedness or Disqualified Stock; or

(e) make any Restricted Investment

(all such prohibited payments and other actions set forth in clauses (a) through (e) being collectively referred to as "Restricted Payments"), unless, at the time of such Restricted Payment:

(i) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(ii) after giving effect to such Restricted Payment and the incurrence of any Indebtedness the net proceeds of which are used to finance such Restricted Payment, the Indebtedness to Cash Flow Ratio of the Company would not have exceeded 8.0 to 1; and

(iii) such Restricted Payment, together with the aggregate of all other Restricted Payments made by the Company after the date of this Indenture, is less than the sum of:

(A) the difference of

(x) cumulative Consolidated Cash Flow of the Company determined at the time of such Restricted Payment (or, in case such Consolidated Cash Flow shall be a deficit, minus 100% of such deficit); minus

(y) 120% of Consolidated Interest Expense of the Company,

each as determined for the period (taken as one accounting period) from January 1, 2002 to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment; plus

(B) an amount equal to 100% of the aggregate net cash proceeds and, in the case of proceeds consisting of assets used in or constituting a business permitted under Section 4.16 of this Indenture, 100% of the fair market value of the aggregate net proceeds other than cash received by the Company either from capital contributions from EchoStar, or from the issue or sale (including an issue or sale to EchoStar) of Equity Interests (other than Disqualified Stock) of the Company (other than Equity Interests sold to any Subsidiary of the Company), since the Issue Date, but, in the case of any net cash proceeds, only to the extent such net cash proceeds are not used to redeem Notes pursuant to the second paragraph of Section 3.07 of this Indenture; plus

(C) if any Unrestricted Subsidiary is designated by the Company as a Restricted Subsidiary, an amount equal to the fair market value of the net Investment by the Company or a Restricted Subsidiary in such Subsidiary at the time of such designation; provided, however, that the foregoing sum shall not exceed the amount of the Investments made by the Company or any Restricted Subsidiary in any such Unrestricted Subsidiary since the Issue Date; plus

(D) 100% of any cash dividends and other cash distributions received by the Company and its Wholly Owned Restricted Subsidiaries from an Unrestricted Subsidiary since the Issue Date to the extent not included in cumulative Consolidated Cash Flow of the Company; plus

(E) to the extent not included in clauses (A) through (D) above, an amount equal to the net reduction in Investments of the Company and its Restricted Subsidiaries since the Issue Date resulting from payments in cash of interest on Indebtedness, dividends, or repayment of loans or advances, or other transfers of property, in each case, to the Company or to a Wholly Owned Restricted Subsidiary or from the net cash proceeds from the sale, conveyance or other disposition of any such Investment; provided, however, that the foregoing amount shall not exceed, with respect to any Person in whom such Investment was made, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person which were included in computations made pursuant to this clause (iii).

The foregoing provisions will not prohibit the following (provided that with respect to clauses (2), (3), (5), (6), (7), (8), (9), (11), and (12) below, no Default or Event of Default shall have occurred and be continuing):

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at such date of declaration such payment would have complied with the provisions of this Indenture;

(2) the redemption, repurchase, retirement or other acquisition of any Equity Interests of the Company in exchange for, or out of the net proceeds of the substantially concurrent capital contribution from EchoStar or from the substantially concurrent issue or sale (including to EchoStar) of Equity Interests (other than Disqualified Stock) of the Company (other than Equity Interests issued or sold to any Subsidiary of the Company);

(3) Investments in an aggregate amount not to exceed $250 million plus, to the extent not included in Consolidated Cash Flow, an amount equal to the net reduction in such Investments resulting from payments in cash of interest on Indebtedness, dividends or repayment of loans or advances, or other transfers of property, in each case, to the Company or to a Wholly Owned Restricted Subsidiary or from the net cash proceeds from the sale, conveyance or other disposition of any such Investment; provided, however, that the foregoing amount shall not exceed, with respect to any Person in whom such Investment was made, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person pursuant to this clause (3);

(4) Investments to fund the financing activity of DNCC in the ordinary course of its business in an amount not to exceed, as of the date of determination, the sum of (A) $50 million plus (B) 50% of the aggregate cost to DNCC for each Satellite Receiver purchased by DNCC and leased by DNCC to a retail consumer in excess of 100,000 units;

(5) cash dividends or distributions to EchoStar to the extent required for the purchase of employee stock options to purchase Capital Stock of EchoStar, or Capital Stock of EchoStar issued pursuant to the exercise of employee stock options to purchase Capital Stock of EchoStar, in an aggregate amount not to exceed $2 million in any calendar year and in an aggregate amount not to exceed $10 million since the Issue Date;

(6) a Permitted Refinancing (as defined in Section 4.09);

(7) Investments in an amount equal to 100% of the aggregate net proceeds (whether or not in cash) received by the Company or any Wholly Owned Restricted Subsidiary from capital contributions from EchoStar or from the issue and sale (including a sale to EchoStar) of Equity Interests (other than Disqualified Stock) of the Company (other than Equity Interests issued or sold to a Subsidiary of EchoStar), on or after the Issue Date; plus, to the extent not included in Consolidated Cash Flow, an amount equal to the net reduction in such Investments resulting from payments in cash of interest on Indebtedness, dividends, or repayment of loans or advances, or other transfers of property, in each case, to the Company or to a Wholly Owned Restricted Subsidiary or from the net cash proceeds from the sale, conveyance, or other disposition of any such Investment; provided, that the foregoing amount shall not exceed, with respect to any Person in whom such Investment was made, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person pursuant to this clause (7) in each case, provided that such Investments are in businesses of the type described under Section 4.16 of this Indenture;

(8) Investments in any Restricted Subsidiary which is not a Wholly Owned Restricted Subsidiary, but which is a Guarantor;

(9) Investments in businesses strategically related to businesses described in Section 4.16 of this Indenture in an aggregate amount not to exceed $100 million;

(10) cash dividends or distributions to EchoStar to the extent required for the purchase of odd-lots of Equity Interests of EchoStar, in an aggregate amount not to exceed $10 million since the Issue Date;

(11) the making of any Restricted Payment (including the receipt of any Investment) permitted under or resulting from any transaction permitted under Section 4.19 of this Indenture; provided that all conditions to any such Restricted Payment set forth in such Section 4.19 are satisfied;

(12) Investments made as a result of the receipt of non-cash proceeds from Asset Sales made in compliance with Section 4.10 of this Indenture;

(13) any Restricted Payment permitted under the 1999 EDBS Notes Indentures and the EBC Notes Indenture, in each case as in effect on the Issue Date, and the EDBS Exchange Indenture;

(14) Investments which are used to pay for the construction, launch, operation or insurance of a satellite owned by any Subsidiaries of the Company in an amount not to exceed $200 million; and

(15) Investments in a foreign direct-to-home satellite provider in an amount not to exceed $100 million; provided that the Investments are made through the supply of satellite receivers and related equipment to the provider, or the proceeds from the Investments are used to purchase satellite receivers and related equipment from EchoStar or a Subsidiary of EchoStar.

Restricted Payments made pursuant to clauses (1), (2), (4) and (7) (but only to the extent that net proceeds received by the Company as set forth in such clause (2) or (7) were included in the computations made in clause (iii)(B) of the first paragraph of this Section 4.07), (10) and (13) (but only to the extent such Restricted Payment is included as a Restricted Payment in any computation made pursuant to clause (iii) of the first paragraph of Section 4.07 of the 1999 EDBS Notes Indentures and the EBC Notes Indenture, in each case as in effect on the Issue Date, or the EDBS Exchange Indenture), shall be included as Restricted Payments in any computation made pursuant to clause (iii) of this Section 4.07.

Restricted Payments made pursuant to clauses (3), (5), (6), (7) (but only to the extent that net proceeds received by the Company as set forth in such clause (7) were not included in the computations made in clause (iii)(B) of the first paragraph of this Section 4.07), (8), (9), (11), (12), (13) (but only to the extent such Restricted Payment is not included as a Restricted Payment in any computation made pursuant to clause (iii) of the first paragraph of Section 4.07 of the 1999 EDBS Notes Indentures and the EBC Notes Indenture, in each case as in effect on the Issue Date, or the EDBS Exchange Indenture), (14) and (15) shall not be included as Restricted Payments in any computation made pursuant clause (iii) of the first paragraph of this Section 4.07.

If the Company or any Restricted Subsidiary makes an Investment which was included in computations made pursuant to this Section 4.07 and the Person in which such Investment was made subsequently becomes a Restricted Subsidiary that is a Guarantor, to the extent such Investment resulted in a reduction in the amounts calculated under clause (iii) of the first paragraph of or under any other provision of this Section 4.07, then such amount shall be increased by the amount of such reduction.

Not later than ten Business Days following a request from the Trustee, the Company shall deliver to the Trustee an Officers' Certificate stating that each Restricted Payment made in the six months preceding the date the request was permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, which calculations shall be based upon the Company's latest available financial statements.

SECTION 4.08. Limitations on Dividend and Other Payment Restrictions Affecting Subsidiaries.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distribution to the Company or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Company or any of its Subsidiaries;

(b) make loans or advances to the Company or any of its Subsidiaries; or

(c) transfer any of its properties or assets to the Company or any of its Subsidiaries;

except for such encumbrances or restrictions existing under or by reasons of:

(i) Existing Indebtedness and existing agreements as in effect on the Issue Date;

(ii) applicable law or regulation;

(iii) any instrument governing Acquired Debt as in effect at the time of acquisition (except to the extent such Indebtedness was incurred in connection with, or in contemplation of, such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that the Consolidated Cash Flow of such Person shall not be taken into account in determining whether such acquisition was permitted by the terms of this Indenture, except to the extent that dividends or other distributions are permitted notwithstanding such encumbrance or restriction and could have been distributed;

(iv) by reason of customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices;

(v) Refinancing Indebtedness (as defined in Section 4.09 of this Indenture); provided that the restrictions contained in the agreements governing such Refinancing Indebtedness are no more restrictive than those contained in the agreements governing the Indebtedness being refinanced;

(vi) this Indenture and the Notes;

(vii) Permitted Liens; or

(viii) any agreement for the sale of any Subsidiary or its assets that restricts distributions by that Subsidiary pending its sale; provided that during the entire period in which such encumbrance or restriction is effective, such sale (together with any other sales pending) would be permitted under the terms of this Indenture.

SECTION 4.09. Limitation on Incurrence of Indebtedness.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to (collec-

tively, "incur") any Indebtedness (including Acquired Debt); provided, however, that, notwithstanding the foregoing the Company and any Guarantor may incur Indebtedness (including Acquired Debt), if, after giving effect to the incurrence of such Indebtedness and the application of the net proceeds thereof on a pro forma basis, the Indebtedness to Cash Flow Ratio of the Company would not have exceeded 8.0 to 1.

The foregoing limitation will not apply to any of the following incurrences of Indebtedness:

(1) Indebtedness represented by Notes, the Guarantees thereof and this Indenture in an aggregate principal amount of $700 million;

(2) the incurrence by the Company or any Guarantor of Acquired Subscriber Debt not to exceed $1,750 per Acquired Subscriber;

(3) the incurrence by the Company or any Guarantor of Deferred Payments and letters of credit with respect thereto;

(4) Indebtedness of the Company or any Guarantor in an aggregate principal amount not to exceed $1,050,000,000 at any one time outstanding, which Indebtedness may be secured to the extent permitted under Section 4.12 of this Indenture;

(5) Indebtedness between and among the Company and any Guarantor;

(6) Acquired Debt of a Person incurred prior to the date upon which such Person was acquired by the Company or any Guarantor (excluding Indebtedness incurred by such entity other than in the ordinary course of its business in connection with, or in contemplation of, such entity being so acquired) in an amount not to exceed (A) $50 million in the aggregate for all such Persons other than those described in the immediately following clause (B); and (B) Acquired Debt owed to the Company or any of its Restricted Subsidiaries;

(7) Existing Indebtedness;

(8) the incurrence of Purchase Money Indebtedness by the Company or any Guarantor in an amount not to exceed the cost of construction, acquisition or improvement of assets used in any business permitted under Section 4.16 of this Indenture, as well as any launch costs and insurance premiums related to such assets;

(9) Hedging Obligations of the Company or any of its Restricted Subsidiaries covering Indebtedness of the Company or such Restricted Subsidiary to the extent the notional principal amount of such Hedging Obligation does not exceed the principal amount of the Indebtedness to which such Hedging Obligation relates; provided, however, that such Hedging Obligations are entered into to protect the Company and its Restricted Subsidiaries from fluctuation in interest rates on Indebtedness incurred in accordance with this Indenture;

(10) Indebtedness of the Company or any Restricted Subsidiary in respect of performance bonds or letters of credit of the Company or any Restricted Subsidiary or surety bonds provided by the Company or any Restricted Subsidiary incurred in the ordinary course of business and on ordinary business terms in connection with the businesses permitted under Section 4.16 of this Indenture;

(11) Indebtedness of the Company or any Guarantor the proceeds of which are used solely to finance the construction and development of call centers owned by the Company or any of its Re-

stricted Subsidiaries or any refinancing thereof; provided that the aggregate of all Indebtedness incurred pursuant to this clause (xi) shall in no event exceed $25 million at any one time outstanding;

(12) the incurrence by the Company or any Guarantor of Indebtedness issued in exchange for, or the proceeds of which are used to extend, refinance, renew, replace, substitute or refund in whole or in part Indebtedness referred to in the first paragraph of this Section 4.09 or in clauses (1), (2), (3), (6), (7) or (8) above ("Refinancing Indebtedness"); provided, however, that:

(A) the principal amount of such Refinancing Indebtedness shall not exceed the principal amount and accrued interest of the Indebtedness so exchanged, extended, refinanced, renewed, replaced, substituted or refunded and any premiums payable and reasonable fees, expenses, commissions and costs in connection therewith;

(B) the Refinancing Indebtedness shall have a final maturity equal to or later than, and a Weighted Average Life to Maturity equal to or greater than, the final maturity and Weighted Average Life to Maturity, respectively, of the Indebtedness being exchanged, extended, refinanced, renewed, replaced, substituted or refunded; and

(C) the Refinancing Indebtedness shall be subordinated in right of payment to the Notes and the Guarantees, if at all, on terms at least as favorable to the holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, substituted or refunded (a "Permitted Refinancing");

(13) the guarantee by the Company or any Guarantor of Indebtedness of the Company or a Restricted Subsidiary that was permitted to be incurred by another provision of this Section 4.09;

(14) Indebtedness under Capital Lease Obligations of the Company or any Guarantor with respect to no more than five direct broadcast satellites at any time; and

(15) Indebtedness represented by the EDBS Exchange Notes, the EDBS Exchange Notes Guarantees and the EDBS Exchange Indenture.

For purposes of determining compliance with this Section 4.09, if an item of Indebtedness meets the criteria of more than one of the categories described in clauses (1) through (15) above or is permitted to be incurred pursuant to the first paragraph of this Section 4.09 and also meets the criteria of one or more of the categories described in clauses (1) through (15) above, the Company shall, in its sole discretion, classify such item of Indebtedness in any manner that complies with this Section 4.09 and may from time to time reclassify such item of Indebtedness in any manner in which such item could be incurred at the time of such reclassification. Accrual of interest and the accretion of accreted value will not be deemed to be an incurrence of Indebtedness for purposes of this Section 4.09.

SECTION 4.10. Asset Sales.

If the Company or any Restricted Subsidiary, in a single transaction or a series of related transactions:

(a) sells, leases (in a manner that has the effect of a disposition), conveys or otherwise disposes of any of its assets (including by way of a sale-and-leaseback transaction), other than:

(1) sales or other dispositions of inventory in the ordinary course of business;

(2) sales or other dispositions to the Company or a Wholly Owned Restricted Subsidiary of the Company by the Company or any Restricted Subsidiary;

(3) sales or other dispositions of accounts receivable to DNCC for cash in an amount at least equal to the fair market value of such accounts receivable;

(4) sales or other dispositions of rights to construct or launch satellites; and

(5) sales or other dispositions permitted under Section 4.19 of this Indenture (provided that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company shall be governed by the provisions of Article 5 of this Indenture); or

(b) issues or sells Equity Interests of any Restricted Subsidiary (other than any issue or sale of Equity Interests of ETC or a Subsidiary which constitutes a Non-Core Asset permitted under Section 4.19 of this Indenture);

in either case, which assets or Equity Interests: (1) have a fair market value in excess of $50 million (as determined in good faith by the Board of Directors evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee); or (2) are sold or otherwise disposed of for net proceeds in excess of $50 million (each of the foregoing, an "Asset Sale"), then:

(A) the Company or such Restricted Subsidiary, as the case may be, must receive consideration at the time of such Asset Sale at least equal to the fair market value (as determined in good faith by the Board of Directors evidenced by a resolution of the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee not later than ten Business Days following a request from the Trustee, which certificate shall cover each Asset Sale made in the six months preceding the date of request, as the case may be) of the assets sold or otherwise disposed of; and

(B) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary, as the case may be, must be in the form of:

(x) cash, Cash Equivalents or Marketable Securities;

(y) any asset which is promptly (and in no event later than 90 days after the date of transfer to the Company or a Restricted Subsidiary) converted into cash; provided that to the extent that such conversion is at a price that is less than the fair market value (as determined above) of such asset at the time of the Asset Sale in which such asset was acquired, the Company shall be deemed to have made a Restricted Payment in the amount by which such fair market value exceeds the cash received upon conversion; and/or

(z) properties and capital assets (including Capital Stock of an entity owning such property or assets so long as the receipt of such Capital Stock otherwise complies with Section 4.07 (other than clause (12) of the second paragraph thereof) to be used by the Company or any of its Restricted Subsidiaries in a business permitted under Section 4.16 of this Indenture;

provided, however, that up to $40 million of assets in addition to assets specified in clauses (x), (y) or (z) above at any one time may be considered to be cash for purposes of this clause (B),

so long as the provisions of the next paragraph are complied with as such non-cash assets are converted to cash. The amount of any liabilities of the Company or any Restricted Subsidiary that are assumed by or on behalf of the transferee in connection with an Asset Sale (and from which the Company or such Restricted Subsidiary are unconditionally released) shall be deemed to be cash for the purpose of this clause (B).

The Net Proceeds from such Asset Sale shall be used only: to acquire assets used in, or stock or other ownership interests in a Person that upon the consummation of such Asset Sale, becomes a Restricted Subsidiary and will be engaged primarily in the business of the Company as described in Section 4.16 of this Indenture, to repurchase Notes, 1999 EDBS Notes or EDBS Exchange Notes, or if the Company sells any of its satellites after launch such that the Company or its Restricted Subsidiaries own fewer than three in-orbit satellites, only to purchase a replacement satellite. Any Net Proceeds from any Asset Sale that are not applied or invested as provided in the preceding sentence within 365 days after such Asset Sale shall constitute "Excess Proceeds" and shall be applied to an offer to purchase Notes and other senior Indebtedness of the Company if and when required under Section 3.08 of this Indenture.

Clause (B) of the second preceding paragraph shall not apply to all or such portion of the consideration:

(1) as is properly designated by the Company in an Asset Sale as being subject to this paragraph; and

(2) with respect to which the aggregate fair market value at the time of receipt of all consideration received by the Company or any Restricted Subsidiary in all such Asset Sales so designated does not exceed the amount that the Company and its Subsidiaries are permitted to designate as a result of the cash contributions made to the Company by EchoStar pursuant to the 1999 EDBS Notes Indentures and the EBC Notes Indenture, in each case as in effect on the Issue Date, and the EDBS Exchange Indenture, plus, to the extent any such consideration did not satisfy clause (B)(x) or (B)(z) above, upon the exchange or repayment of such consideration for or with assets which satisfy either or both such clauses, an amount equal to the fair market value of such consideration (evidenced by a resolution of the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee as set forth in clause (A) above).

In addition, clause (B) above shall not apply to any Asset Sale:

(x) where assets not essential to the direct broadcast satellite business are contributed to a joint venture between the Company or one of its Restricted Subsidiaries and a third party that is not an Affiliate of EchoStar or any of its Subsidiaries; provided that following the sale, lease, conveyance or other disposition the Company or one of its Wholly Owned Restricted Subsidiaries owns at least 50% of the voting and equity interest in such joint venture;

(y) to the extent the consideration therefor received by the Company or any of its Restricted Subsidiaries would constitute Indebtedness or Equity Interests of a Person that is not an Affiliate of EchoStar, the Company or one of their respective Subsidiaries; provided that the acquisition of such Indebtedness or Equity Interests is permitted under the provisions of Section 4.07 of this Indenture; and

(z) where the assets sold are satellites, uplink centers or call centers; provided that, in the case of this clause (z), the Company and its Restricted Subsidiaries continue to own at least three satellites, one uplink center and one call center.

(c) Transactions described under clause (vii) of Section 4.11 of this Indenture shall not be subject to the requirements of this Section 4.10.

SECTION 4.11. Limitation on Transactions with Affiliates.

The Company shall not and shall not permit any Restricted Subsidiary to, sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (including any Unrestricted Subsidiary) (each of the foregoing, an "Affiliate Transaction"), unless:

(a) such Affiliate Transaction is on terms that are no less favorable to the Company or its Restricted Subsidiaries than those that would have been obtained in a comparable transaction by the Company or such Subsidiaries with an unrelated Person; and

(b) if such Affiliate Transaction involves aggregate payments in excess of $50 million, such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors, and the Company delivers to the Trustee no later than ten Business Days following a request from the Trustee a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction has been so approved and complies with clause (a) above;

provided, however, that

(i) the payment of compensation to directors and management of EchoStar and its Subsidiaries;

(ii) transactions between or among the Company and its Wholly Owned Subsidiaries (other than Unrestricted Subsidiaries of the Company);

(iii) any dividend, distribution, sale, conveyance or other disposition of any assets of, or Equity Interests in, any Non-Core Assets or ETC or the proceeds of a sale, conveyance or other disposition thereof, in accordance with the provisions of this Indenture;

(iv) transactions permitted by the provisions of this Indenture described under clauses (1), (2), (4), (5), (6), (8), (9), (10), (11), (14) and (15) of the second paragraph of Section 4.07 of this Indenture;

(v) so long as it complies with clause (a) above, the provision of backhaul, uplink, transmission, billing, customer service, programming acquisition and other ordinary course services by the Company or any of its Restricted Subsidiaries to Satellite Communications Operating Corporation and to Transponder Encryption Services Corporation on a basis consistent with past practice;

(vi) the provision of services to EchoStar and its Affiliates by the Company or any of its Restricted Subsidiaries so long as no cash or other assets are transferred by the Company or its Restricted Subsidiaries in connection with such transactions (other than up to $10 million in cash in any fiscal year and other than nonmaterial assets used in the operations of the

business in the ordinary course pursuant to the agreement governing the provision of the services), and so long as such transaction or agreement is determined by a majority of the members of the Board of Directors to be fair to the Company and its Restricted Subsidiaries when taken together with all other such transactions and agreements entered into with EchoStar and its Affiliates;

(vii) the disposition of assets of the Company and its Restricted Subsidiaries in exchange for assets of EchoStar and its Affiliates so long as (i) the value to the Company in its business of the assets the Company receives is determined by a majority of the members of the Board of Directors to be substantially equivalent or greater than the value to the Company in its business of the assets disposed of, and (ii) the assets acquired by the Company and its Restricted Subsidiaries constitute properties and capital assets (including Capital Stock of an entity owning such property or assets so long as the receipt of such Capital Stock otherwise complies with Section 4.07 of this Indenture (other than clause (12) of the second paragraph thereof)) to be used by the Company or any of its Restricted Subsidiaries in a business permitted as described under Section 4.16 of this Indenture;

(viii) substantially concurrently with or at any time after the completion of the Subscriber Contribution, the issuance by the Company of a guarantee of Indebtedness of EchoStar or any of its Affiliates in an amount not to exceed $2,700 million and a grant of a security interest therefor up to the Maximum Secured Amount; and

(ix) any transactions between the Company or any Restricted Subsidiary of the Company and any Affiliate of the Company the Equity Interests of which Affiliate are owned solely by the Company or one of its Restricted Subsidiaries, on the one hand, and by Persons who are not Affiliates of the Company or Restricted Subsidiaries of the Company, on the other hand,

shall, in each case, not be deemed Affiliate Transactions.

SECTION 4.12. Limitation on Liens.

The Company shall not, and shall not permit any Restricted Subsidiary to, directly or indirectly, create, incur, assume or suffer to exist any Lien on any asset now owned or hereafter acquired, or on any income or profits therefrom or assign or convey any right to receive income therefrom, except Permitted Liens.

SECTION 4.13. Additional Subsidiary Guarantees.

If the Company or any Guarantor transfers or causes to be transferred, in one transaction or a series of related transactions, property or assets (including, without limitation, businesses, divisions, real property, assets or equipment) having a fair market value (as determined in good faith by the Board of Directors evidenced by a resolution of the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee no later than five Business Days following January 1 and July 1 of each year or ten days following a request from the Trustee, which Officers' Certificate shall cover the six months preceding January 1, July 1 or the date of request, as the case may be) exceeding the sum of $50 million in the aggregate for all such transfers after the Issue Date minus the fair market value of Restricted Subsidiaries acquired or created after the Issue Date that are not Guarantors (fair market value being determined as of the time of such acquisition) to Restricted Subsidiaries that are not Guarantors, the Company shall, or shall cause each of such Subsidiaries to which any amount exceeding such $50 million (less such fair market value) is transferred to:

(i) execute and deliver to the Trustee a supplemental indenture in form and substance reasonably satisfactory to the Trustee pursuant to which such Subsidiary shall unconditionally guarantee all of the Company's obligations under the Notes on the terms set forth in this Indenture; and

(ii) deliver to the Trustee an Opinion of Counsel reasonably satisfactory to the Trustee that such supplemental indenture and Guarantee have been duly authorized, executed and delivered by and are valid and binding obligations of such Subsidiary or such owner, as the case may be;

provided, however, that the foregoing provisions shall not apply to transfers of property or assets (other than cash) by the Company or any Guarantor in exchange for cash, Cash Equivalents or Marketable Securities in an amount equal to the fair market value (as determined in good faith by the Board of Directors evidenced by a resolution of the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee no later than five Business Days following January 1 and July 1 of each year or ten days following a request from the Trustee, which Officers' Certificate shall cover the six months preceding January 1, July 1 or the date of request, as the case may be) of such property or assets. In addition, if (i) the Company or any of its Restricted Subsidiaries acquires or creates another Restricted Subsidiary or (ii) an Unrestricted Subsidiary of the Company is redesignated as a Restricted Subsidiary or otherwise ceases to be an Unrestricted Subsidiary, such Subsidiary shall execute a supplemental indenture and deliver an opinion of counsel, each as required in the preceding sentence; provided that no supplemental indenture or opinion shall be required if the fair market value (as determined in good faith by the Board of Directors and set forth in an Officers' Certificate delivered to the Trustee no later than five Business Days following January 1 and July 1 of each year or ten days following a request from the Trustee, which certificate shall cover the six months preceding such January 1, July 1 or the date of request, as the case may be) of all such Restricted Subsidiaries created, acquired or designated since the Issue Date (fair market value being determined as of the time of creation, acquisition or designation) does not exceed the sum of $50 million in the aggregate minus the fair market value of the assets transferred to any Subsidiaries of the Company which do not execute supplemental indentures pursuant to the preceding sentences; provided further that to the extent a Restricted Subsidiary is subject to the terms of any instrument governing Acquired Debt, as in effect at the time of acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition) which instrument or restriction prohibits such Restricted Subsidiary from issuing a Guarantee, such Restricted Subsidiary shall not be required to execute such a supplemental indenture until it is permitted to issue such Guarantee pursuant to the terms of such Acquired Debt.

SECTION 4.14. Corporate Existence.

Subject to Article 5 of this Indenture and the next succeeding paragraph of this Section 4.14, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its existence as a corporation, and subject to Sections 4.10 and 4.19, the corporate, partnership or other existence of any Restricted Subsidiary, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any Restricted Subsidiary and (ii) subject to Section 4.10 and 4.19, the rights (charter and statutory), licenses and franchises of the Company and its Restricted Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any Restricted Subsidiary if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

SECTION 4.15. Offer To Purchase Upon Change of Control.

Upon the occurrence of a Change of Control, the Company will be required to make an offer (a "Change of Control Offer") to each Holder of Notes to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of such Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof,

together with accrued and unpaid interest thereon to the date of repurchase (in either case, the "Change of Control Payment"). Within 15 days following any Change of Control, the Company shall mail a notice to each Holder stating:

(a) that the Change of Control Offer is being made pursuant to the covenant entitled "Section 4.15 - Offer to Purchase Upon Change of Control";

(b) the purchase price and the purchase date, which shall be no earlier than 30 days nor later than 40 days after the date such notice is mailed (the "Change of Control Payment Date");

(c) that any Notes not tendered will continue to accrue interest in accordance with the terms of this Indenture;

(d) that, unless the Company defaults in the payment of the Change of Control Payment, all Notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Payment Date;

(e) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the second Business Day preceding the Change of Control Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Notes purchased;

(f) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered, which unpurchased portion must be equal to $1,000 in principal amount or an integral multiple thereof; and

(g) any other information material to such Holder's decision to tender Notes.

The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes required in the event of a Change of Control.

SECTION 4.16. Limitation on Activities of the Company.

Neither the Company nor any of its Restricted Subsidiaries may engage in any business other than developing, owning, engaging in and dealing with all or any part of the business of domestic and international media, entertainment, electronics or communications, and reasonably related extensions thereof, including but not limited to the purchase, ownership, operation, leasing and selling of, and generally dealing in or with, one or more communications satellites and the transponders thereon, and communications uplink centers, the acquisition, transmission, broadcast, production and other provision of programming relating thereto and the manufacturing, distribution and financing of equipment (including consumer electronic equipment) relating thereto.

SECTION 4.17. Intentionally Omitted.

SECTION 4.18. Accounts Receivable Subsidiary.

The Company:

(a) may, and may permit any of its Subsidiaries to, notwithstanding the provisions of Section 4.07 of this Indenture, make Investments in an Accounts Receivable Subsidiary:

(i) the proceeds of which are applied within five Business Days of the making thereof solely to finance:

(A) the purchase of accounts receivable of the Company and its Subsidiaries; or

(B) payments required in connection with the termination of all then existing arrangements relating to the sale of accounts receivable or participation interests therein by an Accounts Receivable Subsidiary (provided that the Accounts Receivable Subsidiary shall receive cash, Cash Equivalents and accounts receivable having an aggregate fair market value not less than the amount of such payments in exchange therefor); and

(ii) in the form of Accounts Receivable Subsidiary Notes to the extent permitted by clause (b) below;

(b) shall not, and shall not permit any of its Subsidiaries to, sell accounts receivable to an Accounts Receivable Subsidiary except for consideration in an amount not less than that which would be obtained in an arm's length transaction and solely in the form of cash or Cash Equivalents; provided that an Accounts Receivable Subsidiary may pay the purchase price for any such accounts receivable in the form of Accounts Receivable Subsidiary Notes so long as, after giving effect to the issuance of any such Accounts Receivable Subsidiary Notes, the aggregate principal amount of all Accounts Receivable Subsidiary Notes outstanding shall not exceed 20% of the aggregate purchase price paid for all outstanding accounts receivable purchased by an Accounts Receivable Subsidiary since the Issue Date (and not written off or required to be written off in accordance with the normal business practice of an Accounts Receivable Subsidiary);

(c) shall not permit an Accounts Receivable Subsidiary to sell any accounts receivable purchased from the Company or its Subsidiaries or participation interests therein to any other Person except on an arm's length basis and solely for consideration in the form of cash or Cash Equivalents or certificates representing undivided interests of a Receivables Trust; provided an Accounts Receivable Subsidiary may not sell such certificates to any other Person except on an arm's length basis and solely for consideration in the form of cash or Cash Equivalents;

(d) shall not, and shall not permit any of its Subsidiaries to, enter into any guarantee, subject any of their respective properties or assets (other than the accounts receivable sold by them to an Accounts Receivable Subsidiary) to the satisfaction of any liability or obligation or otherwise incur any liability or obligation (contingent or otherwise), in each case, on behalf of an Accounts Receivable Subsidiary or in connection with any sale of accounts receivable or participation interests therein by or to an Accounts Receivable Subsidiary, other than obligations relating to breaches of representations, warranties, covenants and other agreements of the Company or any of its Subsidiaries with respect to the ac-

counts receivable sold by the Company or any of its Subsidiaries to an Accounts Receivable Subsidiary or with respect to the servicing thereof; provided that neither the Company nor any of its Subsidiaries shall at any time guarantee or be otherwise liable for the collectibility of accounts receivable sold by them;

(e) shall not permit an Accounts Receivable Subsidiary to engage in any business or transaction other than the purchase and sale of accounts receivable or participation interests therein of the Company and its Subsidiaries and activities incidental thereto;

(f) shall not permit an Accounts Receivable Subsidiary to incur any Indebtedness other than the Accounts Receivable Subsidiary Notes, Indebtedness owed to the Company and Non-Recourse Indebtedness; provided that the aggregate principal amount of all such Indebtedness of an Accounts Receivable Subsidiary shall not exceed the book value of its total assets as determined in accordance with GAAP;

(g) shall cause any Accounts Receivable Subsidiary to remit to the Company or a Restricted Subsidiary of the Company on a monthly basis as a distribution all available cash and Cash Equivalents not held in a collection account pledged to acquirers of accounts receivable or participation interests therein, to the extent not applied to:

(i) pay interest or principal on the Accounts Receivable Subsidiary Notes or any Indebtedness of such Accounts Receivable Subsidiary owed to the Company;

(ii) pay or maintain reserves for reasonable operating expenses of such Accounts Receivable Subsidiary or to satisfy reasonable minimum operating capital requirements; or

(iii) to finance the purchase of additional accounts receivable of the Company and its Subsidiaries; and

(h) shall not, and shall not permit any of its Subsidiaries to, sell accounts receivable to, or enter into any other transaction with or for the benefit of, an Accounts Receivable Subsidiary:

(i) if such Accounts Receivable Subsidiary pursuant to or within the meaning of any Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a custodian of it or for all or substantially all of its property;

(D) makes a general assignment for the benefit of its creditors; or

(E) generally is not paying its debts as they become due, or

(ii) if a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that

(A) is for relief against such Accounts Receivable Subsidiary in an involuntary case;

(B) appoints a Custodian of such Accounts Receivable Subsidiary or for all or substantially all of the property of such Accounts Receivable Subsidiary; or

(C) orders the liquidation of such Accounts Receivable Subsidiary, and, with respect to clause (ii) hereof, the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 4.19. Dispositions of ETC and Non-Core Assets.

Notwithstanding the provisions of Section 4.07 and Section 4.10 of this Indenture, in the event that the Indebtedness to Cash Flow Ratio of the Company would not have exceeded 6.0 to 1 on a pro forma basis after giving effect to the sale of all of the Equity Interests in or assets of ETC owned by the Company and its Subsidiaries, then:

(1) the payment of any dividend or distribution consisting of Equity Interests in or assets of ETC, or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets or the sale, conveyance or other disposition of Equity Interests in or assets of ETC or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets shall not constitute a Restricted Payment;

(2) the sale, conveyance or other disposition of the Equity Interests in or assets of ETC or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets shall not constitute an Asset Sale; and

(3) upon delivery of an Officers' Certificate to the Trustee evidencing satisfaction of the conditions to such release and a written request to the Trustee requesting such release, ETC shall be discharged and released from its Guarantee and, so long as the Company designates ETC as an Unrestricted Subsidiary, ETC shall be discharged and released from all covenants and restrictions contained in this Indenture;

provided that no such payment, dividend, distribution, sale, conveyance or other disposition of any kind (collectively, a "Payout") described in clauses (1) and (2) above shall be permitted if at the time of such Payout:

(a) after giving pro forma effect to such Payout, the Company would not have been permitted under Section 4.07 of this Indenture to make a Restricted Payment in an amount equal to the total (the "ETC Amount Due") of:

(i) the amount of all Investments (other than the contribution of:

(x) title to the headquarters building of ETC in Inverness, Colorado and the tangible assets therein to the extent used by ETC as of the date of this Indenture; and

(y) patents, trademarks and copyrights applied for or granted as of the date of this Indenture to the extent used by ETC or resulting from the business of ETC, in each case, to ETC)

made in ETC by the Company or its Restricted Subsidiaries since the date of this Indenture (which, in the case of Investments in exchange for assets, shall be valued at the fair market value of each such asset at the time each such Investment was made); minus

(ii) the amount of the after-tax value of all cash returns on such Investments paid to the Company or its Wholly Owned Restricted Subsidiaries (or, in the case of a non-Wholly Owned Restricted Subsidiary, the pro rata portion thereof attributable to the Company); minus

(iii) $50 million; and

(b) any contract, agreement or understanding between ETC and the Company or any Restricted Subsidiary of the Company and any loan or advance to or guarantee with, or for the benefit of, ETC issued or made by the Company or one of its Restricted Subsidiaries, is on terms that are less favorable to the Company or its Restricted Subsidiaries than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiaries with an unrelated Person, all as evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee, within ten Business Days of a request by the Trustee certifying that each such contract, agreement, understanding, loan, advance and guarantee has been approved by a majority of the members of the Board of Directors.

If at the time of such Payout, the condition set forth in clause (a) of the proviso of the preceding sentence cannot be satisfied, ETC may seek to have a Person other than the Company or one of its Restricted Subsidiaries pay in cash an amount to the Company or its Restricted Subsidiaries such that after taxes, such amount is greater than or equal to the ETC Amount Due or the portion of the ETC Amount Due which would not have been permitted to be made as a Restricted Payment by the Company; provided that such payment shall be treated for purposes of this Section 4.19 as a cash return on the Investments made in ETC; and provided further that for all purposes under this Indenture, such payment shall not be included in any calculation under clauses (iii)(A) through (iii)(E) of the first paragraph of Section 4.07 of this Indenture. To the extent that the ETC Amount Due or any portion thereof would have been permitted to be made as a Restricted Payment by the Company and was not paid by another Person as permitted by the preceding sentence, the Company shall be deemed to have made a Restricted Payment in the amount of such ETC Amount Due or portion thereof, as the case may be.

Notwithstanding the provisions of Section 4.07 and Section 4.10 of this Indenture:

(1) the payment of any dividend or distribution consisting of Equity Interests in or assets of any Non-Core Asset or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets or the sale, conveyance or other disposition of Equity Interests in or assets of any Non-Core Asset or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets shall not constitute a Restricted Payment; and

(2) the sale, conveyance or other disposition of the Equity Interests in or assets of any Non-Core Asset or the proceeds of a sale, conveyance or other disposition of such Equity Interests or assets shall not constitute an Asset Sale; and

(3) upon delivery of an Officers' Certificate to the Trustee evidencing satisfaction of the conditions to such release and a written request to the Trustee requesting such release, any such Non-Core Asset that is a Guarantor shall be discharged and released from its Guarantee and, so long as the Company designates such Non-Core Asset as an Unrestricted Subsidiary, such Non-Core Asset shall be released from all covenants and restrictions contained in this Indenture;

provided that no Payout of any Non-Core Asset shall be permitted such as described in clauses (1) and (2) above if at the time of such Payout:

(a) after giving pro forma effect to such Payout, the Company would not have been permitted under Section 4.07 of this Indenture to make a Restricted Payment in an amount equal to the total (the "Non-Core Asset Amount Due") of:

(i) the amount of all Investments made in such Non-Core Asset by the Company or its Restricted Subsidiaries since the Issue Date (which, in the case of Investments in exchange for assets, shall be valued at the fair market value of each such asset at the time each such Investment was made); minus

(ii) the amount of the after-tax value of all cash returns on such Investments paid to the Company or its Wholly Owned Restricted Subsidiaries (or, in the case of a non-Wholly Owned Restricted Subsidiary, the pro rata portion thereof attributable to the Company); minus

(iii) $50 million in the aggregate for all such Payouts and $10 million for any single such Payout; and

(b) any contract, agreement or understanding between or relating to a Non-Core Asset and the Company or a Restricted Subsidiary of the Company and any loan or advance to or guarantee with, or for the benefit of, a Restricted Subsidiary which is a Non-Core Asset issued or made by the Company or one of its Restricted Subsidiaries, is on terms that are less favorable to the Company or its Restricted Subsidiaries than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiaries with an unrelated Person, all as evidenced by a resolution of the Board of Directors as set forth in an Officers' Certificate delivered to the Trustee, within ten Business Days of a request by the same, certifying that each such contract, agreement, understanding, loan, advance and guarantee has been approved by a majority of the Board of Directors.

If at the time of such Payout, the condition set forth in clause (a) of the proviso of the preceding sentence cannot be satisfied, such Restricted Subsidiary which is a Non-Core Asset may seek to have a Person other than the Company or one of its Restricted Subsidiaries pay in cash an amount to the Company such that, after taxes, such amount is greater than or equal to the Non-Core Asset Amount Due or the portion of the Non-Core Asset Amount Due which would not have been permitted to be made as a Restricted Payment by the Company; provided that such payment shall be treated for purposes of this Section 4.19 as a cash return on the Investments made in a Non-Core Asset and provided further that for all purposes under this Indenture, such payment shall not be included in any calculation under clauses (iii)(A) through (iii)(E) of the first paragraph of Section 4.07 of this Indenture. To the extent that the Non-Core Asset Amount Due or any portion thereof would have been permitted to be made as a Restricted Payment by the Company and was not paid by another Person as permitted by the preceding sentence, the Company shall be deemed to have made a Restricted Payment in the amount of such Non-Core Asset Amount Due or portion thereof, as the case may be.

Promptly after any Payout pursuant to the terms of this Section 4.19, within ten Business Days of a request by the Trustee, the Company shall deliver an Officers' Certificate to the Trustee setting forth the Investments made by the Company or its Restricted Subsidiaries in ETC or a Non-Core Asset, as the case may be, and certifying that the requirements of this Section 4.19 have been satisfied in connection with the making of such Payout.

Notwithstanding anything contained in this Section 4.19 to the contrary, any disposition of ETC or Non-Core Assets permitted pursuant to the 1999 EDBS Notes Indentures and the EBC Notes Indenture, in each case

as in effect on the Issue Date, and permitted pursuant to the EDBS Exchange Indenture shall also be permitted pursuant to this Indenture and shall not be considered a "Restricted Payment" or "Asset Sale" for purposes of this Indenture.

SECTION 4.20. Payments For Consent.

The Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder of a Note for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid or agreed to be paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

ARTICLE 5

SUCCESSORS

SECTION 5.01. Merger, Consolidation, or Sale of Assets of the Company.

The Company shall not consolidate or merge with or into (whether or not the Company is the surviving entity), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another Person unless:

(a) the Company is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of the Company pursuant to a supplemental indenture in form reasonably satisfactory to the Trustee, under the Notes and this Indenture;

(c) immediately after such transaction no Default or Event of Default exists; and

(d) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made

(i) will have Consolidated Net Worth immediately after the transaction (but prior to any purchase accounting adjustments or accrual of deferred tax liabilities resulting from the transaction) not less than the Consolidated Net Worth of the Company immediately preceding the transaction; and

(ii) would, at the time of such transaction after giving pro forma effect thereto as if such transaction had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Indebtedness to Cash Flow Ratio test set forth in the first paragraph of Section 4.09.

Notwithstanding the foregoing, the Company may merge with another Person if

(a) the Company is the surviving Person;

(b) the consideration issued or paid by the Company in such merger consists solely of Equity Interests (other than Disqualified Stock) of the Company or Equity Interests of EchoStar; and

(c) immediately after giving effect to such merger, the Company's Indebtedness to Cash Flow Ratio does not exceed the Company's Indebtedness to Cash Flow Ratio immediately prior to such merger.

SECTION 5.02. Successor Corporation Substituted.

Upon any consolidation or merger, or any sale, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the Company shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person has been named as the Company, herein.

ARTICLE 6

DEFAULTS AND REMEDIES

SECTION 6.01. Events of Default.

Each of the following constitutes an "Event of Default":

(a) default for 30 days in the payment when due of interest on the Notes;

(b) default in the payment when due of principal of the Notes at maturity, upon repurchase, redemption or otherwise;

(c) failure to comply with the provisions of Section 4.10, Section 4.11 or Section 4.15;

(d) default under Section 4.07 or Section 4.09, which default remains uncured for 30 days, or the breach of any representation or warranty, or the making of any untrue statement, in any certificate delivered by the Company pursuant to this Indenture;

(e) failure by the Company for 60 days after notice from the Trustee or the Holders of at least 25% in principal amount then outstanding of the Notes to comply with any of its other agreements in this Indenture or the Notes;

(f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company and any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company and any of its Restricted Subsidiaries), which default is caused by a failure to pay when due principal or interest on such Indebtedness within the grace period provided in such Indebtedness (a "Payment Default"), and

the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default, aggregates $100 million or more;

(g) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company and any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), which default results in the acceleration of such Indebtedness prior to its express maturity and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100 million or more; provided that any acceleration (other than an acceleration which is the result of a Payment Default under clause (f) above) of Indebtedness under the Outstanding Deferred Payments in aggregate principal amount not to exceed $150 million shall be deemed not to constitute an acceleration pursuant to this clause (g);

(h) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (other than any judgment as to which a reputable insurance company has accepted full liability) aggregating in excess of $100 million, which judgments are not stayed within 60 days after their entry;

(i) EchoStar, EBC, the Company or any Significant Subsidiary of the Company pursuant to or within the meaning of Bankruptcy Law: (i) commences a voluntary case; (ii) consents to the entry of an order for relief against it in an involuntary case; (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property; or (iv) makes a general assignment for the benefit of its creditors;

(j) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against EchoStar, EBC, the Company or any Significant Subsidiary of the Company in an involuntary case; (ii) appoints a custodian of EchoStar, EBC, the Company or any Significant Subsidiary of the Company or for all or substantially all of the property of EchoStar, EBC, the Company or any Significant Subsidiary of the Company; or (iii) orders the liquidation of EchoStar or any Significant Subsidiary of the Company, and the order or decree remains unstayed and in effect for 60 consecutive days; and

(k) any Guarantee shall be held in a judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or any Guarantor, or any person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee.

SECTION 6.02. Acceleration.

If an Event of Default (other than an Event of Default specified in clause (i) or (j) of Section 6.01) occurs and is continuing, the Trustee by notice to the Company, or the Holders of at least 25% in aggregate principal amount of the then outstanding Notes by written notice to the Company and the Trustee, may declare all the Notes to be due and payable immediately. Notwithstanding the foregoing, in the case of an Event of Default specified in clause (i) or (j) of Section 6.01 with respect to the Company or any Guarantor, all outstanding Notes shall become and be immediately due and payable without further action or notice. Holders of the Notes may not enforce this Indenture or the Notes except as provided in this Indenture. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in such Holders' interest. The Holders of a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of all of the Holders rescind an acceleration and its consequences if the rescission would not

conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

In the case of any Event of Default occurring by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company or its Subsidiaries with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law.

All powers of the Trustee under this Indenture will be subject to applicable provisions of the Communications Act, including without limitation, the requirements of prior approval for de facto or de jure transfer of control or assignment of Title III licenses.

SECTION 6.03. Other Remedies.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest on the Notes or to enforce the performance of any provision of the Notes and this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults.

Holders of not less than a majority in aggregate principal amount of Notes then outstanding, by notice to the Trustee, may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences under this Indenture, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Notes. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. Control by Majority.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with the law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06. Limitation on Suits.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07. Rights of Holders of Notes To Receive Payment.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder of the Note.

SECTION 6.08. Collection Suit by Trustee.

If an Event of Default specified in Section 6.01(a) or (b) occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. Trustee May File Proofs of Claim.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), the Company's creditors or the Company's property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder of a Note to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders of the Notes, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties which the Holders of the Notes may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder of a Note any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder of a Note thereof, or to authorize the Trustee to vote in respect of the claim of any Holder of a Note in any such proceeding.

SECTION 6.10. Priorities.

If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes.

SECTION 6.11. Undertaking for Costs.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7

TRUSTEE

SECTION 7.01. Duties of Trustee.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent Person would exercise or use under the circumstances in the conduct of his or her own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders of Notes, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to the Trustee against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) Except with respect to Section 4.01, the Trustee shall have no duty to inquire as to the performance of the Company's covenants in Article 4. In addition, the Trustee shall not be deemed to have knowledge of any Default or Event of Default except (i) any Event of Default occurring pursuant to Sections 4.01, 6.01(a) and 6.01(b) or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

(h) Delivery of reports, information and documents to the Trustee under Section 4.03 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of its covenants hereunder.

SECTION 7.03. Individual Rights of Trustee.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee (if any of the Notes are registered pursuant to the Securities Act), or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11.

SECTION 7.04. Trustee's Disclaimer.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. Notice of Defaults.

If a Default or Event of Default occurs and is continuing and if it is known to a Responsible Officer of the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

SECTION 7.06. Reports by Trustee to Holders of the Notes.

Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA Section 313(a) (but if no event described in TIA Section 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA Section 313(b). The Trustee shall also transmit by mail all reports as required by TIA Section 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which any Notes are listed. The Company shall promptly notify the Trustee when any Notes are listed on any stock exchange.

SECTION 7.07. Compensation and Indemnity.

The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel.

The Company shall indemnify the Trustee against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, except any such loss, liability or expense as may be attributable to the gross negligence, willful misconduct or bad faith of the Trustee. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(i) or (j) occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

SECTION 7.08. Replacement of Trustee.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company and obtaining the prior written approval of the FCC, if so required by the Communications Act, including Section 310(d) and the rules and regulations promulgated thereunder. The Holders of at least a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee (subject to the prior written approval of the FCC, if required by the Communications Act, including Section 310(d), and the rules and regulations promulgated thereunder) if:

(a) the Trustee fails to comply with Section 7.10;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) the Trustee is no longer in compliance with the foreign ownership provisions of Section 310 of the Communications Act and the rules and regulations promulgated thereunder.

(d) a Custodian or public officer takes charge of the Trustee or its property; or

(e) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee after written request by any Holder of a Note who has been a Holder of a Note for at least six months fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

SECTION 7.09. Successor Trustee by Merger, Etc.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10. Eligibility; Disqualification.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any state thereof authorized under such laws to exercise corporate trustee power, shall be subject to supervision or examination by federal or state authority and shall have a combined capital and surplus of at least $25 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA Section 310(a)(1), (2) and (5). The Trustee is subject to TIA Section 310(b).

SECTION 7.11. Preferential Collection of Claims Against Company.

The Trustee is subject to TIA Section 311(a), excluding any creditor relationship listed in TIA Section 311(b). A Trustee who has resigned or been removed shall be subject to TIA Section 311(a) to the extent indicated therein.

ARTICLE 8

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01. Option To Effect Legal Defeasance or Covenant Defeasance.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, with respect to the Notes, elect to have either Section 8.02 or 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02. Legal Defeasance and Discharge.

Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.02, the Company shall be deemed to have been discharged from its obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, such Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, or on the redemption date, as the case may be, (b) the Company's obligations with respect to such Notes under Sections 2.05, 2.07, 2.08, 2.10, 2.11 and 4.02, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith and (d) this Article 8. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 with respect to the Notes.

SECTION 8.03. Covenant Defeasance.

Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, the Company shall be released from its obligations under the covenants contained in Sections 3.08, 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.18, 4.19 and 5.01 with respect to the outstanding Notes on and after the date the conditions set forth below are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for GAAP). For this purpose, such Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01(c), but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, Sections 6.01(c) through 6.01(h) and Section 6.01(k) shall not constitute Events of Default.

SECTION 8.04. Conditions to Legal or Covenant Defeasance.

The following shall be the conditions to the application of either Section 8.02 or Section 8.03 to the outstanding Notes:

(a) The Company shall irrevocably have deposited or caused to be deposited with the Trustee (or another trustee satisfying the requirements of Section 7.10 who shall agree to comply with the provisions of this Article 8 applicable to it) as trust funds in trust for the purpose of making the following payments, specifically pledged as security for, and dedicated solely to, the benefit of the Holders of such Notes, (i) cash in U.S. Dollars, (ii) non-callable Government Securities which through the scheduled payment of principal and interest in respect thereof in accordance with their terms will provide, not later than one day before the due date of any payment, cash in U.S. Dollars, or (iii) a combination thereof, in such amounts, as will be sufficient in each case, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee, to pay and discharge and which shall be applied by the Trustee (or other qualifying trustee) to pay and discharge (A) the principal of, premium, if any, and interest on the outstanding Notes on the stated maturity or on the applicable redemption date, as the case may be, of such principal or installment of principal, premium, if any, or interest and (B) any mandatory sinking fund payments or analogous payments applicable to the outstanding Notes on the day on which such payments are due and payable in accordance with the terms of this Indenture and of such Notes; provided that the Trustee shall have been irrevocably instructed to apply such money or the proceeds of such non-callable Government Securities to said payments with respect to the Notes;

(b) In the case of an election under Section 8.02, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably satisfactory to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such opinion shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) In the case of an election under Section 8.03, the Company shall have delivered to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee to the effect that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) No Default or Event of Default with respect to the Notes shall have occurred and be continuing on the date of such deposit or, in so far as Section 6.01(i) or 6.01(j) is concerned, at any time in the period ending on the 91st day after the date of such deposit (it being understood that this condition shall not be deemed satisfied until the expiration of such period);

(e) Such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under, this Indenture or any other material agreement or instrument to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) The Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit made by the Company pursuant to its election under Section 8.02 or 8.03 was not made by the Company with the intent of preferring the Holders over any other creditors of the Company or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(g) The Company shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for relating to either the Legal Defeasance under Section 8.02 or the Covenant Defeasance under Section 8.03 (as the case may be) have been complied with as contemplated by this Section 8.04.

SECTION 8.05. Deposited Money and Government Securities To Be Held in Trust; Other Miscellaneous Provisions.

Subject to Section 8.06, all money and Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or Government Securities deposited pursuant to Section 8.04 or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or Government Securities held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(a)), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. Repayment to Company.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, or interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustees thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.07. Reinstatement.

If the Trustee or Paying Agent is unable to apply any United States Dollars or Government Notes in accordance with Section 8.02 or 8.03, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03, as the case may be; provided, however, that, if the Company makes any

payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9

AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01. Without Consent of Holders of Notes.

Notwithstanding Section 9.02 of this Indenture, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes and the Guarantees without the consent of any Holder of a Note:

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes or Guarantees in addition to or in place of certificated Notes or Guarantees;

(c) to provide for the assumption of the Company's and the Guarantors' obligations to the Holders of the Notes in the case of a merger or consolidation pursuant to Article 5 or Article 10;

(d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Notes; or

(e) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA.

Upon the request of the Company accompanied by a resolution of the Board of Directors of the Company and a resolution of the board of directors of each Guarantor and upon receipt by the Trustee of the documents described in Section 11.04, the Trustee shall join with the Company and the Guarantors in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations which may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture which affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. With Consent of Holders of Notes.

The Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Guarantees or any amended or supplemental Indenture with the written consent of the Holders of Notes of at least a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes), and any existing Default and its consequences or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes). Notwithstanding the foregoing, (a) Sections 3.08, 4.10 and 4.15 of this Indenture (including, in each case, the related definitions) may not be amended or waived without the written consent of at least 66-2/3% in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes) and (b) without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder of Notes):

(a) reduce the aggregate principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than that stated in the Notes;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or interest on the Notes;

(g) waive a redemption payment or mandatory redemption with respect to any Note; or

(h) make any change in the foregoing amendment and waiver provisions.

Upon the request of the Company accompanied by a resolution of the Board of Directors of the Company and a resolution of the board of directors of each Guarantor, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 11.04, the Trustee shall join with the Company and the Guarantors in the execution of such amended or supplemental Indenture unless such amended or supplemental Indenture affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver. Subject to Sections 6.04 and 6.07, the Holders of a majority in aggregate principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes.

SECTION 9.03. Compliance with Trust Indenture Act.

Every amendment or supplement to this Indenture and the Notes shall be set forth in an amended or supplemental Indenture that complies with the TIA as then in effect.

SECTION 9.04. Revocation and Effect of Consents.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evi-

dences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder of a Note.

The Company may fix a record date for determining which Holders of the Notes must consent to such amendment, supplement or waiver. If the Company fixes a record date, the record date shall be fixed at (i) the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders of Notes furnished to the Trustee prior to such solicitation pursuant to Section 2.05 or (ii) such other date as the Company shall designate.

SECTION 9.05. Notation on or Exchange of Notes.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. Trustee To Sign Amendments, Etc.

The Trustee shall sign any amended or supplemental Indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. Neither the Company nor any Guarantor may sign any amended or supplemental Indenture until its board of directors approves it.

ARTICLE 10

GUARANTEES

SECTION 10.01. Guarantee.

Each of the Guarantors, jointly and severally, hereby unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the Obligations of the Company hereunder or thereunder, that:

(a) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, each of the Guarantors, jointly and severally, will be obligated to pay the same immediately.

Each of the Guarantors, jointly and severally, hereby agrees that its obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor.

Each of the Guarantors, jointly and severally, hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice (except that the Trustee shall provide at least ten days' prior written notice to the Company on behalf of the Guarantors before taking any action for which the Communications Act and/or the FCC rules require such notice and which right to notice is not waivable by any Guarantor) and all demands whatsoever and covenant that this Guarantee will not be discharged except by complete performance of the Obligations guaranteed hereby. If any Holder or the Trustee is required by any court or otherwise to return to the Company or any Guarantor, or any Custodian, Trustee, liquidator or other similar official acting in relation to either the Company or any Guarantor, any amount paid by either to the Trustee or such Holder, this Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each of the Guarantors, jointly and severally, agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby. Each of the Guarantors, jointly and severally, further agrees that, as between such Guarantor, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of this Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article 6, such obligations (whether or not due and payable) shall forthwith become due and payable by each Guarantor for the purpose of this Guarantee. Notwithstanding the foregoing, in the event that any Guarantee would constitute or result in a violation of any applicable fraudulent conveyance or similar law of any relevant jurisdiction, the liability of the applicable Guarantor under its Guarantee shall be reduced to the maximum amount permissible under such fraudulent conveyance or similar law.

The Guarantors hereby agree as among themselves that each Guarantor that makes a payment or distribution under a Guarantee shall be entitled to a pro rata contribution from each other Guarantor hereunder based on the net assets of each other Guarantor. The preceding sentence shall in no way affect the rights of the Holders of Notes to the benefits of this Indenture, the Notes or the Guarantees.

Nothing in this Section 10.01 shall apply to claims of, or payments to, the Trustee under or pursuant to the provisions of Section 7.07. Nothing contained in this Section 10.01 or elsewhere in this Indenture, the Notes or the Guarantees shall impair, as between any Guarantor and the Holder of any Note, the obligation of such Guarantor, which is unconditional and absolute, to pay to the Holder thereof the principal of, premium, if any, and interest on the Notes in accordance with their terms and the terms of the Guarantee and this Indenture, nor shall anything herein or therein prevent the Trustee or the Holder of any Note from exercising all remedies otherwise permitted by applicable law or hereunder or thereunder upon the occurrence of an Event of Default.

SECTION 10.02. Execution and Delivery of Guarantees.

To evidence its Guarantee set forth in Section 10.01, each Guarantor hereby agrees that a notation of such Guarantee substantially in the form of Exhibit B shall be endorsed by an officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Guarantor by its President or one of its Vice Presidents and attested to by an Officer. Each of the Guarantors, jointly and severally, hereby agrees that its Guarantee set forth in Section 10.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Guarantee. If an officer or Officer whose

signature is on this Indenture or on the Guarantee of a Guarantor no longer holds that office at the time the Trustee authenticates the Note on which the Guarantee of such Guarantor is endorsed, the Guarantee of such Guarantor shall be valid nevertheless. The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Guarantees set forth in this Indenture on behalf of the Guarantors.

SECTION 10.03. Merger, Consolidation or Sale of Assets of Guarantors.

Subject to Section 10.05, a Guarantor may not, and the Company will not cause or permit any Guarantor to, consolidate or merge with or into (whether or not such Guarantor is the surviving entity), or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its properties or assets in one or more related transactions to, another Person other than the Company or another Guarantor unless:

(a) such Guarantor is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(b) the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of such Guarantor pursuant to a supplemental indenture in form reasonably satisfactory to the Trustee, under the Notes and this Indenture;

(c) immediately after such transaction no Default or Event of Default exists; and

(d) the Company will have Consolidated Net Worth immediately after the transaction (after any purchase accounting adjustments or accrual of deferred tax liabilities resulting from the transaction) not less than the Consolidated Net Worth of the Company immediately preceding the transaction.

Nothing contained in this Indenture shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor that is a Wholly Owned Restricted Subsidiary of the Company. Except as set forth in Articles 4 and 5, nothing contained in this Indenture shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor that is a Restricted Subsidiary of the Company or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor that is a Restricted Subsidiary of the Company.

SECTION 10.04. Successor Corporation Substituted.

Upon any consolidation, merger, sale or conveyance described in clauses (a) through (d) of Section 10.04, and upon the assumption by the successor corporation, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of any Guarantee previously signed by the Guarantor and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor corporation shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor corporation thereupon may cause to be signed any or all of the Guarantees to be issuable hereunder by such Guarantor and delivered to the Trustee. All the Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Guarantees had been issued at the date of the execution of such Guarantee by such Guarantor.

SECTION 10.05. Releases from Guarantees.

If pursuant to any direct or indirect sale of assets (including, if applicable, all of the capital stock of any Guarantor) or other disposition by way of merger, consolidation or otherwise the assets sold include all or substantially all of the assets of any Guarantor or all of the capital stock of any such Guarantor, then such Guarantor or the Person acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such a Guarantor) shall be released and relieved of its obligations under its Guarantee or Section 10.03 and Section 10.04, as the case may be; provided that in the event of an Asset Sale, the Net Proceeds from such sale or other disposition are applied in accordance with the provisions of Section 4.10. In addition, a Guarantor shall be released and relieved of its obligations under its Guarantee or Section 10.03 and Section 10.04, as the case may be (1) if such Guarantor is dissolved or liquidated in accordance with the provisions of this Indenture; (2) if the Company designates any such Guarantor as an Unrestricted Subsidiary in compliance with the terms of this Indenture; or (3) without limiting the generality of the foregoing, in the case of ETC or any Guarantor which constitutes a Non-Core Asset, upon the sale or other disposition of any Equity Interest of ETC or such Guarantor which constitutes a Non-Core Asset, respectively. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the provisions of this Indenture, including without limitation Section 4.10 or 4.20 if applicable, the Trustee shall execute any documents reasonably required in order to evidence the release of any such Guarantor from its obligations under its Guarantee. Any such Guarantor not released from its obligations under its Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of such Guarantor under this Indenture as provided in this Article 10.

ARTICLE 11

MISCELLANEOUS

SECTION 11.01. Trust Indenture Act Controls.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA Section 318(c), the imposed duties shall control.

SECTION 11.02. Notices.

Any notice or communication by the Company, any Guarantor or the Trustee to the other is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the other's address:

If to the Company or any Guarantor:

EchoStar DBS Corporation
5701 South Santa Fe Drive
Littleton, Colorado 80120
Telecopier No.: (303) 723-1699
Attention: David K. Moskowitz, Esq.

With a copy to:

Sullivan & Cromwell
125 Broad Street
New York, New York 10004-2498
Telecopier No.: (212) 558-3388
Attention: Donald Walkovik, Esq.

If to the Trustee:

U.S. Bank National Association
180 East Fifth Street
Saint Paul, Minnesota 55101
Telecopier No: (651) 244-0711
Attention: Corporate Trust Administration

The Company, any Guarantor or the Trustee, by notice to the other may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders of Notes) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder of a Note shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA Section 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder of a Note or any defect in it shall not affect its sufficiency with respect to other Holders of Notes.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders of Notes, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 11.03. Communication by Holders of Notes with Other Holders of Notes.

Holders of the Notes may communicate pursuant to TIA Section 312(b) with other Holders of Notes with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA Section 312(c).

SECTION 11.04. Certificate and Opinion as to Conditions Precedent.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 11.05. Statements Required in Certificate or Opinion.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA Section 314(a)(4)) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 11.06. Rules by Trustee and Agents.

The Trustee may make reasonable rules for action by or at a meeting of Holders of Notes. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 11.07. No Personal Liability of Directors, Officers, Employees, Incorporators and Stockholders.

No director, officer, employee, incorporator or stockholder of the Company, the Guarantors or any of their Affiliates, as such, shall have any liability for any obligations of the Company, the Guarantors and any of their Affiliates under the Notes, or this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the SEC that such waiver is against public policy.

SECTION 11.08. Governing Law.

The internal law of the State of New York shall govern and be used to construe this Indenture, the Notes and the Guarantees.

SECTION 11.09. No Adverse Interpretation of Other Agreements.

This Indenture may not be used to interpret another indenture, loan or debt agreement of EchoStar, the Company or any of their respective Subsidiaries. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 11.10. Successors.

All agreements of the Company and the Guarantors in this Indenture and the Notes and the Guarantees shall bind the successors of the Company and the Guarantors, respectively. All agreements of the Trustee in this Indenture shall bind its successor.

SECTION 11.11. Severability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 11.12. Counterpart Originals.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 11.13. Table of Contents, Headings, Etc.

The Table of Contents and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be duly executed as of the day and year first above written.

ECHOSTAR DBS CORPORATION,
a Colorado corporation

By:

Name: David K. Moskowitz
Title: Senior Vice President, General Counsel and Secretary

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By:

Name:
Title: Assistant Vice President

ECHOSTAR SATELLITE CORPORATION
ECHOSTAR TECHNOLOGIES CORPORATION
ECHO ACCEPTANCE CORPORATION
ECHOSPHERE CORPORATION
DISH NETWORK SERVICE CORPORATION
ECHOSTAR INTERNATIONAL CORPORATION
ECHOSTAR NORTH AMERICA CORPORATION
ECHOSTAR INDONESIA, INC.
ECHOSTAR SPACE CORPORATION
ECHOSTAR 110 CORPORATION
as Guarantors

By:

Name: David K. Moskowitz
Title: Senior Vice President, General Counsel and Secretary

EXHIBIT A

[Face of Note]

- ---

9-1/8% Senior Note due 2009

Cert. No.
CUSIP No. [ ]

EchoStar DBS Corporation

promises to pay to

or its registered assigns

the principal sum of

Dollars on January 15, 2009

Interest Payment Dates: January 15 and July 15, commencing July 15, 2002

Record Dates: January 1 and July 1 (whether or not a Business Day).

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

Dated: December 28, 2001

ECHOSTAR DBS CORPORATION

By:

Title:

By:

Title:

(SEAL)

This is one of the Notes referred to in
the within-mentioned Indenture:

U.S. Bank National Association, as Trustee

By:

Authorized Signatory

Dated:

(Back of Note)

Capitalized terms used herein have the meanings assigned to them in the Indenture (as defined below) unless otherwise indicated.

(1) Interest. EchoStar DBS Corporation, a Colorado corporation (the "Company") promises to pay interest on the principal amount of this Note at the rate and in the manner specified below. Interest will accrue at 9-1/8% per annum and will be payable semi-annually in cash on each January 15 and July 15, commencing July 15, 2002, or if any such day is not a Business Day on the next succeeding Business Day (each an "Interest Payment Date") to Holders of record of the Notes at the close of business on the immediately preceding January 1 and July 1, whether or not a Business Day. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months. Interest shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from December 28, 2001. To the extent lawful, the Company shall pay interest on overdue principal at the rate of the then applicable interest rate on the Notes; it shall pay interest on overdue installments of interest (without regard to any applicable grace periods) at the same rate to the extent lawful. In addition, Holders may be entitled to the benefits of certain provisions of the Registration Rights Agreement.

(2) Method of Payment. The Company will pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the record date next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date. The Holder hereof must surrender this Note to a Paying Agent to collect principal payments. The Company will pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts. The Notes will be payable both as to principal and interest at the office or agency of the Company maintained for such purpose or, at the option of the Company, payment of interest may be made by check mailed to the Holders of Notes at their respective addresses set forth in the register of Holders of Notes. Unless otherwise designated by the Company, the Company's office or agency will be the office of the Trustee maintained for such purpose.

(3) Paying Agent and Registrar. Initially, the Trustee will act as Paying Agent and Registrar. The Company may change any Paying Agent, Registrar or co-registrar without prior notice to any Holder of a Note. The Company may act in any such capacity.

(4) Indenture. The Company issued the Notes under an Indenture, dated as of December 28, 2001 (the "Indenture"), among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb), as in effect on the date of the Indenture. The Notes are subject to all such terms, and Holders of Notes are referred to the Indenture and such act for a statement of such terms. The terms of the Indenture shall govern any inconsistencies between the Indenture and the Notes. The Notes are unsecured obligations of the Company.

(5) Optional Redemption. Except as provided in the next paragraph, the Notes will not be redeemable at the Company's option prior to January 15, 2006. Thereafter, the Notes will be subject to redemption at the option of the Company, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, together with accrued and unpaid interest thereon to the applicable redemption date, if redeemed during the 12-month period beginning on January 15 of the years indicated below:

YEAR	PERCENTAGE
2006	104.563%
2007	102.281%
2008	100.000%

Notwithstanding the foregoing, at any time prior to January 15, 2005, the Company may redeem up to 35% of the aggregate principal amount of the Notes outstanding at a redemption price equal to 109.125% of the principal amount thereof on the repurchase date, together with accrued and unpaid interest to such repurchase date, with the net cash proceeds of one or more public or private sales (including sales to EchoStar, regardless of whether EchoStar obtained such funds from an offering of Equity Interests or Indebtedness of EchoStar or otherwise) of Equity Interests (other than Disqualified Stock) of the Company (other than proceeds from a sale to any Subsidiary of the Company or any employee benefit plan in which the Company or any of its Subsidiaries participates); provided that: (a) at least 65% in aggregate principal amount of the Notes originally issued remain outstanding immediately after the occurrence of such redemption; and (b) the sale of such Equity Interests is made in compliance with the terms of the Indenture.

(6) Repurchase at Option of Holder. Upon the occurrence of a Change of Control, the Company will be required to offer to purchase on the Change of Control Payment Date all outstanding Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of purchase. Holders of Notes that are subject to an offer to purchase will receive a Change of Control Offer from the Company prior to any related Change of Control Payment Date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below.

When the cumulative amount of Excess Proceeds that have not been applied in accordance with Section 4.10 (Asset Sales) or Section 3.08 (Offer to Purchase By Application of Excess Proceeds) of the Indenture, exceeds $50 million, the Company will be required to offer to purchase the maximum principal amount of Notes that may be purchased out of such Excess Proceeds at an offer price in cash equal to 101% of the principal amount thereof, together with accrued and unpaid interest thereon to the date of purchase. To the extent the Company or a Restricted Subsidiary is required under the terms of Indebtedness of the Company or such Restricted Subsidiary which is ranked equally with the Notes with any proceeds which constitute Excess Proceeds under the Indenture, the Company shall make a pro rata offer to the holders of all other pari passu Indebtedness (including the Notes) with such proceeds. To the extent that the principal amount of Notes and other pari passu Indebtedness surrendered by holders thereof exceeds the amount of such Excess Proceeds, the Trustee shall select the Notes and other pari passu Indebtedness to be purchased on a pro rata basis. Holders of Notes that are subject to an offer to purchase will receive a Excess Proceeds Offer from the Company prior to any related Purchase Payment Date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" appearing below.

(7) Notice of Redemption. Notice of redemption shall be mailed at least 30 days but not more than 60 days before the redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder of Notes are to be redeemed. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption unless the Company fails to redeem such Notes or such portions thereof.

(8) Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder of a Note, among other things, to furnish appropriate endorsements and transfer documents and to pay any taxes and fees required by law or permitted by the Indenture. The Registrar need not exchange or register the transfer of any

Note or portion of a Note selected for redemption. Also, it need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed.

(9) Persons Deemed Owners. Prior to due presentment to the Trustee for registration of the transfer of this Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name this Note is registered as its absolute owner for the purpose of receiving payment of principal of, premium, if any, and interest on this Note and for all other purposes whatsoever, whether or not this Note is overdue, and neither the Trustee, any Agent nor the Company shall be affected by notice to the contrary. The registered Holder of a Note shall be treated as its owner for all purposes.

(10) Amendments, Supplement and Waivers. Subject to certain exceptions, the Indenture or Notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes), and any existing default or compliance with any provision of the Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including consents obtained in connection with a tender offer or exchange offer for the Notes). Notwithstanding the foregoing, (a) Sections 3.08 (Offer to Purchase by Application of Excess Proceeds), 4.10 (Asset Sales) and 4.15 (Offer to Repurchase Upon Change in Control) of the Indenture (including, in each case, the related definitions) may not be amended or waived without the written consent of at least 66 2/3% in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes) and (b) without the consent of each Holder affected, an amendment or waiver may not (with respect to any Notes held by a non-consenting Holder of Notes) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver; reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes; reduce the rate of or change the time for payment of interest on any Note; waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration); make any Note payable in money other than that stated in the Notes; make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or interest on the Notes; waive a redemption payment or mandatory redemption with respect to any Note; or make any change in the foregoing amendment and waiver provisions. Notwithstanding the foregoing, without the consent of any Holder of a Note, the Indenture or the Notes may be amended or supplemented to cure any ambiguity, defect or inconsistency; to provide for uncertificated Notes or Guarantees in addition to or in place of certificated Notes or Guarantees; to provide for the assumption of the Company's or any Guarantor's obligations to the Holders of the Notes in case of a merger or consolidation; to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights under the Indenture of any such Holder; or to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the Trust Indenture Act.

(11) Defaults and Remedies. Each of the following constitutes an Event of Default:

(a) default for 30 days in the payment when due of interest on the Notes;

(b) default in payment when due of principal of the Notes at maturity, upon repurchase, redemption or otherwise;

(c) failure to comply with the provisions described under Section 4.15 (Offer to Purchase Upon Change in Control), Section 4.11 (Limitation on Transactions with Affiliates), or Section 4.10 (Asset Sales) of the Indenture;

(d) default under the provisions described under Section 4.07 (Limitation on Restricted Payments) or Section 4.09 (Incurrence of Indebtedness) of the Indenture which default remains uncured for 30 days, or the breach of any representation or warranty, or the making of any untrue statement, in any certificate delivered by the Company pursuant to the Indenture;

(e) failure by the Company for 60 days after notice from the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes to comply with any of its other agreements in the Indenture or the Notes;

(f) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company and any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company and any of its Restricted Subsidiaries), which default is caused by a failure to pay when due principal or interest on such Indebtedness within the grace period provided in such Indebtedness (a "Payment Default"), and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default, aggregates $100 million or more;

(g) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company and any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries), which default results in the acceleration of such Indebtedness prior to its express maturity and the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $100 million or more; provided that any acceleration (other than an acceleration which is the result of a Payment Default under clause (f) above) of Indebtedness under the Outstanding Deferred Payments in aggregate principal amount not to exceed $150 million shall be deemed not to constitute an acceleration pursuant to this clause (g);

(h) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (other than any judgment as to which a reputable insurance company has accepted full liability) aggregating in excess of $100 million, which judgments are not stayed within 60 days after their entry;

(i) certain events of bankruptcy or insolvency with respect to EchoStar, the Company or certain of the Company's Subsidiaries (including the filing of a voluntary case, the consent to an order of relief in an involuntary case, the consent to the appointment of a custodian, a general assignment for the benefit of creditors or an order of a court for relief in an involuntary case, appointing a custodian or ordering liquidation, which order remains unstayed for 60 days); and

(j) any Guarantee shall be held in a judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect, or any Guarantor, or any person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Guarantee.

If any Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately (plus, in the case of an Event of Default that is the result of an action by the Company or any of its Subsidiaries intended to avoid restrictions on or premiums related to redemptions of the Notes contained in the Indenture or the Notes, an amount of premium that would have been applicable pursuant to the Notes or as set forth in the Indenture). Notwithstanding the foregoing, in the case of an Event of Default arising from the events of bankruptcy or insolvency with respect to the Company or any of its Subsidiaries described in (i) above, all outstanding Notes will become due and payable without further action or notice. Holders of the Notes may not enforce the Indenture or the Notes

except as provided in the Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in such holders' interest.

The holders of a majority in aggregate principal amount of the then outstanding Notes, by notice to the Trustee, may on behalf of the holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or premium on, or principal of, the Notes.

The Company is required to deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company is required upon becoming aware of any Default or Event of Default to deliver to the Trustee a statement specifying such Default or Event of Default.

All powers of the Trustee under the Indenture will be subject to applicable provisions of the Communications Act, including without limitation, the requirements of prior approval for de facto or de jure transfer of control or assignment of Title III licenses.

(12) Trustee Dealings with Company. The Trustee under the Indenture, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not Trustee; however, if the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as Trustee or resign.

(13) No Personal Liabilities of Directors, Officers, Employees, Incorporators and Stockholders. No director, officer, employee, incorporator or stockholder of the Company or any of its Affiliates, as such, shall have any liability for any obligations of the Company or any of its Affiliates under this Note or the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

(14) Guarantees. Payment of principal and interest (including interest on overdue principal and overdue interest, if lawful) is unconditionally guaranteed, jointly and severally, by each of the Guarantors.

(15) Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(16) Abbreviations. Customary abbreviations may be used in the name of a Holder of a Note or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entireties), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (5 Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

(17) CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Note Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and has directed the Trustee to use CUSIP numbers in notices of redemption as a convenience to Holders of Notes. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company will furnish to any Holder of a Note upon written request and without charge a copy of the Indenture. Request may be made to:

EchoStar DBS Corporation
5701 South Santa Fe Drive
Littleton, Colorado 80120
Attention: David K. Moskowitz, Esq.

ASSIGNMENT FORM

To assign this Note, fill in the form below:
(I) or (we) assign and transfer this Note to

- ---

(Insert assignee's Soc. Sec. or tax I.D. no.)

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint _____ agent to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have all or any part of this Note purchased by the Company pursuant to Section 3.08 or Section 4.15 of the Indenture check the appropriate box:

[ ] Section 3.08 [ ] Section 4.15

If you want to have only part of the Note purchased by the Company pursuant to Section 3.08 or Section 4.15 of the Indenture, state the amount you elect to have purchased:

$

Date: ---------------

Your Signature: ----------

(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.

[ATTACHMENT FOR GLOBAL NOTES]

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

DATE OF EXCHANGE	AMOUNT OF DECREASE IN AMOUNT OF INCREASE OF THIS GLOBAL NOTE	PRINCIPAL AMOUNT FOLLOWING SUCH DECREASE (OR INCREASE)	SIGNATURE OF AUTHORIZED OFFICER OF TRUSTEE OR NOTE CUSTODIAN	PRINCIPAL AMOUNT OF THIS GLOBAL NOTE

EXHIBIT B

FORM OF GUARANTEE

[Name of Guarantor] and its successors under the Indenture, jointly and severally with any other Guarantors, hereby irrevocably and unconditionally guarantees (i) the due and punctual payment of the principal of, premium, if any, and interest on the Notes, whether at maturity, by acceleration or otherwise, the due and punctual payment of interest on the overdue principal of and interest, if any, on the Notes, to the extent lawful, and the due and punctual performance of all other obligations of EchoStar DBS Corporation (the "Company") to the Holders or the Trustee all in accordance with the terms set forth in Article 10 of the Indenture, (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise and (iii) has agreed to pay any and all costs and expenses (including reasonable attorneys' fees) incurred by the Trustee or any Holder in enforcing any rights under this Guarantee. Capitalized terms used herein have the meanings assigned to them in the Indenture unless otherwise indicated.

No stockholder, officer, director or incorporator, as such, past, present or future, of [name of Guarantor] shall have any personal liability under this Guarantee by reason of his or its status as such stockholder, officer, director or incorporator. This Guarantee shall be binding upon [name of Guarantor] and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges herein conferred upon that party shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions hereof.

This Guarantee shall not be valid or obligatory for any purpose until the certificate of authentication on the Note upon which this Guarantee is noted shall have been executed by the Trustee under the Indenture by the manual signature of one of its authorized officers.

THE TERMS OF ARTICLE 10 OF THE INDENTURE ARE INCORPORATED HEREIN BY REFERENCE.

This Guarantee shall be governed by and construed in accordance with the laws of the State of New York.

[NAME OF GUARANTOR]

By:

Name:
Title:

EXHIBIT C

FORM OF CERTIFICATE OF TRANSFER

EchoStar DBS Corporation
5701 South Santa Fe Drive
Littleton, Colorado 80120

U.S. Bank National Association
180 East 5th Street
St. Paul, MN 55101

Re: 9-1/8% Senior Notes due 2009

Reference is hereby made to the Indenture, dated as of December 28, 2001 (the "Indenture"), between EchoStar DBS Corporation, as issuer (the "Company"), the Guarantors named therein and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Transferor") owns and proposes to transfer the Note[s] or interest in such Note[s] specified in Annex A hereto, in the principal amount of $____ in such Note[s] or interests (the "Transfer"), to _____ (the "Transferee"), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE 144A GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO RULE 144A. The Transfer is being effected pursuant to and in accordance with Rule 144A under the United States Securities Act of 1933, as amended (the "Securities Act"), and, accordingly, the Transferor hereby further certifies that the beneficial interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the beneficial interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and such Transfer is in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the 144A Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

2. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN THE REGULATION S GLOBAL NOTE OR A DEFINITIVE NOTE PURSUANT TO REGULATION S. The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a Person in the United States and (x) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (y) the transaction was executed

in, on or through the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States, (ii) no directed selling efforts have been made in contravention of the requirements of Rule 903(b) or Rule 904(b) of Regulation S under the Securities Act, (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the Securities Act and (iv) if the proposed transfer is being made prior to the expiration of the Restricted Period, the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on Transfer enumerated in the Private Placement Legend printed on the Regulation S Global Note and/or the Definitive Note and in the Indenture and the Securities Act.

3. [ ] CHECK AND COMPLETE IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN A DEFINITIVE NOTE PURSUANT TO ANY PROVISION OF THE SECURITIES ACT OTHER THAN RULE 144A OR REGULATION S. The Transfer is being effected in compliance with the transfer restrictions applicable to beneficial interests in Restricted Global Notes and Restricted Definitive Notes and pursuant to and in accordance with the Securities Act and any applicable blue sky securities laws of any state of the United States, and accordingly the Transferor hereby further certifies that (check one):

(a) [ ] such Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act;

or

(b) [ ] or such Transfer is being effected to the Company or a subsidiary thereof;

or

(c) [ ] such Transfer is being effected pursuant to an effective registration statement under the Securities Act and in compliance with the prospectus delivery requirements of the Securities Act.

4. [ ] CHECK IF TRANSFEREE WILL TAKE DELIVERY OF A BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE OR OF AN UNRESTRICTED DEFINITIVE NOTE.

(a) [ ] CHECK IF TRANSFER IS PURSUANT TO RULE 144. (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(b) [ ] CHECK IF TRANSFER IS PURSUANT TO REGULATION S. (i) The Transfer is being effected pursuant to and in accordance with Rule 903 or Rule 904 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any state of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes, on Restricted Definitive Notes and in the Indenture.

(c) [ ] CHECK IF TRANSFER IS PURSUANT TO OTHER EXEMPTION. (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144, Rule 903 or Rule 904 and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Global Notes or Restricted Definitive Notes and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By:

Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following:

[CHECK ONE OF (a) OR (b)]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP 27876G AH 1), or

(ii) [ ] Regulation S Global (CUSIP U27794 AC 7), or

(b) [ ] a Restricted Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

(a) [ ] a beneficial interest in the:

(i) [ ] 144A Global Note (CUSIP 27876G AH 1), or

(ii) [ ] Regulation S Global Note (CUSIP U27794 AC 7), or

(iii) [ ] Unrestricted Global Note CUSIP [ ], or

(b) [ ] a Restricted Definitive Note; or

(c) [ ] an Unrestricted Definitive Note,

in accordance with the terms of the Indenture.

EXHIBIT D

FORM OF CERTIFICATE OF EXCHANGE

EchoStar DBS Corporation
5701 South Santa Fe Drive
Littleton, Colorado 80120

U.S. Bank National Association
180 East 5th Street
St. Paul, MN 55101

Re: 9-1/8% Senior Notes due 2009

(CUSIP [ ])

Reference is hereby made to the Indenture, dated as of December 28, 2001 (collectively, the "Indenture"), between EchoStar DBS Corporation, as issuer (the "Company"), the Guarantors named therein and U.S. Bank National Association, as trustee. Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

_____ (the "Owner") owns and proposes to exchange the Note[s] or interest in such Note[s] specified herein, in the principal amount of $_____ in such Note[s] or interests (the "Exchange"). In connection with the Exchange, the Owner hereby certifies that:

1. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN A RESTRICTED GLOBAL NOTE FOR UNRESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN AN UNRESTRICTED GLOBAL NOTE.

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a beneficial interest in an Unrestricted Global Note in an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Global Notes and pursuant to and in accordance with the United States Securities Act of 1933, as amended (the "Securities Act"), (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest in an Unrestricted Global Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(b) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(c) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN AN UNRESTRICTED GLOBAL NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for a beneficial interest in an Unrestricted Global Note, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the beneficial interest is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

(d) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO UNRESTRICTED DEFINITIVE NOTE. In connection with the Owner's Exchange of a Restricted Definitive Note for an Unrestricted Definitive Note, the Owner hereby certifies (i) the Unrestricted Definitive Note is being acquired for the Owner's own account without transfer, (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to Restricted Definitive Notes and pursuant to and in accordance with the Securities Act, (iii) the restrictions on transfer contained in the Indenture and the Private Placement Legend are not required in order to maintain compliance with the Securities Act and (iv) the Unrestricted Definitive Note is being acquired in compliance with any applicable blue sky securities laws of any state of the United States.

2. EXCHANGE OF RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES FOR RESTRICTED DEFINITIVE NOTES OR BENEFICIAL INTERESTS IN RESTRICTED GLOBAL NOTES.

(a) [ ] CHECK IF EXCHANGE IS FROM BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE TO RESTRICTED DEFINITIVE NOTE. In connection with the Exchange of the Owner's beneficial interest in a Restricted Global Note for a Restricted Definitive Note with an equal principal amount, the Owner hereby certifies that the Restricted Definitive Note is being acquired for the Owner's own account without transfer. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the Restricted Definitive Note issued will continue to be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the Restricted Definitive Note and in the Indenture and the Securities Act.

(b) [ ] CHECK IF EXCHANGE IS FROM RESTRICTED DEFINITIVE NOTE TO BENEFICIAL INTEREST IN A RESTRICTED GLOBAL NOTE. In connection with the Exchange of the Owner's Restricted Definitive Note for a beneficial interest in the [CHECK ONE] _ 144A Global Note, _ Regulation S Global Note with an equal principal amount, the Owner hereby certifies (i) the beneficial interest is being acquired for the Owner's own account without transfer and (ii) such Exchange has been effected in compliance with the transfer restrictions applicable to the Restricted Global Notes and pursuant to and in accordance with the Securities Act, and in compliance with any applicable blue sky securities laws of any state of the United States. Upon consummation of the proposed Exchange in accordance with the terms of the Indenture, the beneficial interest issued will be subject to the restrictions on transfer enumerated in the Private Placement Legend printed on the relevant Restricted Global Note and in the Indenture and the Securities Act.

This certificate and the statements contained herein are made for your benefit and the benefit of the Company.

[Insert Name of Transferor]

By:

Name:
Title:

Dated:

This Registration Rights Agreement (this "AGREEMENT") is made and entered into as of December 28, 2001, by and among EchoStar DBS Corporation, a Colorado corporation (the "COMPANY"), the Guarantors named in the Purchase Agreement (as defined below) (the "GUARANTORS"), and Deutsche Banc Alex. Brown, Inc., Credit Suisse First Boston Corporation, Lehman Brothers Inc. and UBS Warburg LLC (each, an "INITIAL PURCHASER" and, collectively, the "INITIAL PURCHASERS"), each of whom has agreed to purchase an aggregate of $700,000,000 in principal amount of 9-1/8% Senior Notes due 2009 (the "NOTES"), of the Company, pursuant to the Purchase Agreement.

This Agreement is made pursuant to the Purchase Agreement, dated December 20, 2001 (the "PURCHASE AGREEMENT"), by and among the Company, the Guarantors and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Notes, the Company has agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 7 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Indenture, dated December 28, 2001, among the Company, the Guarantors and U.S. Bank National Association, as Trustee, relating to the Notes (the "INDENTURE").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

ACT: The Securities Act of 1933, as amended.

AFFILIATE: As defined in Rule 144 of the Act.

BROKER-DEALER: Any broker or dealer registered under the Exchange Act.

CLOSING DATE: The date hereof.

COMMISSION: The Securities and Exchange Commission.

CONSUMMATE: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Exchange Notes to be issued in the Exchange Offer, (ii) the maintenance of such Exchange Offer continuously effective and the keeping of the Exchange Offer open for a period not less than the period required pursuant to Section 3(b) hereof, and (iii) the delivery by the Company to the Registrar under the In-

denture of Exchange Notes in the same aggregate principal amount as the aggregate principal amount of Notes that were tendered by Holders thereof pursuant to the Exchange Offer.

CONSUMMATION DEADLINE: As defined in Section 3(b) hereof.

EFFECTIVENESS DEADLINE: As defined in Section 3(a) hereof.

EXCHANGE ACT: The Securities Exchange Act of 1934, as amended.

EXCHANGE NOTES: The Company's 9-1/8% Senior Notes due 2009, guaranteed by the Guarantors to the same extent as the Notes, to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 6 hereof.

EXCHANGE OFFER: The exchange and issuance by the Company of a principal amount of Exchange Notes (which shall be registered, pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Notes that are tendered by such Holders in connection with such exchange and issuance.

EXCHANGE OFFER REGISTRATION STATEMENT: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

FILING DEADLINE: As defined in Sections 3(a) and 4(a) hereof.

HOLDERS: As defined in Section 2 hereof.

NASD: National Association of Securities Dealers, Inc.

PROSPECTUS: The prospectus included in a Registration Statement at the same time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

RECOMMENCEMENT DATE: As defined in Section 6(d) hereof.

REGISTRATION DEFAULT: As defined in Section 5 hereof.

REGISTRATION STATEMENT: Any registration statement of the Company relating to (a) an offering of Exchange Notes pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

REGULATION S: Regulation S promulgated under the Act.

RULE 144: Rule 144 promulgated under the Act.

SHELF REGISTRATION STATEMENT: As defined in Section 4 hereof.

SUSPENSION NOTICE: As defined in Section 6(d) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

UNDERWRITTEN REGISTRATION: or UNDERWRITTEN OFFERING: A registration in which securities of the Company are sold to an underwriter for reoffering to the public.

TRANSFER RESTRICTED SECURITIES: Each Note, until the earliest to occur of (a) the date on which such Note is exchanged in the Exchange Offer for an Exchange Note which is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Note has been disposed of in accordance with a Shelf Registration Statement, (c) the date on which such Note may be distributed to the public pursuant to Rule 144(k) under the Act or (d) each Exchange Note until the date on which such Exchange Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by the Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein).

SECTION 2. HOLDERS

A person is deemed to be a holder of Transfer Restricted Securities (each, a "HOLDER") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable law or Commission policy (after the procedures set forth in Section 6(a) below have been complied with), the Company shall (i) cause the Exchange Offer Registration Statement to be filed with the Commission as soon as practicable after the Closing Date, but in no event later than 180 days after the Closing Date (such 180th day being the "FILING DEADLINE"), (ii) use its best efforts to cause such Exchange Offer Registration Statement to become effective at the earliest possible time, but in no event later than 270 days after the Closing Date (such 270th day being the "EFFECTIVENESS Deadline"), (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act, and (C)

cause all necessary filings, if any, in connection with the registration and qualification of the Exchange Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, use its best efforts to commence and Consummate the Exchange Offer such that the Exchange Offer is Consummated not later than the 295th day after the Closing Date. The Exchange Offer shall be on the appropriate form permitting (i) registration of the Exchange Notes to be offered in exchange for the Notes that are Transfer Restricted Securities and (ii) resales of Exchange Notes by Broker-Dealers that tendered the Exchange Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company shall use its best efforts to cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 business days. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Exchange Notes shall be included in the Exchange Offer Registration Statement. The Company shall use its best efforts to cause the Exchange Offer to be Consummated not later than the 295th day after the Closing Date (such 295th day being the "CONSUMMATION DEADLINE").

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Notes acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

Because such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with any initial sale of any Exchange Notes received by such Broker-Dealer in the Exchange Offer, the Company shall permit the use of the prospectus contained in the Exchange Offer Registration Statement by such Broker-Dealer to satisfy such Prospectus delivery requirement. To the extent necessary to ensure that the prospectus contained in the Ex-

change Offer Registration Statement is available for sales of Exchange Notes by Brokers-Dealers, the Company shall use its best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(a) and 6(c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the date on which the Exchange Offer is Consummated or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers, promptly upon request, and in no event later than one day after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law or Commission policy (after the Company has complied with the procedures set forth in Section 6(a) below) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company within 20 business days following the date on which the Exchange Offer is Consummated that (A) such Holder was prohibited by applicable law or Commission policy from participating in the Exchange Offer, or (B) such Holder may not resell the Exchange Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) that such Holder is a Broker-Dealer and holds Notes acquired directly from the Company or any of its Affiliates, then the Company shall:

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement) (the "SHELF REGISTRATION STATEMENT"), relating to all Transfer Restricted Securities, on or prior to the later of (1) 30 days after the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above, (2) 30 days after the date on which the Company receives notice specified in clause (a)(ii) above, and (3) the 120th day after the Closing Date (such later date, the "FILING DEADLINE"); and

(y) shall use its best efforts to cause such Shelf Registration Statement to become effective on or prior to the 180th day, after the Filing Deadline (such 180th day, the "EFFECTIVENESS DEADLINE").

To the extent necessary to ensure that the Shelf Registration Statement is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a)

and other securities required to be registered therein pursuant to Section 6(b)(ii) hereof, the Company shall use its best efforts to keep such Shelf Registration Statement required by this Section 4(a) continuousgly effective, supplemented, amended and current as required by and subject to the provisions of Sections 6(b) and (c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(d) hereof) following the Closing Date or such shorter period as will terminate where all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 20 days after receipt of a request therefor, (i) the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein and (ii) the undertaking specified in Section 8(b) hereof. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 5 hereof unless and until such Holder shall have used its best efforts to provide all such information. Each Selling Holder agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline, (iii) the Exchange Offer has not been Consummated on or prior to the Consummation Deadline or (iv) any Registration Statement required by this Agreement is filed and declared effective but shall thereafter (and before the second anniversary of the initial sale) cease to be effective or fail to be usable in connection with resales of the Transfer Restricted Securities without being succeeded immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself immediately declared effective, and only for such time of non-effectiveness or non-usability (each such event referred to in clauses (i) through (iv), a "REGISTRATION DEFAULT"), then the Company hereby agrees to pay (and the Guarantors agree to guarantee such payments) liquidated damages to each Holder of Transfer Restricted Securities affected thereby for the first 90-day period immediately following the occurrence of such Registration Default, in an amount equal to $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues. The amount of the liq-

uidated damages shall increase by an additional $0.05 per week per $1,000 in principal amount of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, the Transfer Restricted Securities become freely tradable without registration under the Act or no Transfer Restricted Securities are outstanding, up to a maximum amount of liquidated damages of $0.30 per week per $1,000 in principal amount of Transfer Restricted Securities; provided that the Company shall in no event be required to pay liquidated damages for more than one Registration Default at any given time. All accrued liquidated damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of (iv) above, the liquidated damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

Notwithstanding the fact that any securities for which liquidated damages are due cease to be Transfer Restricted Securities, all obligations of the Company to pay liquidated damages with respect to securities shall survive until such time as such obligations with respect to such securities shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company shall (x) comply with all of the provisions of Section 6(c) below, (y) use its best efforts to effect such exchange and to permit the resale of Exchange Notes by Broker-Dealers that tendered in the Exchange Offer Notes that such Broker-Dealer acquired for its own account as a result of its market making activities as other trading activities (other than Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof, and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company hereby agrees to seek a no-action letter or other favorable decision from the Commission allowing the Company to Consummate an Exchange Offer for such Transfer Restricted Securi-

ties. The Company agrees to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company agrees, to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker-Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Exchange Notes to be issued in the Exchange Offer and (C) it is acquiring the Exchange Notes in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the Exchange Notes shall acknowledge and agree that, if the resales are of Exchange Notes obtained by such Holder in exchange for Notes acquired by such Holder directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company shall provide a supplemental letter to the Commission (A) stating that the Company is registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that neither the Company nor any Guarantor has entered into any arrangement or understanding with any Person to distribute the Exchange Notes to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the Exchange Notes in its ordinary course of business and has no arrangement or under-

standing with any Person to participate in the distribution of the Exchange Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company shall: (i) comply with all the provisions of Section 6(c) below and shall use its best efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof and (ii) issue, upon the request of any Holder or purchaser of Notes covered by any Shelf Registration Statement contemplated by this Agreement, Exchange Notes having an aggregate principal amount equal to the aggregate principal amount of Notes sold pursuant to the Shelf Registration Statement and surrendered to the Company for cancellation; the Company shall register Exchange Notes on the Shelf Registration Statement for this purpose and issue the Exchange Notes to the purchasers of securities subject to the Shelf Registration Statement in the names as such purchasers shall designate.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Company shall:

(i) use its best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain an untrue statement of material fact or omit to state any material fact necessary to make the statements therein not misleading or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement, curing such defect, and if Commission review is required, use its best efforts to cause such amendment to be declared effective as soon as practicable;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep such Registra-

tion Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriters, if any, and each selling Holder promptly and, if requested by such Holder, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, and (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use its best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish to each selling Holder and each of the underwriters, if any, in connection with such exchange or sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders and un-

derwriter(s), if any, in connection with such sale, if any, for a period of at least five business days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which such Holders or the underwriters, if any, shall reasonably object within five business days after the receipt thereof. A Holder or underwriter, if any, shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains an untrue statement of a material fact or omits to state any material fact necessary to make the statements therein not misleading or fails to comply with the applicable requirements of the Act;

(v) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to each selling Holder and to the underwriters, if any, in connection with such exchange or sale, if any, make the Company's representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders or underwriters, if any, reasonably may request;

(vi) make available, at reasonable times, for inspection by each selling Holder, any underwriter, if any, participating in any disposition pursuant to such Registration Statement, and any attorney or accountant retained by such Holders or any of the underwriters, all financial and other records, pertinent corporate documents and properties of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(vii) if requested by any Holders or the underwriters, if any, in connection with such exchange or sale, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such Holders and underwriters, if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(viii) cause the Transfer Restricted Securities covered by the Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Notes covered thereby or the underwriters, if any;

(ix) furnish to each selling Holder (and upon request, any Holder) and each of the underwriter(s), if any, in connection with such exchange or sale, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each Holder and each of the underwriters, if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use (in accordance with applicable law) of the Prospectus and any amendment or supplement thereto by each selling Holder and each underwriter, if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) upon the request of any selling Holder, enter into such agreements (including underwriting agreements), and make, such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Agreement, as may be requested by any Initial Purchaser or by any selling Holder in connection with any sale or resale pursuant to any Registration Statement. In such connection, the Company shall:

(A) upon request of any Holder, furnish to each Initial Purchaser, each selling Holder and each underwriter, if any, in such substance and scope as they may request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the Consummation of the Exchange Offer or upon, the effectiveness of the Shelf Registration Statement, as the case may be:

(1) a certificate, dated such date signed on behalf of the Company by (x) the President or any Vice President and (y) a principal financial or accounting officer of the Company, confirming, as of the date thereof, the matters set forth in Sections 2(ee) and 2(ff) and confirming that the representations and warranties (other than 2(a), (gg), (hh), (ii), (kk), (ll), (mm), (nn) and (oo)) of the Company contained in any such underwriting agreement (which shall be of the same tenor as the representations and warranties contained in the Purchase Agreement) are true and correct as of the date hereof, and confirming such other matters as such parties may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company, covering the matters similar to those set forth in Annex I and Annex II of the Purchase Agreement and such other matters as such parties may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, the Initial Purchasers' representatives and the Initial Purchasers' counsel in connection with the preparation of such Registration Statement and the related Prospectus and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing (relying as to materiality to the extent such counsel deems appropriate upon the statements of officers and other representatives of the Company and without independent check or verification), no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective, and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation of the Exchange Offer, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other financial data included in any Registration Statement contemplated by this Agreement or the related Prospectus; and

(3) a customary comfort letter, dated as of the date of Consummation of the Exchange Offer, or as of the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with primary underwritten offerings, and affirming the matters set forth in the comfort letters of Arthur Andersen LLP delivered pursuant to the Purchase Agreement, without exception; and

(B) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with the matters covered in clause (A) above and with any customary conditions contained in any agreement or other agreement entered into by the Company pursuant to this clause (xi), if any.

If at any time the representations and warranties of the Company contemplated in clause (A)(1) above cease to be true and correct, the Company shall so advise the Initial Purchasers and the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, shall confirm such advice in writing;

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with, the selling Holders, the underwriters, if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriters may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that the Company shall not be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) shall issue, upon the request of any Holder of Notes covered by the Shelf Registration Statement, Exchange Notes, having an aggregate principal amount equal to the aggregate principal amount of Notes surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such Exchange Notes to be registered in the name of such Holder or in the name of the purchaser(s) of such Notes or Exchange Notes, as the case may be; in return, the Notes held by such Holder shall be surrendered to the Company for cancellation;

(xiv) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders and the underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and in such names as the selling Holders or the underwriters, if any, may request at least two business days prior to any such sale of Transfer Restricted Securities;

(xv) use its best efforts to cause the disposition of the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriters, if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (xii) above;

(xvi) subject to Section 6(c)(i), if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, not misleading;

(xvii) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with the Depositary Trust Company;

(xviii) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD, and use its reasonable best efforts to cause such Registration Statement to become effective and approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;

(xix) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering

a twelve-month period, beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of rule 158 under the Act);

(xx) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement, and, in connection therewith, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute, and use its best efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner;

(xxi) cause all Transfer Restricted Securities covered by the Registration Statement to be listed on each securities exchange on which similar securities issued by the Company are then listed if requested by the Holders of a majority in aggregate principal amount of Notes or the managing underwriters, if any; and

(xxii) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referenced to in Section 6(c)(iii)(D) or any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof (in each case, a "SUSPENSION NOTICE"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "RECOMMENCEMENT DATE"). Each Holder receiving a Suspension Notice hereby agrees that it will either (i) destroy any Prospectuses, other than permanent file copies then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses, or (ii) will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the date of the Recommencement Date.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Company's and the Guarantors' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by any Initial Purchaser or Holder with the NASD (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of the NASD)); (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Exchange Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company and, subject to Section 7(b), the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing Exchange Notes on a national securities exchange automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incidental to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities who are tendering Notes in the Exchange Offer and/or selling or reselling Notes or Exchange Notes pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Cahill Gordon & Reindel, unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Company and the Guarantors agree to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls such Holder (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) any Holder (any of the persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person, from and against any and all losses, claims, damages,

liabilities, judgments, actions and expenses (including, without limitation, any legal or other expenses incurred in connection with, investigating, preparing, pursuing or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including any action that could give rise to any such losses, claims, damages, liabilities or judgments) directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto), provided by the Company to any Holder or any prospective purchaser of Exchange Notes or registered Notes or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities, judgments, actions or expenses are caused by an untrue statement or omission or alleged untrue statement or omission that is based upon information relating to such Holder furnished in writing to the Company by such Holder.

(b) The Company may require, as a condition to including any Transfer Restricted Securities held by any Holder in a Registration Statement, that the Company shall have received an undertaking reasonably satisfactory to it from such Holder that such Holder agrees, severally and not jointly, to indemnify and hold harmless the Company and the Guarantors, and their respective directors and officers, and each person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company or the Guarantors, as the case may be, to the same extent as the foregoing indemnity from the Company set forth in Section 8(a) above, but only with reference to information relating to such Holder furnished in writing to the Company by such Holder expressly for use in any Registration Statement. In no event shall any Holder, its directors, officers, or any person who controls such Holder be liable or responsible for any amount in excess of the amount by which the entire amount received by such Holder with respect to its sale of the Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages that such Holder, its directors, officers or any Person who controls such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) (the "INDEMNIFIED PARTY"), the indemnified party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the indemnifying party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the indemnified party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both Sections 8(a) and 8(b), a Holder shall not be required to assume the defense of such ac-

tion pursuant to this Section 8(c), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of the Holder). Any indemnified party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the indemnified party unless (i) the employment of such counsel shall have been specifically authorized in writing by the indemnifying party, (ii) the indemnifying party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the indemnified party or (iii) the named parties to any such action (including any impleaded parties) include both the indemnified party and the indemnifying party, and the indemnified party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the indemnifying party (in which case the indemnifying party shall not have the right to assume the defense of such action on behalf of the indemnified party). In any such case, the indemnifying party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all indemnified parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by a majority of the Holders, in the case of the parties indemnified pursuant to Section 8(a), and by the Company, in the case of parties indemnified pursuant to Section 8(b). The indemnifying party shall indemnify and hold harmless the indemnified party from and against any and all losses, claims, damages, liabilities, judgments and expenses by reason of any settlement of any action (i) effected with its written consent or (ii) effected without its written consent if the settlement is entered into more than twenty business days after the indemnifying party shall have received a request from the indemnified party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the indemnifying party) and, prior to the date of such settlement, the indemnifying party shall have failed to comply with such reimbursement request. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the indemnified party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the indemnified party, unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability on claims that are or could have been the subject matter of such action and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the indemnified party.

(d) To the extent that the indemnification provided for in this Section 8 is unavailable to an indemnified party under Section 8(a) or Section 8(b) hereof in respect of any losses, claims, damages, liabilities, judgements or expenses referred to therein, then each indemnifying party, in lieu of indemnifying such indemnified party, shall contribute

to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities, judgments or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and the Holders, on the other hand, from their sale of Transfer Restricted Securities or (ii) if the allocation provided by clause 8(d)(i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause 8(d)(i) above but also the relative fault of the Company, on the one hand, and of the Holder, on the other hand, in connection with the statements or omissions which resulted in such losses, claims, damages, liabilities, judgments or expenses, as well as any other relevant equitable considerations. The relative fault of the Company, on the one hand, and of the Holder, on the other hand, shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or by such Holder, on the other hand, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company, the Guarantors and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8(d) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities, judgments or expenses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such indemnified party in connection with investigating or defending any such action or claim including any action that could have given rise to such losses, claims, damages, liabilities, judgments or expenses. Notwithstanding the provisions of this Section 8, no Holder shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds (i) the amount paid by such Holder for such Transfer Restricted Securities and (ii) the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of Transfer Restricted Securities held by each Holder hereunder and not joint.

SECTION 9. RULE 144A

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company (i) is not subject to Section 13 or 15(d) of the Exchange Act, to make available, upon request of any Holder, to such Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A, and (ii) is subject to Section 13 or 15(d) of the Exchange Act, to make all filings required thereby in a timely manner in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144.

SECTION 10. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 11. SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount of the Transfer Restricted Securities included in such offering; provided that such investment bankers and managers must be reasonably satisfactory to the Company.

SECTION 12. MISCELLANEOUS

(a) Remedies. The Company and the Guarantors acknowledge and agree that any failure by the Company to comply with its obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations under Sections 3 and 4 hereof. The Company and the Guarantors further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) Adjustments Affecting the Notes or Exchange Notes. The Company will not take any action, or permit any change to occur, with respect to the Notes or the Exchange Notes that would materially and adversely affect the ability of the Holders to Consummate any Exchange Offer.

(d) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 12(d)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose Transfer Restricted Securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose Transfer Restricted Securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(e) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(f) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Company or the Guarantors:

EchoStar DBS Corporation
5701 South Sante Fe Drive
Littleton, Colorado 80120

Telecopier No.: (303) 723-1699
Attention: David K. Moskowitz, Esq.

With a copy to:

Sullivan & Cromwell
125 Broad Street
New York, NY 10004-2498

Telecopier No.: (212) 558-3388
Attention: Donald Walkovik, Esq.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

(g) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(h) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(i) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(j) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(k) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(l) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

ECHOSTAR DBS CORPORATION

By: ----------

Name: David K. Moskowitz
Title: Senior Vice President,
General Counsel and Secretary

ECHOSTAR SATELLITE CORPORATION
ECHOSTAR TECHNOLOGIES
CORPORATION
ECHO ACCEPTANCE CORPORATION
ECHOSPHERE CORPORATION
DISH NETWORK SERVICE CORPORATION
ECHOSTAR INTERNATIONAL
CORPORATION
ECHOSTAR NORTH AMERICA
CORPORATION
ECH0STAR INDONESIA, INC.
ECHOSTAR SPACE CORPORATION
ECHOSTAR 110 CORPORATION
as Guarantors

By:

Name: David K. Moskowitz
Title: Senior Vice President, General Counsel
and Secretary

DEUTSCHE BANC ALEX. BROWN INC.
CREDIT SUISSE FIRST BOSTON CORPORATION
LEHMAN BROTHERS INC.
UBS WARBURG LLC

By: DEUTSCHE BANC ALEX. BROWN INC.

By:

    Name:
    Title:

EXHIBIT 4.19

ECHOSTAR COMMUNICATIONS CORPORATION

CERTIFICATE OF WITHDRAWAL
WITHDRAWING THE
SERIES A, SERIES B, AND SERIES C PREFERRED STOCK DESIGNATIONS

PURSUANT TO SECTION 78.1955 OF THE NEVADA REVISED STATUTES

I, David K. Moskowitz, the Senior Vice President, General Counsel and Secretary of EchoStar Communications Corporation, a corporation organized and existing under the laws of the State of Nevada (the "Corporation"), do hereby certify that no shares of Series A, Series B, or Series C Preferred Stock are outstanding and that pursuant to the authority conferred upon the Board of Directors of the Corporation by its Amended and Restated Articles of Incorporation and Section 78.1955 of the Nevada Revised Statutes, the Corporation's Board of Directors, on December 12, 2001, adopted the following resolution authorizing the withdrawal of the Corporation's previously filed certificates of designation establishing Series A, Series B, and Series C Preferred Stock:

"RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Amended and Restated Articles of Incorporation, the Board of Directors does hereby authorize the filing of a Certificate of Withdrawal with the Nevada Secretary of State's office ("Secretary") withdrawing the following Certificates of Designation previously filed with the Secretary relating to the Corporation's Series A, Series B, and Series C stock:

1. Series A Certificate of Designation filed June 20, 1995;

2. Series B Certificate of Designation filed October 1, 1997, as amended in the Certificate of Correction filed October 16, 1997; and

3. Series C Certificate of Designation filed October 30, 1997."

IN WITNESS WHEREOF, EchoStar Communications Corporation has caused this Certificate of Withdrawal to be signed by David K. Moskowitz, its Senior Vice President, General Counsel and Secretary, this 17th day of January, 2002.

/s/ David K. Moskowitz

David K. Moskowitz
Senior Vice President, General Counsel and Secretary

EXHIBIT 4.20

ECHOSTAR COMMUNICATIONS CORPORATION
CERTIFICATE OF DESIGNATIONS

ESTABLISHING THE

VOTING POWERS, DESIGNATIONS, PREFERENCES, LIMITATIONS, RESTRICTIONS, AND RELATIVE RIGHTS OF

SERIES D MANDATORILY CONVERTIBLE PARTICIPATING PREFERRED STOCK

PURSUANT TO SECTION 78.1955 OF THE
Nevada Revised Statutes

I, David K. Moskowitz, the Senior Vice President, General Counsel and Secretary of EchoStar Communications Corporation (the "Issuer"), a corporation organized and existing under the laws of the State of Nevada, do hereby certify that pursuant to authority conferred upon the Board of Directors of the Issuer by its Amended and Restated Articles of Incorporation and pursuant to the provisions of Section 78.1955 of the Nevada Revised Statutes, the Issuer's Board of Directors, on December 12, 2001, adopted the following resolution establishing the Issuer's Series D Mandatorily Convertible Participating Preferred Stock, which resolution remains in full force and effect. Certain capitalized terms used herein are defined in Article 11.

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Amended and Restated Articles of Incorporation, the Board of Directors does hereby provide for the issue of a series of Preferred Stock, $0.01 par value, of the Corporation, to be designated "Series D Mandatorily Convertible Participating Preferred Stock" (referred to herein as the "Series D Preferred Stock"), having the number of shares and, to the extent that the designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions of such Series D Preferred Stock are not stated and expressed in the Amended and Restated Articles of Incorporation, the powers, preferences and relative and other special rights and the qualifications, limitations and restrictions thereof, as follows:

ARTICLE 1 DESIGNATION AND NUMBER OF SHARES

SECTION 1.1 The series will be known as the "Series D Mandatorily Convertible Participating Preferred Stock".

SECTION 1.2 The Series D Preferred Stock will be a series consisting of 5,760,479 shares of the authorized but unissued preferred stock of the Issuer.

ARTICLE 2 DIVIDENDS AND DISTRIBUTIONS

SECTION 2.1 The Holders of shares of Series D Preferred Stock shall be entitled to receive, when and as declared by the Board of Directors, but only out of funds legally available therefor, dividends or distributions on each date that dividends or other distributions (including any distributions of Capital Stock, evidences of indebtedness, other securities or any other assets) are payable or distributable on or in respect of Class A Common Stock of the Issuer, in an amount per whole share of Series D Preferred Stock equal to the aggregate amount (in cash, securities or other property) of dividends or other distributions that would be payable on such date to a Holder of that number of shares of Common Stock into which one share of Series D Preferred Stock shall be convertible at the Conversion Rate (defined below). Each such dividend or distribution shall be paid to each Holder of record of shares of Series D Preferred Stock on the record date, not exceeding sixty days preceding such payment date, fixed for the purpose by the Board of Directors in advance of payment of each particular dividend or distribution (which record date shall be the same date as the record date for the corresponding payment of dividends or distributions on the Class A Common Stock). Any share of Series D Preferred Stock originally issued after a dividend or distribution record date and on or prior to the dividend or distribution payment date to which such record date relates shall not be entitled to receive the dividend or distribution payable on such dividend or distribution payment date or any amount in respect of the period from the date of such issuance to such dividend or distribution payment date. Holders of shares of Series D Preferred Stock shall not be entitled to any dividends or distributions, whether payable or distributable in cash, property or stock, in excess of full dividends or distributions as herein provided.

SECTION 2.2 So long as any shares of Series D Preferred Stock shall be outstanding, no dividend shall be declared or paid or set aside for payment or other distribution declared or made upon the Common Stock or upon any other stock ranking junior to the Series D Preferred Stock as to dividends or distribution of assets upon Liquidation, nor shall any Common Stock nor any other stock of the Issuer ranking junior to or on a parity with the Series D Preferred Stock as to dividends or distribution of assets upon Liquidation be redeemed, purchased or otherwise acquired for any consideration (or any monies be paid to, set aside or made available for a sinking fund for the redemption of any shares of any such stock) by the Issuer (except by conversion into or exchange for stock of the Issuer ranking junior to the Series D Preferred Stock as to distribution of assets upon Liquidation), unless, in each case, the full dividends (including the dividend to be due upon payment of such dividend, distribution, redemption, purchase or other acquisition) on all outstanding shares of Series D Preferred Stock shall have been, or shall then be, paid.

ARTICLE 3 RANKING

The preferences of each share of Series D Preferred Stock as to distribution of assets upon Liquidation shall be in every respect on a parity with the preferences of every

other share of capital stock of the Issuer which is not specifically made senior or junior to the Series D Preferred Stock as to distribution of assets upon Liquidation. The rights of the Common Stock will be junior to the Series D Preferred stock as to distributions upon Liquidation to the extent herein provided.

ARTICLE 4 OPTIONAL CONVERSION AND CONVERSION PROCEDURES

SECTION 4.1 (a) Each Holder of Series D Preferred Stock shall have the right, at its option, at any time and from time to time to convert, subject to the terms and provisions of this Article 4, any or all of such Holder's shares of Series D Preferred Stock. In such case, each whole share of Series D Preferred Stock shall be converted into ten (10) fully paid and nonassessable shares of Class A Common Stock (the "Conversion Rate").

(b) The conversion right of a Holder of Series D Preferred Stock shall be exercised by the Holder by the surrender of the certificates representing shares to be converted to the Issuer or to the Transfer Agent accompanied by the Conversion Notice.

(i) Immediately prior to the close of business on the Conversion Date, each converting Holder of Series D Preferred Stock shall be deemed to be the Holder of record of Class A Common Stock issuable upon conversion of such Holder's Series D Preferred Stock notwithstanding that the share register of the Issuer shall then be closed or that certificates representing such Class A Common Stock shall not then be actually delivered to such Person.

(ii) Upon notice from the Issuer, each Holder of Series D Preferred Stock so converted shall promptly surrender to the Issuer or the Transfer Agent certificates representing the shares so converted (if not previously delivered), duly endorsed in blank or accompanied by proper instruments of transfer.

(iii) On any Conversion Date, all rights with respect to the shares of Series D Preferred Stock so converted, including the rights, if any, to receive notices, will terminate, except the rights of Holders thereof to: (1) receive certificates for the number of shares of Class A Common Stock into which such shares of Series D Preferred Stock have been converted; (2) the payment in cash or shares of Class A Common Stock of any declared and unpaid dividends and distributions accrued thereon pursuant to Section 4.2 hereof; and (3) exercise the rights to which they are entitled as Holders of Class A Common Stock.

(c) If the Conversion Date shall not be a Business Day, then such conversion right shall be deemed exercised on the next Business Day.

SECTION 4.2 (a) When shares of Series D Preferred Stock are converted pursuant to this Article 4, any declared and unpaid dividends and distributions on the Series D Preferred

Stock so converted to which the Holder of such Series D Preferred Stock is entitled in accordance with Section 2.1 hereof, to (but not including) the Conversion Date, shall be due and payable, at the Issuer's option,

(i) in cash;

(ii) in a number of fully paid and nonassessable shares of Class A Common Stock equal to the quotient obtained by dividing (A) the amount of declared and unpaid dividends payable to the Holder of Series D Preferred Stock so converted by (B) 95% of the current market price, determined in accordance with subsection (b) below, on the Conversion Date; or

(iii) a combination thereof.

(b) The current market price per share of Class A Common Stock on any date shall be deemed to be the average of the Daily Market Prices for the ten (10) consecutive trading days ending on the last full trading day on the exchange or market referred to in determining such Daily Market Prices prior to the time of determination.

(c) No payment or adjustment shall be made by the Issuer upon any conversion of Series D Preferred Stock on account of any dividends or distributions on the Class A Common Stock or other securities issued upon conversion.

SECTION 4.3 (a) In case the Issuer shall (i) subdivide its outstanding shares of Common Stock into a greater number of shares of Common Stock or (ii) combine its outstanding shares of Common Stock into a smaller number of shares of Common Stock, the Issuer shall effect the same subdivision, combination or similar change with respect to the Series D Preferred Stock of the Issuer as is made with respect to the Common Stock such that the Holder of any share of Series D Preferred Stock thereafter surrendered for conversion shall be entitled to receive the number of shares of Common Stock which such Holder would have owned immediately following such action had such shares of Series D Preferred Stock been converted immediately prior thereto. Any adjustment made pursuant to this subsection (a) shall become effective immediately after the record date in the case of a dividend or distribution and shall become effective immediately after the effective date in the case of a subdivision or combination.

(b) Except as permitted in Article 6 with respect to a Change of Control Transaction, in case of any consolidation of the Issuer with, or merger of the Issuer into, any other Person, or any merger of another Person into the Issuer, or any statutory exchange of securities with another corporation (including any exchange effected in connection with a merger of a third corporation into the Issuer), or any sale, conveyance or transfer of all or substantially all of the assets of the Issuer (in each case other than any such consolidation, merger, statutory exchange, sale, conveyance or transfer that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock), appropriate provision shall be made in the agreement governing any such consolidation, merger, statutory exchange, sale, conveyance or transfer so that the holder of each share of Series D Preferred Stock

outstanding immediately prior to the consummation of such consolidation, merger, statutory exchange, sale, conveyance or transfer shall have the right thereafter to convert such share into the kind and amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale, conveyance or transfer by a Holder of the number of shares of Class A Common Stock into which such share of Series D Preferred Stock might have been converted immediately prior to such consolidation, merger or statutory exchange, assuming such Holder of Class A Common Stock failed to exercise his rights of election, if any, as to the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale, conveyance or transfer (provided that if the kind or amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale, conveyance or transfer is not the same for each share of Class A Common Stock in respect of which such rights of election shall not have been exercised ("non-electing share"), then for the purpose of this subsection (b) the kind and amount of securities, cash or other property receivable upon such consolidation, merger, statutory exchange, sale, conveyance or transfer for each non-electing share shall be deemed to be the kind and amount so receivable per share by a plurality of the non-electing shares). Thereafter, the holders of the Series D Preferred Stock shall be entitled to appropriate adjustments with respect to their conversion rights to the end that the provisions set forth in this Section 4.3 shall correspondingly be made applicable, as nearly equivalent as practicable, in relation to any shares of stock or other securities or other property thereafter deliverable on the conversion of the Series D Preferred Stock. The provisions of this subsection (b) shall similarly apply to successive consolidations, mergers or statutory exchanges. The provisions of this subsection (b) shall not apply to the Merger or any of the other transactions or actions provided for by the Transaction Agreements (as such term is defined in the Implementation Agreement).

SECTION 4.4 The Issuer shall at all times reserve and keep available for issuance upon the conversion of the Series D Preferred Stock, such number of its authorized but unissued shares of Class A Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Series D Preferred Stock, and shall take all action required to increase the authorized number of shares of Class A Common Stock if at any time there shall be insufficient authorized but unissued shares of Class A Common Stock to permit such reservation or to permit the conversion of all outstanding shares of Series D Preferred Stock.

SECTION 4.5 The issuance or delivery of certificates for Class A Common Stock upon the conversion of shares of Series D Preferred Stock shall be made without charge to the converting Holder of shares of Series D Preferred Stock for such certificates or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby, and such certificates shall be issued or delivered in the respective names of, or in such names as may be directed by, the Holders of the shares of Series D Preferred Stock converted; provided, however, that the Issuer shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the Holder of the shares of

Series D Preferred Stock converted, and the Issuer shall not be required to issue or deliver such certificate unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Issuer the amount of such tax or shall have established to the reasonable satisfaction of the Issuer that such tax has been paid or is not payable.

ARTICLE 5 MANDATORY CONVERSION

SECTION 5.1 (a) Subject to Section 5.1(b), each share of Series D Preferred Stock shall be automatically converted into ten (10) fully paid and nonassessable shares of Class A Common Stock, upon the occurrence of any of the following events or dates (each, a "Conversion Trigger Event"), without any action on the part of any Holder:

(i) the effective time of the Merger provided for in Article I of the Merger Agreement;

(ii) on the first date that the sum of (A) the number of shares of Class A Common Stock into which the shares of Series D Preferred Stock then held of record and beneficially by the Initial Holder are convertible on such date and (B) the number of shares of Class A Common Stock, if any, theretofore received by the Initial Holder upon conversion of shares of Series D Preferred Stock, for which shares of Class A Common Stock the Initial Holder shall continue to be the record and beneficial owner as of the date of any determination under this clause (ii), shall cease to constitute 51% or more of the aggregate number of shares of Class A Common Stock into which the shares of Series D Preferred Stock issued to the Initial Holder on the Issuance Date were convertible into on such date (as such aggregate number may be adjusted from time to time as necessary to reflect appropriately any stock splits, subdivisions, combinations and similar changes to the Capital Stock of the Issuer);

(iii) the purported sale, assignment, transfer or other disposition of a share of Series D Preferred Stock or beneficial ownership thereof by the Initial Holder to any Person other than a Permitted Transferee; or

(iv) January 22, 2007;

unless such share of Series D Preferred Stock shall have earlier have been converted in accordance with Article 4 hereof or this Article 5. For purposes of this Section 5.1 and Section 13.2, the terms "beneficial owner" and "beneficially" shall be construed in accordance with Rule 13d-3 under the Exchange Act.

(b) Any such conversion pursuant to Section 5.1(a) shall be effected (i) in the case of the Conversion Trigger Event in clause (i) of Section 5.1(a), immediately prior to the effective time of the Merger; (ii) in the case of the Conversion Trigger Event in clause (ii) or (iv) thereof, on the date specified therein, and (iii) in the case of the Conversion Trigger Event in clause (iii) thereof, immediately prior to such sale, transfer or other disposition. Any conversion effected pursuant to clause (iii) of Section 5.1(a) shall apply only to such share or shares of Series D Preferred Stock as are so sold, transferred or otherwise disposed of. Any conversion pursuant to clause (ii) or (iii) of

Section 5.1(a) shall become effective notwithstanding any failure by the Initial Holder to notify the Issuer of any change in ownership pursuant to Section 13.2 hereof.

(c) For purposes of this Section 5.1, the "Initial Holder" shall be deemed to include any Permitted Transferee of the Initial Holder which is then a Holder of any shares of Series D Preferred Stock.

SECTION 5.2 (a) Upon notice from the Issuer, each Holder of Series D Preferred Stock converted in accordance with Section 5.1 hereof shall promptly surrender to the Issuer or the Transfer Agent certificates representing the shares so converted (if not previously delivered), duly endorsed in blank or accompanied by proper instruments of transfer.

(b) Upon any conversion of shares of Series D Preferred Stock in accordance with Section 5.1 hereof, all rights with respect to the shares of Series D Preferred Stock so converted, including the rights of a Holder, if any, to receive notices, will terminate, except the rights of Holders thereof to: (i) receive certificates for the number of shares of Class A Common Stock into which such shares of Series D Preferred Stock have been converted; (ii) the payment in cash or shares of Class A Common Stock of any declared and unpaid dividends and distributions accrued thereon to (but not including) the date of such conversion pursuant to Section 4.2 hereof; and (iii) exercise the rights to which they are entitled as Holders of Class A Common Stock.

ARTICLE 6 CHANGE OF CONTROL

SECTION 6.1 (a) Without limiting the rights of Holders of shares of Series D Preferred Stock pursuant to Article 4, in the event that a Change of Control Transaction shall occur, the Holders shall be entitled to be paid in full, to the extent of funds legally available therefor, an amount in cash per share of Series D Preferred Stock equal to the Liquidation Preference, plus any declared and unpaid dividends accrued thereon to (but not including) the Change in Control Date (as defined in Section 6.1(d)).

(b) If the Surviving Corporation, if any, resulting from any Change of Control Transaction shall be a Person other than the Issuer, the Surviving Corporation shall execute and deliver an agreement for the benefit of the Holders of the Series D Preferred Stock providing that each Holder of outstanding shares of Series D Preferred Stock immediately prior to the Change of Control Transaction shall thereafter have the right to demand payment from the Surviving Corporation of the amounts payable to such Holder pursuant to Section 6.1(a), with respect to such Holder's shares of Series D Preferred Stock.

(c) Immediately prior to the consummation of a Change in Control Transaction, all shares of Series D Preferred Stock shall cease to be outstanding, the Holders thereof shall cease to be stockholders with respect to such shares and all rights

with respect to such shares of Series D Preferred Stock, including the rights of a Holder, if any, to convert such shares and to receive notices, will terminate, except the rights of a Holder thereof to receive payment of the amount due to such Holder pursuant to Section 6.1(a) with respect to such Holder's shares of Series D Preferred Stock.

(d) Upon notice from the Issuer (or the Surviving Corporation, if applicable) of the occurrence of a Change in Control Transaction, which notice shall include the date on which the Change in Control Transaction occurred (the "Change of Control Date") and the amount per share of Series D Preferred Stock outstanding immediately prior to such Change in Control Transaction payable pursuant to Section 6.1(a), each Holder of Series D Preferred Stock shall promptly surrender to the Issuer or the Transfer Agent the certificates formerly representing such Series D Preferred Stock (if not previously delivered), duly endorsed in blank or accompanied by proper instruments of transfer, and the Issuer or the Surviving Corporation, as the case may be, shall pay to the surrendering Holder promptly after such surrender all amounts payable in respect of the shares of Series D Preferred Stock represented by such surrendered certificate.

ARTICLE 7 LIQUIDATION

SECTION 7.1 In the event of any Liquidation the Holders of shares of Series D Preferred Stock shall be entitled, before any distribution or payment is made on any date to the Holders of the Common Stock or any other stock of the Issuer ranking junior to the Series D Preferred Stock as to distribution of assets upon Liquidation, to be paid in full the greater of (i) an amount per share of Series D Preferred Stock equal to the Liquidation Preference, plus any declared and unpaid dividends thereon from the date fixed for payment of such dividends to the date fixed for Liquidation and (ii) an amount per share of Common Stock to which such Holders of shares of Series D Preferred Stock would have been entitled upon Liquidation if such Holders had converted such shares of Series D Preferred Stock into Class A Common Stock immediately prior to the date fixed for Liquidation. If such payment shall have been made in full to all Holders of shares of Series D Preferred Stock, then the Holders of shares of Series D Preferred Stock as such shall have no right or claim to any of the remaining assets of the Issuer.

SECTION 7.2 If the assets of the Issuer available for distribution to the Holders of shares of Series D Preferred Stock upon any Liquidation shall be insufficient to pay in full all amounts to which such Holders shall be entitled pursuant to Section 7.1, no such distribution shall be made on account of any shares of any other class or series of Preferred Stock ranking on a parity with the Series D Preferred Stock as to distribution of assets upon Liquidation unless proportionate distributive amounts shall be paid on account of all outstanding shares of Series D Preferred Stock, ratably in proportion to the full distributable amounts for which Holders of all such parity shares are respectively entitled upon such Liquidation.

ARTICLE 8 VOTING RIGHTS

SECTION 8.1 Except as otherwise provided by law and the articles of incorporation of the Issuer, the Holders of Series D Preferred Stock shall have no voting rights other than such voting rights as are expressly provided in Sections 8.2, 8.3 and 8.4.

SECTION 8.2 A Holder of Series D Preferred Stock shall be entitled to vote on any matter on which the Holders of Class A Common Stock are entitled to vote. With respect to any such matter, each Holder of Series D Preferred Stock shall be entitled to one vote for each whole share of Class A Common Stock that would be issuable to such Holder upon the conversion of all the shares of Series D Preferred Stock held by such Holder on the record date for the determination of stockholders entitled to vote and, subject to Sections 8.3 and 8.4, the Holders of Series D Preferred Stock shall vote together as a single class with the Holders of Class A Common Stock and any other class of Common Stock voting as a single class with the Class A Common Stock with respect to such matter in accordance with the Nevada Revised Statutes or the articles of incorporation of the Issuer.

SECTION 8.3 Subject to Section 8.4, the vote or consent of the Holders of at least a majority in aggregate Liquidation Preference of the shares of Series D Preferred Stock at the time outstanding, voting separately as a single class, given in person or by proxy, either in writing without a meeting or by vote at any meeting called for the purpose, shall be necessary for effecting or validating:

(a) the issuance of any shares of Series D Preferred Stock in excess of the number of shares of such stock authorized in this Certificate of Designations or a decrease in the number of authorized shares of Series D Preferred Stock below the number of shares of Series D Preferred Stock then outstanding; provided, however, that adjustments to the number of outstanding shares of Series D Preferred Stock may be made by the Issuer pursuant to, and in accordance with, Section 4.3 hereof without the vote or consent of the Holders of Series D Preferred Stock; and

(b) any amendment, alteration or repeal of any provision of the articles of incorporation, this Certificate of Designations or the by-laws of the Issuer (including any such alteration, amendment or repeal accomplished by merger, consolidation or otherwise) that would alter or change, or abolish, the voting powers, preferences or special rights of the Series D Preferred Stock in any manner adverse to the Holders thereof, including without limitation any change that is in any manner adverse to the par value, liquidation preference or dividend rights, place or currency of payment, enforcement rights or conversion rights; provided, however, that the vote or consent of the Holders of Series D Preferred Stock voting separately as a class shall not be necessary for effecting or validating (i) any amendment of the articles of incorporation so as to authorize or create, or to increase or decrease the authorized amount of, or to issue any shares of Capital Stock of the Issuer other than Series D Preferred Stock, (ii) any amendment or supplement to the Certificate of Designations permitted by Article 10

hereof or (iii) any consolidation of the Issuer with, or merger of the Issuer into, any other Person or any merger of another Person into the Issuer, provided that, (x) if the Issuer is the Surviving Corporation, the Series D Preferred Stock shall remain outstanding without any amendment to this Certificate of Designations that would adversely affect the preferences, rights or powers of the Series D Preferred Stock and (y) if the Issuer is not the Surviving Corporation, (1) the Surviving Corporation is a corporation organized and existing under the laws of the United States or any State thereof or the District of Columbia and (2) the shares of Series D Preferred Stock are converted into or exchanged for and become shares of preferred or preference stock of the Surviving Corporation, having the same powers, preferences and relative, participating, optional or other special rights and qualifications, limitations and restrictions as provided for the Series D Preferred Stock in this Certificate of Designations as in effect immediately prior to such transaction.

In all such cases contemplated by this Section 8.3, each share of Series D Preferred Stock shall be entitled to one vote.

SECTION 8.4 Notwithstanding anything to the contrary in this Certificate of Designations, the Holders of Series D Preferred Stock shall not be entitled to any vote, nor shall their consent be required, with respect to the Merger or any of the other transactions or actions provided for by the Transaction Agreements (as such term is defined in the Implementation Agreement), including any amendment to the Merger Agreement or any other Transaction Agreement.

ARTICLE 9 NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, INCORPORATORS AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of the Issuer or any of its Affiliates, as such, shall have any liability for any obligations of the Issuer and any of its Affiliates under the Series D Preferred Stock or the Certificate of Designations or for any claim based on, in respect of, or by reason of, such obligations or their creation, except as otherwise provided under the laws of the State of Nevada. Each Holder of the Series D Preferred Stock waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Series D Preferred Stock.

ARTICLE 10 AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 10.1 Without the consent of any Holder of the Series D Preferred Stock, the Issuer may amend or supplement this Certificate of Designations to cure any ambiguity, defect or inconsistency, to provide for uncertificated Series D Preferred Stock in addition to or in place of certificated Series D Preferred Stock, to provide for the assumption of the Issuer's obligations to Holders of the Series D Preferred Stock in the case of a merger or consolidation (subject to the requirements set forth in Section 8.3(b), if applicable), to make any change that would provide any additional rights or benefits to

the Holders of the Series D Preferred Stock or that does not adversely affect the legal rights under this Certificate of Designations of any such Holder.

SECTION 10.2 Except as otherwise provided herein (including, without limitation, Section 8.3 hereof, if applicable), the Issuer is entitled to amend its articles of incorporation to authorize one or more additional series of preferred stock, file certificates of designations, and issue without restriction, from time to time, any stock or other securities ranking junior to, senior to or on a parity with the Series D Preferred Stock as to distributions of assets upon Liquidation.

ARTICLE 11 CERTAIN DEFINITIONS

Set forth below are certain defined terms used in this Certificate of Designations.

SECTION 11.1 "AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling," "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise; provided, however, that beneficial ownership of 10% or more of the voting securities of a person shall be deemed to be control.

SECTION 11.2 "BUSINESS DAY" means any day other than a Legal Holiday.

SECTION 11.3 "CAPITAL STOCK" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock or partnership or membership interests, whether common or preferred.

SECTION 11.4 "CHANGE OF CONTROL" means

(a) any transaction or series of related transactions (including a tender offer, merger or consolidation) the result of which is that holders of outstanding voting Capital Stock of the Issuer immediately prior to such transaction or series of related transactions hold, directly or indirectly, Capital Stock of the surviving Person, in such transaction or series of related transactions (or any ultimate parent thereof) representing less than 50% of the voting power in the election of members of the board of directors (or comparable governing body) of all outstanding Capital Stock of such surviving Person (or such ultimate parent) immediately after such transaction or series of related transactions; or

(b) the sale, lease or transfer of all or substantially all of the Issuer's assets to any "person" or "group", within the meaning of Section 13(d)(3) and 14(d)(2) of the Exchange Act, or any successor provision to either of the foregoing, including any group acting for the purpose of acquiring, holding or disposing of securities within the

meaning of Rule 13d-5(b)(1) under the Exchange Act, other than any Subsidiary or Subsidiaries of the Company.

SECTION 11.5 "CHANGE OF CONTROL TRANSACTION" means any merger, consolidation, tender offer, statutory share exchange or sale, lease or transfer of all or substantially all of the Issuer's assets or similar transaction or group of related transactions, in each case to which the Issuer is a party (or, in the case of a tender offer, in which Capital Stock of the Issuer is the subject security), the consummation of which results in a Change of Control; provided that (a) neither the Merger nor any of the transactions provided for by the Merger Agreement or the other Transaction Agreements (as such term is defined in the Implementation Agreement), shall constitute a Change of Control Transaction; and (b) the consummation of the transactions contemplated by the PanAmSat Stock Purchase Agreement, including any issuance of shares of Class A Common Stock in connection therewith, shall not constitute a Change of Control Transaction.

SECTION 11.6 "CLASS A COMMON STOCK" means the Issuer's authorized $.01 par value Class A common stock.

SECTION 11.7 "CLASS B COMMON STOCK" means the Issuer's authorized $.01 par value Class B common stock.

SECTION 11.8 "COMMON STOCK" means the Class A Common Stock and the Class B Common Stock as constituted on the date of filing of this Certificate of Designations, and shall also include any Capital Stock of any class of the Issuer thereafter authorized that shall not be limited to a fixed sum in respect of the rights of the Holders thereof to participate in dividends or in the distribution of assets upon the Liquidation of the Issuer.

SECTION 11.9 The "CONVERSION DATE" shall be the date the Issuer or the Transfer Agent receives the Conversion Notice.

SECTION 11.10 "CONVERSION NOTICE" is written notice from the Holder to the Issuer stating that the Holder elects to convert all or a portion of the shares of Series D Preferred Stock represented by certificates delivered to the Issuer or the Transfer Agent contemporaneously. The Conversion Notice will specify or include:

(i) The number of shares of Series D Preferred Stock being converted by the Holder,

(ii) The name or names (with address and taxpayer identification number) in which a certificate or certificates for shares of Class A Common Stock are to be issued,

(iii) A written instrument or instruments of transfer in form reasonably satisfactory to the Issuer or the Transfer Agent duly executed by the Holder or its duly authorized legal representative, and

(iv) Transfer tax stamps or funds therefor, if required pursuant to Section 4.5.

SECTION 11.11 "DAILY MARKET PRICE" means the price of a share of Class A Common Stock on the relevant date, determined (a) on the basis of the last reported sale price regular way of the Class A Common Stock as reported on the Nasdaq National Market (the "NNM"), or if the Class A Common Stock is not then listed on the NNM, as reported on such national securities exchange upon which the Class A Common Stock is listed, or (b) if there is no such reported sale on the day in question, on the basis of the average of the closing bid and asked quotations regular way as so reported, or (c) if the Class A Common Stock is not listed on the NNM or on any national securities exchange, on the basis of the average of the high bid and low asked quotations regular way on the day in question in the over-the-counter market as reported by the National Association of Securities Dealers Automated Quotation System, or if not so quoted, as reported by National Quotation Bureau, Incorporated, or a similar organization.

SECTION 11.12 "EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

SECTION 11.13 "HOLDER" means a Person in whose name a share or shares of Capital Stock are registered.

SECTION 11.14 "HSR ACT" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder.

SECTION 11.15 "HUGHES" means Hughes Electronics Corporation, a Delaware corporation.

SECTION 11.16 "IMPLEMENTATION AGREEMENT" means the Implementation Agreement, dated as of October 28, 2001, among the Issuer, General Motors and Hughes, as it may be amended from time to time.

SECTION 11.17 "INITIAL HOLDER" means the Investor or any direct or indirect, wholly-owned Subsidiary of the Investor designated by the Investor to purchase the Series D Preferred Stock pursuant to Section 7.01(a) of the Investment Agreement.

SECTION 11.18 "INVESTMENT AGREEMENT" means the Investment Agreement, dated December 14, 2001, between the Issuer and the Investor named therein (the "Investor"), as it may be amended from time to time.

SECTION 11.19 "ISSUANCE DATE" means the date on which the Series D Preferred Stock is originally issued under this Certificate of Designations.

SECTION 11.20 "ISSUER" means EchoStar Communications Corporation, a Nevada corporation.

SECTION 11.21 "LEGAL HOLIDAY" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place payment is to be received are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

SECTION 11.22 "LIQUIDATION" means any liquidation, dissolution or winding-up of the affairs of the Issuer, whether voluntary or involuntary; provided that for purposes of Article 7, a consolidation or merger of, or share exchange by, the Issuer with any other Person shall not constitute a Liquidation.

SECTION 11.23 "LIQUIDATION PREFERENCE" means $260.395 per share of Series D Preferred Stock.

SECTION 11.24 "MERGER" means the merger provided for in Article 1 of the Merger Agreement.

SECTION 11.25 "MERGER AGREEMENT" means the Agreement and Plan of Merger, dated as of October 28, 2001, by and between the Issuer and Hughes, as it may be amended from time to time.

SECTION 11.26 "PANAMSAT STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement, dated as of October 28, 2001, among the Issuer, Hughes, Hughes Communications Galaxy, Inc., Hughes Communications Satellite Services, Inc. and Hughes Communications, Inc., as it may be amended from time to time.

SECTION 11.27 "PERMITTED TRANSFEREE" means the Investor or any direct or indirect, wholly-owned Subsidiary of the Investor, as the case may be.

SECTION 11.28 "PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock issuer, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

SECTION 11.29 "SEC" means the Securities and Exchange Commission.

SECTION 11.30 "SECURITIES ACT" means the Securities Act of 1933, as amended.

SECTION 11.31 "SERIES D PREFERRED STOCK" means the Series D Preferred Stock authorized in this Certificate of Designations.

SECTION 11.32 "SUBSIDIARY" means, with respect to any person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of such person or a combination thereof.

SECTION 11.33 "SURVIVING CORPORATION" means, in the case of any merger or consolidation to which the Issuer is a party, the Person surviving such merger or resulting from such consolidation, as the case may be.

SECTION 11.34 The "TRANSFER AGENT" shall be as established pursuant to Article 12 hereof.

ARTICLE 12 TRANSFER AGENT AND REGISTRAR

The Issuer may, but shall not be required to, appoint a transfer agent and registrar for the Series D Preferred Stock and shall give notice to the holders of any such appointment. The Issuer may, in its sole discretion, remove the Transfer Agent in accordance with the agreement between the Issuer and the Transfer Agent; provided that the Issuer shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal.

ARTICLE 13 OTHER PROVISIONS

SECTION 13.1 With respect to any notice to a Holder of shares of Series D Preferred Stock required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

SECTION 13.2 With respect to any purported sale, assignment, transfer or other disposition of any shares of Series D Preferred Stock or beneficial ownership thereof (including any sales, assignments, transfers or dispositions to a Permitted Transferee), the Holder thereof shall provide at least three (3) Business Days' written notice to the Secretary of the Issuer of the intended date of such sale, assignment, transfer or disposition of the Series D Preferred Stock and the identity of such purported transferee or transferees.

SECTION 13.3 All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service

and shall be deemed given when so delivered by hand or facsimile, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

(a) if to the Issuer:

5701 South Santa Fe Drive
Littleton, Colorado 80120
Attention: David K. Moskowitz, Senior Vice President,
General Counsel and Secretary
Telecopy No.: (303) 723-1699

(b) if to a Holder: at the address of such Holder as the same appears on the stock ledger of the Issuer, provided that each such Holder may designate in writing another address for notices or other communications required or permitted to be given hereunder.

SECTION 13.4 Shares of Series D Preferred Stock issued and reacquired by the Issuer will be retired and canceled promptly after reacquisition thereof and, upon compliance with the applicable requirements of Nevada law, have the status of authorized but unissued shares of preferred stock of the Issuer undesignated as to series and may with any and all other authorized but unissued shares of preferred stock of the Issuer be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Issuer.

SECTION 13.5 No fractional shares of Class A Common Stock or securities representing fractional shares of Class A Common Stock will be issued upon conversion or as dividends payable on the Series D Preferred Stock. Any fractional interest in a share of Class A Common Stock resulting from conversion or dividend payment will be paid in cash based on the last reported sale price of the Class A Common Stock on the Nasdaq National Market (or any national securities exchange or authorized quotation system on which the Class A Common Stock is then listed) at the close of business on the trading day next preceding the date of conversion or dividend payment date, as the case may be, or on the trading day next preceding such later time as the Issuer is legally and contractually able to pay for such fractional shares. For purposes of determining whether a Person would receive a fractional share of Class A Common Stock upon conversion or as dividends payable on the Series D Preferred Stock, all shares of Class A Common Stock that such Holder of shares of Series D Preferred Stock would otherwise be entitled to receive as a result of such conversion or dividends shall be aggregated.

SECTION 13.6 No Holder of shares of Series D Preferred Stock shall be entitled to the rights set forth in Section 92A.300 et. seq. of the Nevada Revised Statutes. Without limiting the generality of the foregoing, no Holder of shares of Series D Preferred Stock shall have any rights to dissent from, or obtain payment of the fair value of such Holder's shares of Series D Preferred Stock in the event of, any of the corporate

actions set forth in Section 92A.380 of the Nevada Revised Statutes, including, without limitation, the consummation of a plan of merger with respect to which the approval of the Holders of any Capital Stock of the Issuer is required. Each Holder of shares of Series D Preferred Stock shall have no right to (i) receive notice pursuant to Section 92A.410 of the Nevada Revised Statutes from the Issuer or (ii) deliver to the Issuer notice of intent to demand payment for such Holder's shares of Series D Preferred Stock pursuant to Section 92A.420 of the Nevada Revised Statutes.

SECTION 13.7 All notice periods referred to herein shall commence on the date of the mailing of the applicable notice.

IN WITNESS WHEREOF, EchoStar Communications Corporation has caused this Certificate of Designations to be signed by David K. Moskowitz, its Senior Vice President, General Counsel and Secretary, this ___ day of January, 2002.

ECHOSTAR COMMUNICATIONS
CORPORATION

David K. Moskowitz
Senior Vice President, General Counsel and
Secretary

EXHIBIT 10.33

MODIFICATION NO. 8

TO THE SATELLITE CONTRACT

(ECHOSTAR VII - 119 (DEGREE) WEST LONGITUDE)

BETWEEN

LOCKHEED MARTIN CORPORATION

AND

ECHOSTAR ORBITAL CORPORATION

DATED JANUARY 27, 2000

This Modification is effective the 12th day of October 2001.

WITNESS THAT:

WHEREAS, EchoStar Orbital Corporation ("Buyer") and Lockheed Martin Corporation

("Contractor"), mutually agree to modify the subject Contract to:

o Modify EXHIBIT B THE ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. D. This modification incorporates mutually agreed upon changes as identified in the attached Change Control Board (CCB) Item No. 367, dated June 26, 2001.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, Buyer and Contractor agree to modify the Contract as follows:

1. EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921

a. Delete EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. D in its entirety and replace with EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. E.

IN WITNESS WHEREOF, the parties hereto have executed this Contract Amendment.

ECHOSTAR ORBITAL CORPORATION

By: ----------
David K. Moskowitz
Senior Vice President and
General Counsel

LOCKHEED MARTIN CORPORATION

By: ----------
Sandra McMahan
Contracts Manager

EchoStar Communications Corporation hereby guarantees all of the obligations and duties of EchoStar Orbital Corporation under the Contract to which this guarantee is attached.

ECHOSTAR COMMUNICATIONS CORPORATION

By: ----------
David K. Moskowitz
Senior Vice President and
General Counsel

MODIFICATION NO. 9

TO THE SATELLITE CONTRACT

(ECHOSTAR VII - 119 (DEGREE) WEST LONGITUDE)

BETWEEN

LOCKHEED MARTIN CORPORATION

AND

ECHOSTAR ORBITAL CORPORATION

DATED JANUARY 27, 2000

This Modification is effective the 16th day of October 2001.

WITNESS THAT:

WHEREAS, EchoStar Orbital Corporation ("Buyer") and Lockheed Martin Corporation

("Contractor"), mutually agree to modify the subject Contract to:

o Modify EXHIBIT B THE ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. E. This modification incorporates mutually agreed upon changes as identified in the attached Change Control Board (CCB) Item No. 378, dated October 16, 2001.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, Buyer and Contractor agree to modify the Contract as follows:

1. EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921

a. Delete EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. E in its entirety and replace with EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. F.

IN WITNESS WHEREOF, the parties hereto have executed this Contract Amendment.

ECHOSTAR ORBITAL CORPORATION	LOCKHEED MARTIN CORPORATION
By:	By:
----------	----------
David K. Moskowitz	Sandra McMahan
Senior Vice President and General Counsel	Contracts Manager

EchoStar Communications Corporation hereby guarantees all of the obligations and duties of EchoStar Orbital Corporation under the Contract to which this guarantee is attached.

ECHOSTAR COMMUNICATIONS CORPORATION

By:

David K. Moskowitz
Senior Vice President and General Counsel

EXHIBIT 10.35

CONTRACT AMENDMENT NO. 1

TO

THE ECHOSTAR VIII CONTRACT

CONTRACT NO. TP99022

BETWEEN

ECHOSTAR ORBITAL CORPORATION

AND

SPACE SYSTEMS/LORAL, INC.

THIS CONTRACT AMENDMENT NO. 1 (the "Amendment") is entered into effective as of the 19th day of October 2001, between ECHOSTAR ORBITAL CORPORATION (the "Purchaser") and SPACE SYSTEMS/LORAL, INC. (the "Contractor").

WHEREAS, Contractor and Purchaser are parties to Contract No. TP99022 (the "Contract") entered into as of February 4, 2000 and amended and restated as of February 1, 2001,

WHEREAS, Contractor and Purchaser desire to amend the Contract to recognize Purchaser's exercise of an option TO[CONFIDENTIAL INFORMATION OMITTED],

WHEREAS, Contractor and Purchaser desire to amend Attachment A to the Contract;

NOW, THEREFORE, in consideration of the mutual covenants and conditions in this Amendment and in the Contract and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

A: Description of Changes:

1. The Table of Contents is changed as follows:

FROM:

"ARTICLE 4 - PRICE.....11"

TO:

"ARTICLE 4 - PRICE (AMENDMENT 1).....11"

2. Article 4 - Price

FROM: "4.1 [CONFIDENTIAL INFORMATION OMITTED]

TO: "4.1 [CONFIDENTIAL INFORMATION OMITTED]

3. Change Article 42 - Attachments to reflect update of Payment Plan as follows:

FROM: "ATTACHMENT A: Payment Plan"

TO: "ATTACHMENT A: Payment Plan (Amendment 1)"

REMOVE: Current Milestone Payment Plan

REPLACE WITH: Revised Milestone Payment Plan

B. CHANGE PAGES

Remove the pages of the Amended and Restated Contract and Replace with those of this Amendment 1 as identified in Appendix 1:

Defined Terms: All capitalized terms in this Amendment, not otherwise defined herein, shall have the same meaning as ascribed to them in the Contract.

Ratification and Affirmation: The Contract, as modified by the express terms of this Amendment, is hereby ratified and affirmed by Purchaser and Contractor, and shall remain in full force and effect.

Counterparts: This Amendment may be executed in one or more counterparts, all of which taken together shall constitute the Amendment.

IN WITNESS WHEREOF, the parties have executed this Amendment effective as of the date first written above:

CONTRACTOR:	PURCHASER:
SPACE SYSTEMS/LORAL, INC.	ECHOSTAR ORBITAL CORPORATION
By: ----------	By: ----------
Name: ----------	Name: ----------
Title: ----------	Title: ----------

APPENDIX 1

Remove the pages in the Amended and Restated Contract and substitute them with the replacement pages of Amendment 1:

FROM AMENDED AND RESTATED CONTRACT REMOVE	FROM AMENDMENT 1 REPLACE
Page 1	Page 1
Page 11	Page 11
Page 98	Page 98
Attachment A	Attachment A

EXHIBIT 10.36

MODIFICATION NO. 10

TO THE SATELLITE CONTRACT

(ECHOSTAR VII - 119 (DEGREE) WEST LONGITUDE)

BETWEEN

LOCKHEED MARTIN CORPORATION

AND

ECHOSTAR ORBITAL CORPORATION

DATED JANUARY 27, 2000

This Modification is effective the 12th day of December 2001.

WITNESS THAT:

WHEREAS, EchoStar Orbital Corporation ("Buyer") and Lockheed Martin Corporation

("Contractor"), mutually agree to modify the subject Contract to:

o Modify EXHIBIT B THE ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. F. This modification incorporates mutually agreed upon changes as identified in the attached Change Control Board (CCB) Item No. 385, dated November 5, 2001.

NOW THEREFORE, in consideration of the mutual covenants and conditions contained herein, Buyer and Contractor agree to modify the Contract as follows:

1. EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921,

Delete EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATIONDOC#8575921 REV. F in its entirety and replace with EXHIBIT B ECHOSTAR VII SPACECRAFT PERFORMANCE SPECIFICATION DOC#8575921 REV. G.

IN WITNESS WHEREOF, the parties hereto have executed this Contract Amendment.

ECHOSTAR ORBITAL CORPORATION

By:

David K. Moskowitz
Senior Vice President and General Counsel

LOCKHEED MARTIN CORPORATION

By:

Sandra McMahan
Contracts Manager

EchoStar Communications Corporation hereby guarantees all of the obligations and duties of EchoStar Orbital Corporation under the Contract to which this guarantee is attached.

ECHOSTAR COMMUNICATIONS CORPORATION

By:

David K. Moskowitz
Senior Vice President and General Counsel

EXHIBIT 21

ECHOSTAR COMMUNICATIONS CORPORATIONS AND SUBSIDIARIES
LIST OF SUBSIDIARIES
As of December 31, 2001

State or Country of Incorporation	% of Ownership	Name Doing Business As
Colorado	100%	Dish Entertainment Corporation
Colorado	100%	Dish Entertainment Dish Network Credit Corporation
Colorado	100%	DNCC EchoStar Broadband Corporation
Colorado	100%	EchoStar Broadband
Colorado	100%	EchoStar Orbital Corporation
Colorado	100%	(1) EchoStar Orbital
Colorado	100%	EchoStar DBS Corporation
Colorado	100%	(1) EchoStar DBS EchoStar Engineering Corporation
Colorado	100%	EchoStar Engineering
Colorado	100%	EchoStar KuX Corporation
Colorado	100%	KuX EchoStar 110 Corporation
Colorado	100%	(2) EchoStar 110 EchoStar PAC Corporation
Colorado	100%	EchoStar PAC
Colorado	100%	EchoStar Real Estate Corporation II Colorado
Colorado	100%	EREC II
Colorado	100%	EchoStar Real Estate Corporation III Colorado
Colorado	100%	EREC III
New Jersey	100%	Kelly Broadcasting, Inc.
Colorado	50%	KBS OpenStar Corporation

OpenStar
EchoStar
VisionStar
Corporation
Colorado 100%
EchoStar
VisionStar
Echo
Acceptance
Corporation
Colorado 100%
(2) EAC Dish
Network
Service
Corporation
Colorado 100%
(2) DNSC
f/k/a Dish
Installation
Network
Corporation
Echosphere
Corporation
Colorado 100%
(2)
Echosphere
EchoStar
International
Corporation
Colorado 100%
(2) EchoStar
International
or EIC
EchoStar
North America
Corporation
Colorado 100%
(2) EchoStar
North America
f/k/a
EchoStar
Licensee
Corporation
EchoStar Real
Estate
Corporation
Colorado 100%
(2) EREC
EchoStar
Satellite
Corporation
Colorado 100%
(2) ESC
EchoStar
Technologies
Corporation
Texas 100%
(2) EchoStar
Technologies
or f/k/a
Houston
Tracker
Systems, Inc.
ETC EchoStar
Data Networks
Corporation
Colorado 100%
EchoStar Data
Networks or
f/k/a Media4,
Inc. EDN
NagraStar LLC
Colorado 50%
NagraStar
Satellite
Communications
Operating
Corporation
Colorado 100%
SCOC
Transponder
Encryption

Services Corporation Colorado 100%
TESC EchoStar Space Corporation Colorado 100%
(2) Space EchoBand Colorado 100%
EchoBand EchoStar UK Holdings Foreign 100%
UK Holdings Eldon Technology Limited Foreign 100%
Eldon EIC Spain, Inc. Foreign 100%
EIC Spain

(1) This is a subsidiary of EchoStar Broadband Corporation.

(2) This is a subsidiary of EchoStar DBS Corporation.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation by reference of our report included in this Annual Report on Form 10-K, into the Company's previously filed Registration Statements, File Nos. 333-68618, 333-88755, 333-37683, 333-66490, 333-59148, 333-31890, 333-95099, 333-74779, 333-51259, 333-48895, 333-36791, 333-36749, 333-22971, 333-11597 and 333-05575.

ARTHUR ANDERSEN LLP

Denver, Colorado,
February 27, 2002

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

We consent to the use of our report dated February 7, 2002, in the Form 10-K of EchoStar Communications Corporation for the year ended December 31, 2001, with respect to the financial statements of StarBand Communications Inc., for the year ended December 31, 2001 (not presented separately therein), and to the incorporation by reference of such report in the following previously filed registration statements of EchoStar Communication Corporation:

Form S-3 and Form S-3A Nos. 333-68618, Form S-3 and Form S-3A No. 333-88755, Form S-3 and Form S-3A No. 333-37683, Form S-8 No. 333-66490, Form S-8 No. 333-59148, Form S-8 No. 333-31890, Form S-8 No. 333-95099, Form S-8 No. 333-74779, Form S-8 No. 333-51259, Form S-8 No. 333-48895, Form S-8 No. 333-36791, Form S-8 No. 333-36749, Form S-8 No. 333-22971, Form S-8 No. 333-11597 and Form S-8 No. 333-05575.

ERNST & YOUNG LLP

McLean, Virginia
February 25, 2002

EXHIBIT 24.1

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints David K. Moskowitz as the true and lawful attorney-in-fact and agent of the undersigned, with full power of substitution and resubstitution, for and in the name, place and stead of the undersigned, in any and all capacities, to sign the Annual Report on Form 10-K of EchoStar Communications Corporation, a Nevada corporation formed in April 1995, for the year ended December 31, 2001, and any and all amendments thereto and to file the same, with all exhibits thereto and other documents in connection therewith, with the United States Securities and Exchange Commission, and hereby grants to said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully as to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this Power Attorney has been signed by the following persons in the capacities and on the date indicated.

Signature	Title	Date
/s/ Peter A. Dea	Director	February 28, 2002
Peter A. Dea /s/ O. Nolan Daines	Director	February 28, 2002
O. Nolan Daines /s/ Cantey Ergen	Director	February 28, 2002
Cantey Ergen /s/ Raymond L. Frielob	Director	February 28, 2002
Raymond L.		

Friedlob /s/ Jean-Marie Messier
Director
February 28, 2002
- --
Jean-Marie Messier