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, 2002

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 (State or other jurisdiction of incorporation or organization)	**88-0336997** (I.R.S Employer Identification No.)
5701 S. Santa Fe Drive **Littleton, Colorado** (Address of principal executive offices)	**80120** (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 Act: Class A Common Stock, $0.01 par value

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. [ ]

As of February 26, 2003, the aggregate market value of Class A Common Stock held by non-affiliates* of the Registrant approximated $6 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 26, 2003, the Registrant's outstanding Common stock consisted of 242,630,606 shares of Class A Common Stock and 238,435,208 shares of Class B Common Stock, each $0.01 par value.

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act). Yes [X] No [ ]

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, 2003 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 the following:

- we are highly leveraged and subject to numerous constraints on our ability to raise additional debt;
- 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;
- satellite programming signals have been pirated and could be pirated in the future which could cause us to lose subscribers and revenue, or result in higher costs to us;
- programming costs may increase beyond our current expectations;
- weakness in the global or U.S. economy may harm our business generally, and adverse local political or economic developments may occur in some of our markets;
- 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;
- the regulations governing our industry may change;
- our satellite launches may be delayed or fail, or our satellites may fail prematurely in orbit;
- 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 may be unable to obtain needed retransmission consents, FCC authorizations or export licenses;
- we are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business;
- we may be unable to obtain patent licenses from holders of intellectual property or redesign our products to avoid patent infringement;
- sales of digital equipment and related services to international direct-to-home service providers may decrease;
- future acquisitions, business combinations, strategic partnerships and divestitures may involve additional uncertainties;
- the September 11, 2001 terrorist attacks, the possibility of war or hostilities relating to Iraq, North Korea and other countries, 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.

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.

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PART I

Item 1. BUSINESS

OVERVIEW

Our Business

Echostar Communications Corporation, through its DISH Network, is a leading provider of satellite delivered digital television entertainment services to customers across the United States. DISH Network provides advanced digital satellite television services, including hundreds of video, audio and data channels, interactive television channels, personal video recording, high definition television, international programming, professional installation and 24-hour customer service.

We started offering subscription television services on the DISH Network in March 1996. As of December 31, 2002, the DISH Network had approximately 8.18 million subscribers. We now have eight direct broadcast satellites in operation that enable us to offer over 500 video and audio channels to consumers across the 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, 2002, there were over 19 million subscribers to direct broadcast satellite and other direct-to-home satellite services in the United States. We believe that there are more than 89 million total pay television subscribers in the United States, and there continues to be significant unsatisfied demand for high quality, reasonably priced television programming services.

DISH Network and EchoStar Technologies Corporation

We conduct substantially all of our operations through our subsidiaries and operate two principal business units:

- *The DISH Network* — which provides a direct broadcast satellite subscription television service we refer to as “DBS” in the United States: and

- *EchoStar Technologies Corporation* — which designs and develops DBS set-top boxes, antennae and other digital equipment for the DISH Network. We refer to this equipment collectively as “EchoStar receiver systems.” EchoStar Technologies Corporation also designs, develops and distributes similar equipment for international satellite service providers.

Other Information

Our common stock is publicly traded on the Nasdaq National Market under the symbol “DISH”. Our principal executive offices are located at 5701 South Santa Fe Drive, Littleton, Colorado 80120 and our telephone number is (303) 723-1000. Our filings with the Securities and Exchange Commission are accessible free of charge at our website www.echostar.com.

Recent Developments

Redemption of the 9 1/4% Seven Year Notes. Effective February 1, 2003, EDBS redeemed all of its outstanding 9 1/4 % Senior Notes due 2006. In accordance with the terms of the indenture governing the notes, the $375 million principal amount of the notes was repurchased at 104.625 percent, for a total of approximately $392 million. The premium paid of approximately $17 million, along with unamortized debt issuance costs of approximately $3 million, have been recorded as charges to earnings as of February 1, 2003.

Termination of the Proposed Merger with Hughes. On December 9, 2002 we reached a termination, settlement and release agreement with General Motors and Hughes Electronic Corporation to terminate our proposed merger with Hughes. For more information please see Note 1 in Notes to the Consolidated Financial Statements. Under the terms of the settlement, Hughes retained its 81% ownership interest in PanAmSat, which we were previously obligated to purchase at a price of $22.47 per share, or approximately $2.7 billion. We also paid a $600 million merger termination fee to Hughes.

Vivendi Universal. Effective December 23, 2002 we repurchased all of our outstanding Series D Convertible Preferred Stock from Vivendi Universal. For more information please see Note 1 in Notes to the Consolidated Financial Statements.

DISH NETWORK

Programming

Programming Packages. 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 $24.99 per month. We estimate cable operators charge over $35 per month, on average, for their entry-level expanded basic service that typically consists of approximately 55 analog channels, including local channels. We believe that our “America’s Top 100” CD programming package, which we currently sell for $33.99 per month, also compares favorably to similar cable television programming. We believe that our “America’s Top 100” CD programming 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 $45 per month for a similar package, including local channels.

In addition to the above mentioned programming packages, we also offer our “America’s Top 150” programming package for $42.99 per month and our “America’s Everything Pak”, which combines our “America’s Top 150” programming package and all four premium movie packages, which are discussed below, for $74.99 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 59 of the largest markets in the continental United States. Cable operators generally include local channels in their programming packages at no additional charge. The use of spot-beam technology on EchoStar VII and EchoStar VIII gives us the ability 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.

Premium Movie Packages. We currently offer four premium movie packages which include up to 10 movie channels per package. Currently consumers can subscribe to a single premium movie package including 10 movie channels for only $11.99 per month. We believe we currently offer more premium movie channels than cable typically offers at a comparable price.

International Programming. Currently, we offer more than 50 foreign-language channels including Spanish, Arabic, French, Hindi, Russian, Chinese, 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 $21.99 per month, is one of the most attractive Spanish-language packages 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 $41.99 per month. We believe we deliver some of the most popular foreign-language programming to customers in the United States at superior values. 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.

Sales, Marketing and Distribution

Sales and Marketing. Independent distributors, retailers and consumer electronics stores currently sell EchoStar receiver systems and solicit orders for DISH Network programming services. While we also sell receiver systems and programming directly, independent retailers are responsible for most of our sales. These independent retailers are primarily local retailers who specialize in TV and home entertainment systems. We also sell EchoStar receiver systems through nationwide retailers such as Costco, Sears and Wal-Mart, and certain regional consumer electronic chains. In addition, in 2002, RadioShack Corporation began selling EchoStar receiver systems and DISH Network programming services through its more than 5,000 stores and dealers/franchises nationwide.

We currently have an agreement with JVC to distribute our receiver systems under its label through certain of its nationwide retailers, and an agreement with Thomson multimedia, Inc. to distribute our receiver systems under the RCA label through certain of its nationwide retailers.

We offer our distributors and retailers what we believe is a competitive incentive program. The program offers qualified distributors and retailers the opportunity to receive, among other things, commissions upon new subscriber activations and monthly residual incentives dependent, among other things, on continued consumer subscription to qualified 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 retailers 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, among other factors, our ability to acquire and retain DISH Network subscribers. 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 a large potential subscriber base and rapidly increasing our 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 and certain other equipment to us. While we do not recover all of the equipment upon termination of service, receivers and certain other equipment that are recovered after deactivation are reconditioned and re-deployed at a much lower cost than new equipment.

We base our marketing promotions, among other things, on current competitive conditions. Generally, under most promotions, we subsidize the cost and installation of EchoStar receiver systems or DISH Network programming in order to attract new DISH Network subscribers. In some cases, if competition increases, or we determine for any other reason that it is necessary to increase our subscriber acquisition costs to attract new customers, our profitability and costs of operation could be adversely affected.

Interactive Services. We are continuing to expand our offerings to include interactive services. 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 90 hours of programming, and expect to increase storage capacity on future models to over 250 hours. We also are offering set-top boxes that can provide a wide variety of innovative interactive television services and applications.

Broadband Services. During 2002, we formed an agreement with EarthLink, one of the nation’s largest Internet service providers, to combine DISH Network satellite television service with EarthLink’s DSL Internet access capabilities and offer bundled service packages to consumers. We began offering these services in 2003. In addition, during 2002, SBC Communications Inc. began offering a bundled discount to new subscribers who subscribe to both SBC's DSL package and our qualified programming packages.

Satellites

Overview of Our Satellites. We presently have eight direct broadcast satellites in geostationary orbit approximately 22,300 miles above the equator. Our satellites are located in orbital positions, or slots, that are designated by their western longitude. An orbital position describes both a physical location and an assignment of spectrum in the applicable frequency band. The FCC has divided each DBS orbital position into 32 direct broadcast satellite 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 direct broadcast satellite 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;

- 11 additional as yet unassigned frequencies in the "western arc," which refers to orbital locations between 148 degrees and 175 degrees. 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. Each of EchoStar VI, EchoStar VII and EchoStar VIII has 32 transponders that operate at approximately 120 watts per channel, switchable to 16 transponders operating at approximately 240 watts per channel. EchoStar VII and EchoStar VIII also include spot-beam technology. The use of spot-beams on EchoStar VII and EchoStar VIII enables us to increase the number of markets where we provide local channels, but reduces the number of video channels that could otherwise be offered across the entire 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.

Our primary orbital slots are the 110 and 119 degree orbital locations. We currently broadcast the majority of our programming from these locations. The majority of our customers have satellite receiver systems that are equipped to receive signals from both of these locations.

EchoStar VII commenced operation at the 119 degree orbital location during April 2002. EchoStar VIII commenced operation at the 110 degree orbital location during October 2002.

Satellite Anomalies. 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 five transponders pairs that malfunctioned in prior years, these anomalies have resulted in the failure of a total of 12 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.

As a result of the failure of EchoStar IV solar arrays to fully deploy and the failure of 38 transponders to date, a maximum of 6 of the 44 transponders (including spares) on EchoStar IV are available for use at this time. In addition to transponder and solar array failures, EchoStar IV experienced anomalies affecting its thermal systems and propulsion system. Consequently, the estimated total remaining useful life of EchoStar IV is two to three 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. Currently no programming is being transmitted to customers on EchoStar IV, and the satellite functions as an in-orbit spare.

During 2000 and 2001, EchoStar V experienced anomalies resulting in the loss of two solar array strings, and during August 2002, EchoStar V experienced anomalies resulting in the loss of an additional 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 estimated 12-year design life of the satellite. In addition, during January 2003, EchoStar V experienced an anomaly in a spacecraft electronic component which affects the ability to receive telemetry from certain on-board equipment. Other methods of communication have been established to alleviate the effects of the failed component. An investigation of the solar array and electronic component anomalies, none of which have impacted commercial operation of the satellite, 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.

During 2001, EchoStar VI experienced anomalies resulting in the loss of two solar array strings, and during July 2002, EchoStar VI experienced anomalies resulting in the loss of an additional solar array string. The satellite has a total of approximately 112 solar array strings and approximately 106 are required to assure full power availability for the estimated 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite, 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.

During September and October 2002, two of the thrusters on EchoStar VIII experienced anomalous events and are not currently in use. The satellite is equipped with a total of 12 thrusters that help control spacecraft location, attitude, and pointing and is currently operating using a combination of the other 10 thrusters. This workaround requires more frequent maneuvers to maintain the satellite at its specified orbital location, which are less efficient and therefore result in accelerated fuel use. In addition, the workaround will require certain gyroscopes to be utilized for aggregate periods of time in excess of their originally qualified limits. However, neither of these workarounds are expected to significantly reduce the estimated 12-year design life of the satellite. An investigation of the thruster anomalies including the development of additional workarounds for long term operations is continuing. None of these events has impacted commercial operation of the satellite to date. Until the root cause of these anomalies has been finally determined, there can be no assurance future anomalies will not cause further losses which could impact commercial operation of the satellite.

Certain Risks to Our Satellites. Meteoroid events pose a potential threat to all in orbit geosynchronous satellites including EchoStar's DBS satellites. While the probability that our 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 direct broadcast 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 direct broadcast satellites. The locations of these hazards are generally well known and may require EchoStar to perform maneuvers to avoid collisions.

Satellites under Construction. EchoStar IX, which is expected to operate at the 121 degree orbital location, is being manufactured by Space Systems/Loral. 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 and other services. The Ka-band portion will be used to test and verify potential future broadband initiatives and to initiate those services. Echo IX is expected to be put in service prior to December 2003.

Satellite Insurance. The launch and/or in-orbit insurance policies for EchoStar I through EchoStar VIII have expired. 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' senior notes, we have reclassified an amount equal to the depreciated cost of four of our satellites from cash and cash equivalents to cash reserved for satellite insurance on our balance sheet. As of December 31, 2002, cash reserved for satellite insurance totaled approximately $151 million. The reclassifications will continue until such time, if ever, as we can again insure our satellites on acceptable terms and for acceptable amounts, or until the covenants requiring the insurance are no longer applicable. 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.

In September 1998, we filed a $219.3 million insurance claim for a total loss under the launch insurance policies covering EchoStar IV. The 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. We are currently in arbitration with the insurers regarding this claim. See "Item 3 – Legal Proceedings."

Components of a DBS System

Overview. 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 optic networks or microwave transmissions. We monitor those signals for quality, and can add promotional messages, public service programming, advertising, 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 direct broadcast satellites where 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.

EchoStar Receiver Systems. EchoStar receiver systems include a small satellite dish, a digital satellite receiver that decrypts and decompresses 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 90 hours of programming, a UHF/infrared 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 manufacturers 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 receivers under the RCA brand name.

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. ECC owns 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 NagraCard SA, a Swiss company which is the parent of Nagra USA. 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 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. In addition, theft of our competitors’ programming can also increase our churn. We continue to respond to compromises of our encryption system with security measures intended to make signal theft of our programming more difficult. However there can be no assurance that these security measures or any future security measures we may implement will be effective in reducing piracy of our programming signals. Compromises of our encryption technology could, among other things, adversely affect our ability to contract for video and audio services provided by programmers.

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 have expanded our installation business, which is 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 that our installation business will help to improve quality control, decrease wait time on service calls and new installations and help us to better accommodate anticipated subscriber growth.

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. With the commercial operation of our EchoStar VII and EchoStar VIII satellites, we expanded 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 then uplink programming content to our direct broadcast satellites via large uplink antennas. Equipment at our digital broadcast operations centers performs substantially all compression and all encryption of the DISH Network’s programming signals.

Customer Service Centers. We currently own and operate customer service centers in seven United States locations. These centers field substantially all of our customer service calls. Potential and existing subscribers can call a single telephone number to receive assistance for hardware, programming, billing, 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.

Subscriber Management. We presently use, and are dependent on, CSG Systems International Inc.’s software system for the majority of DISH Network subscriber billing and related functions.

Competition for Our Dish Network Business

The subscription television service industry is highly competitive. We compete against a variety of established and newer, innovative companies that offer services and programming similar to or in addition to our own, including video, audio and interactive programming, telephony, broadband Internet, and other data and entertainment services. These competitors include cable television and wireless companies, other DBS operators and companies that are developing new technologies. Many of these competitors have substantially greater financial, marketing and other resources than we have. Our ability to compete with these companies will depend on our ability to match or outperform them in several of the following key areas: quality and variety of video, audio and interactive programming, quality of picture, pricing, customer service, access to service, and availability of related services such as broadband Internet, telephony, and other data and entertainment services.

Cable Television. Cable television operators are a source of significant competition for us and they benefit from several competitive advantages we do not possess. First, many cable companies have customer bases that are larger and more firmly established than our customer base. Of the 97% of U.S. television households in which cable television service is currently available, approximately 69% currently subscribe to cable. In addition, many cable operators also have significant investments in companies that provide programming content. These investments may give them an advantage over us in access to quality programming. Finally, cable operators already provide local programming in substantially all geographic areas they serve.

Cable operators also enjoy certain competitive advantages inherent in cable television technology. For example, cable companies are able to provide analog service to multiple television sets within the same household at an incremental cost to the consumer that is lower than our cost to service multiple sets. Cable companies are also investing heavily in new digital technologies that allow them to bundle traditional analog video offerings with expanded high-quality digital video and other services, such as two-way high-speed Internet access and telephone services. These bundled services may be attractive to consumers due to discounting of the bundled services and the fact that the consumer receives a single bill. We may have difficulty competing effectively against cable television operators because of these competitive advantages and our business could be adversely affected as a result.

DirecTV and other DBS and Direct-to-Home System Operators. Our primary DBS competitor is DirecTV. DirecTV has launched seven high-powered direct broadcast satellites and has 46 direct broadcast satellite frequencies that are capable of full coverage of the continental United States. DirecTV has stated that it currently offers approximately 800 digital-quality video and audio channels and, as of December 31, 2002, had approximately 11.2 million subscribers. We believe that DirecTV has been and could continue to be in an advantageous position relative to us with regard to certain programming packages, provision of local programming and, possibly, the ability to offer volume discounts for programming offers. In addition, the National Rural Telecommunications Cooperative, which is affiliated with DirecTV, competes with us in certain territories through its members and affiliates.

DirecTV also has a highly-developed sales and distribution system. Its satellite receivers are sold in a significantly greater number of consumer electronics stores than ours. As a result of these and other factors, and since we typically do less national advertising than DirecTV, 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 or are applying for conditional permits or have leased transponders for direct broadcast satellite assignments that can be used to provide service to portions of the United States in competition with us. Also, the FCC has proposed to allocate additional expansion spectrum for direct broadcast satellite 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, direct broadcast satellite service providers may seek and receive authority to service the United States market from full-CONUS slots allocated to other nations, particularly where such nations have entered into bilateral agreements with the United States. Other competitors include C-Band satellite providers and overlay services, which are particularly competitive in rural areas. Finally, one company has applied to the FCC for permission to serve the United States with DBS service from an orbital location midway between the 110 degree orbital location and the 101 degree orbital location. In summary, if the number of DBS operators increases in the future, or if the number of DBS frequency assignments to our existing DBS competitors increases, our business could be adversely affected.

VHF/UHF Broadcasters. Most areas of the United States can receive traditional terrestrial VHF/UHF television broadcasts of between 3 and 10 channels. These broadcasters 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. In addition, 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. Our business could be adversely affected by continued free broadcast of local and other programming and increased program offerings by traditional broadcasters.

New Technologies. New technologies also could have a material adverse effect on the demand for our direct broadcast satellite 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 the creation of additional 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.

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, 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. However, in addition to supplying EchoStar receiver systems for the DISH Network, ETC also sells similar digital satellite receivers internationally, either directly to television service operators or to our independent distributors worldwide. This has created a source of additional business for us and synergies that directly benefit DISH Network. For example, our satellite receivers are designed around the Digital Video Broadcasting standard, which is widely used in Europe and Asia. 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. Consequently, we benefit from the possibility that ETC's international projects may result in improvements in design and economies of scale in the production of EchoStar receiver systems for the DISH Network.

We believe that direct-to-home satellite service is particularly well-suited for countries without extensive cable infrastructure, and we are actively soliciting new business for ETC. However, there can be no assurance that ETC will be able to develop additional international business or maintain its existing customers.

Through 2002, our primary international customer was Bell ExpressVu, a subsidiary of Bell Canada, Canada's national telephone company. We currently have certain binding purchase orders from Bell ExpressVu, and we are actively trying to secure new orders from other potential international customers. However, we cannot guarantee at this time that those negotiations will be successful. Our future international revenue depends largely on the success of these and other international operators, which in turn, depends on other factors, such as the level of consumer acceptance of direct-to-home satellite TV products and the increasing 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

Through ETC 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. 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

We are subject to comprehensive regulation by the Federal Communications Corporation, or FCC. To a more limited extent we are also subject to regulation by other federal agencies, state and local authorities and the International Telecommunications Union, or ITU.

Depending upon the circumstances, noncompliance with legislation or regulations promulgated by these entities could result in suspension or revocation of our licenses or authorizations, the termination or loss of contracts or the imposition of contractual damages, civil fines or criminal penalties.

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 to 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.

FCC Regulation Under the Communications Act

FCC Jurisdiction. The Federal Communications Act of 1934, referred to as the Communications Act, established the FCC and gave the agency broad authority to regulate the use of the radio spectrum. We transmit our programming to and from satellites using radio frequencies in a portion of this spectrum. The FCC grants us licenses to use those frequencies and assigns the locations in space where we are authorized to operate our satellites. More specifically, the Communications Act gives the FCC regulatory jurisdiction over the following areas relating to DBS operations:

- the assignment of radio frequencies and orbital slots;
- licensing of direct broadcast satellites, earth stations and the granting of related 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;
- avoiding interference with other radio frequency emitters; and
- ensuring compliance with applicable provisions of the Communications Act and FCC rules and regulations governing the operation of DBS operators licensed by the United States.

The FCC grants licenses and related authorizations to DBS operators that meet its legal, technical and financial qualification requirements. These licenses and authorizations are subject to numerous conditions imposed by the FCC, including, among other things, satisfaction of ongoing due diligence obligations, construction milestones, reporting and other requirements. In addition, the FCC must grant approval for the relocation of satellites to different orbital locations or the replacement of an existing satellite with a new satellite.

Our Basic DBS Frequency Licenses and Authorizations. We currently have the following FCC DBS licenses: a license to use 21 frequencies at the 119 degree orbital location, which expires in 2006; licenses to operate 29 frequencies at the 110 degree orbital location, which we expect to expire in 2009; and a license to operate 11 frequencies at the 61.5 degree orbital location, which expires in 2008. We also have an authorization to use 24 frequencies at the 148 degree orbital location. This authorization was granted subject to the condition that we utilize all allocated frequencies at that location by December 20, 2002 or risk losing those frequencies that we are not using. While we believe we have fulfilled this requirement, the FCC has not confirmed that we are in compliance with this condition.

We also sublease six transponders (corresponding to six frequencies) at the 61.5 degree orbital location from licensee Dominion, and we have special temporary authority for another 13 frequencies at that location. However, this special temporary authority is subject to several restrictive conditions and there can be no assurance that the FCC will renew it. Moreover, The FCC recently extended the permit of another company to construct and launch a satellite that would use most of these additional frequencies. If our special temporary authority to use these frequencies does not otherwise expire, it will be terminated in the event that company constructs and launches a satellite to the 61.5 degree orbital location.

We currently operate EchoStar IV and EchoStar VII at the 119 degree orbital location. We operate EchoStar V, EchoStar VI and EchoStar VIII at the 110 degree orbital location, but we are in the process of moving EchoStar V to the 119 degree orbital location. We operate EchoStar III at the 61.5 degree orbital location and EchoStar I and II at the 148 degree orbital location. While we have received temporary authority, the FCC has not yet granted us permanent authority to operate EchoStar II, EchoStar V or EchoStar VI at the locations described above, since those locations differ from those originally assigned. There can be no assurance the FCC will grant those permanent authorities, certain of which have been opposed by other parties. Our failure to receive authority for these modifications could have a material adverse effect on our business or financial performance.

We also have a conditional authorization and construction permit for 11 DBS frequencies at unspecified western orbital locations. In accordance with FCC requests, we recently identified our preferred orbital locations for these frequencies. The FCC has not yet issued a final ruling on where we may use these frequencies.

Our DBS licenses have ten year terms, shorter than the useful life of a healthy direct broadcast satellite. Generally speaking, 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. Moreover, several third parties have opposed, and we expect them to continue to oppose, some of our authorizations and pending and future requests to the FCC for extensions, modifications, waivers and approvals of our licenses. In addition, we have not filed, or have not timely filed, certain reports required in connection with our authorizations. The FCC could revoke, terminate, condition or decline to extend or renew such authorizations if we fail to comply with applicable Communications Act requirements.

Ka-Band, Ku-Band and Extended Ku-Band Licenses. We have received conditional licenses from the FCC to operate satellites in the Ka-band and the Ku-band, and we have an application pending for a system that would use extended Ku-band frequencies (although that application has remained pending for many years). Use of those licenses and conditional authorizations is subject to certain technical and due diligence requirements, including the requirement to construct and launch satellites according to specific milestones and deadlines. Our projects to construct and launch Ku-band, extended Ku-band and Ka-band satellites are in various stages of development. EchoStar IX, a hybrid Ku/Ka/C-band satellite to be located at the 121 degree orbital location, is expected to launch during the first half of 2003. Some companies with interests adverse to ours are challenging our licenses, including our conditional license for a Ku-band satellite system at the 83 and 121 degree orbital locations, which is subject to pending petitions for reconsideration and cancellation.

We cannot be certain that the FCC will sustain any of these licenses, that it will grant the pending applications, or that we will be able to successfully capitalize on any resulting business opportunities. In addition, 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, but there can be no assurance this extension will be granted. With respect to our license for the Ka-band system at the 83 and 121 degree orbital locations, the FCC requires construction, launch and operation of the satellite system to be completed by June 25, 2005. The FCC has stated that it may cancel our corresponding authorizations if we fail to file adequate reports or to demonstrate progress in the construction of that satellite system.

We also own a 90% interest in VisionStar, Inc., (“VisionStar”) which holds a Ka-band license at the 113 degree orbital location. We did not complete construction or launch of the satellite by the milestone deadlines and have requested an extension of these milestones from the FCC. Failure to receive an extension, of which there can be no assurance, will render the license invalid.

Rules Relating to Alaska and Hawaii. The holders of DBS authorizations issued after January 19, 1996 must provide DBS service to Alaska and Hawaii where such service is technically feasible from the authorized orbital location, and must provide programming packages reasonably comparable to those offered to the 48 contiguous United States. Our authorizations at the 110 degree orbital location and the 148 degree orbital location were both received after January 19, 1996. While we provide service to Alaska and Hawaii from both the 110 and 119 degree orbital locations, those states have expressed the view our service should more closely resemble our service to the mainland United States, and otherwise needs improvement. Further, the satellites we currently operate at the 148 degree orbital location are not able to provide service to Alaska and Hawaii. We have received temporary waivers of the service requirement for the 148 degree orbital location subject to several conditions. Alaska and Hawaii have requested, and it is possible that the FCC could impose, additional conditions which we could not meet in connection with our request to permanently operate EchoStar I and EchoStar II at that location.

Other In-Orbit Authorizations. The telemetry, tracking and control operations of EchoStar I use the C-band radio frequencies. 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 radio frequencies. 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 control of these satellites, we would not be able to use them for broadcast operations at these locations. 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 at that orbital location. We cannot be sure that the FCC will grant that request.

Certain Other Communications Act Provisions

Rules Relating to Broadcast Services. 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 must comply with regulatory obligations as a broadcast licensee, and certain parties have requested that we be treated as a broadcaster. If the FCC determines 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 television service providers like us.

Under a requirement of the Cable Act, the FCC imposed public interest requirements on direct broadcast satellite 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 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.

Foreign Ownership Restrictions. The Communications Act imposes certain foreign ownership restrictions on licensees of radio spectrum, including licensees of satellite services. The FCC has ruled that most of these foreign ownership restrictions do not apply to DBS services, but some of these restrictions remain applicable. For example, a DBS license may not be held by a foreign government or representative of a foreign government. In addition, it is possible that the FCC could revisit its interpretation of DBS foreign ownership requirements in future proceedings.

Certain Other Rulemakings. The FCC recently proposed to allocate additional “expansion” spectrum for direct broadcast satellite operators starting in 2007. We filed an application to use those expansion frequencies on March 28, 2002. There can be no assurance that the FCC will grant our application to use these expansion frequencies.

Foreign satellite systems also are potential providers of direct broadcast satellite service within the United States. There is a risk that the FCC will allow the U.S market to be served by a foreign licensee and this could have a material adverse effect on our business.

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. In the same rulemaking, the FCC authorized use of the same direct broadcast satellite spectrum that we use by another terrestrial consumer service originally proposed by Northpoint Technology, Ltd. There can be no assurance these additional operations in the DBS spectrum will not interfere with our operations.

On February 28, 2002, the FCC initiated a proceeding to examine and revise its licensing process for orbital locations or spectrum used for the provision of international or global satellite communications services. The extent to which any change in the satellite licensing process could affect us is unclear.

The Satellite Home Viewer Improvement Act

The Copyright Act, as amended by the Satellite Home Viewer Improvement Act, 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. If the FCC adopts an overly restrictive regulatory definition of “Grade B,” our ability to retransmit distant network channels would be adversely affected.

The Satellite Home Viewer Improvement Act also established a process whereby consumers predicted to be served by a local broadcast station may request that the station waive the unserved household limitation so that the requesting consumer may receive distant signals by satellite. If the waiver request is denied, the Satellite Home Viewer Improvement Act permits the consumer to request an actual test in certain circumstances. Certain parties have argued in some cases that we should be responsible for testing costs, which could be substantial. The FCC staff has informally raised questions about how we implement the testing process.

In addition, the Satellite Home Viewer Improvement Act could adversely affect us in several other respects. The Satellite Home Viewer Improvement Act prohibits us from providing individual customers with more than two distant signals for each broadcasting network. Although we have implemented certain measures in our effort to comply with the Satellite Home Viewer Improvement Act, 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.

Retransmission Consents. The Satellite Home Viewer Improvement Act generally gives satellite companies a statutory copyright license to retransmit local broadcast channels, subject to obtaining the retransmission consent of the local station. If we fail to reach retransmission consent agreements with broadcasters who elect retransmission consents instead of mandatory “must carry” carriage, then we cannot carry these broadcasters’ signals. Any inability on our part to carry local channels could have an adverse effect on our strategy to compete with cable and other satellite companies that already provide local channels to their customers.

The Satellite Home Viewer Improvement Act and related FCC rules require broadcasters to negotiate retransmission consent agreements in good faith. If broadcasters fail to negotiate with satellite operators in good faith, the rules allow the satellite operators to file complaints against those broadcasters with the FCC. 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 other cities will require new agreements, and we cannot be sure that we will secure these agreements or that we will be able to renew existing agreements, some of which are short term agreements, upon their expiration.

“Must Carry” and Other Requirements. Many other provisions of the Satellite Home Viewer Improvement Act 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 “must carry” rules covering both commercial and non-commercial broadcast stations. These rules require that satellite distributors that carry any broadcaster in a given market must carry in a timely and appropriate manner all of the local broadcast stations in that market requesting carriage. Since we have limited satellite capacity and many stations in each market we serve elect “must carry,” the number of markets in which we can offer local programming is reduced by the “must carry” requirement. Several broadcasters have filed “must carry” complaints against us at the FCC and we do not know whether the FCC will rule against us in those proceedings. It is possible the FCC could require us to carry many additional stations in the markets where we offer local stations.

In addition, we do not know whether the FCC will prohibit or restrict our “must carry” compliance procedures. Currently, in most of the markets where we provide local broadcast signals, subscribers must use a second dish antenna to receive all of their local broadcast stations carried on our system. We provide such second dishes free of any charge, in accordance with the “must carry” statute and rules. The National Association of Broadcasters and Association of Local Television Stations filed an emergency petition on January 4, 2002 asking the FCC to prohibit or restrict this 2-dish method. On April 4, 2002, the Media Bureau of the FCC issued a declaratory ruling and order finding that our compliance plan violated certain provisions of the Satellite Home Viewer Improvement Act and the FCC’s “must carry” regulations. The April 4 order recommended several ways we could come into compliance and required us to file compliance reports within 30 days, 90 days and 150 days of the order’s issuance, all of which we filed. Challenges to the April 4 order have been filed by various parties, including us, and are presently pending. On April 15, 2002, the bureau issued an order granting in part numerous complaints filed against us by individual broadcast stations that claimed violations of the “must carry” requirements similar to those addressed in the April 4 order. The April 15 order also required us to submit a compliance report within 30 days, which we filed. While several broadcasters have attempted to force us through “must carry” complaints to implement a single-dish solution, the FCC has to date declined to force us to implement such a solution.

Depending upon the ultimate outcome of these proceedings (including the extent to which our compliance reports are accepted), further orders by the bureau or by the FCC itself could require that we reduce the number of local markets where we offer local network programming. This, in turn, could significantly increase our subscriber churn in those areas where local network programming is no longer offered and impair our ability to gain new subscribers in those areas. We could also be exposed to court actions under the “must carry” rules and may be subject to damage claims if we are found by any court to have violated the “must carry” requirements.

Finally, even though the FCC has decided for now not to impose dual digital/analog carriage obligations — i.e., requiring us to carry a station’s digital broadcast signal in addition to its analog one— the FCC has issued a further notice of proposed rulemaking on this matter. We cannot be sure that this rulemaking will not result in further, more onerous, digital carriage requirements, particularly if the FCC mandates high-definition carriage of digital signals.

The Satellite Home Viewer Improvement Act also includes provisions which could expose us to material monetary penalties and permanent prohibitions on the sale of all local and distant network channels in the event we violate provisions of that act, prior law or other FCC rules. Imposition of these penalties could have a material adverse effect on our business or financial performance.

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 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 December 1998, the networks filed a motion for a 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 United States Court of Appeals for the Eleventh Circuit stayed the injunction pending our appeal. In September 2001, the United States 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. The United States Court of Appeals for the Eleventh Circuit also rejected our argument that the "unserved households" restriction of the law is unconstitutional, and the United States Supreme Court declined to review that decision. 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. This could 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 programmers that are affiliated with the cable system operators. Current program access law prohibits such programmers from refusing to sell us their content and imposes certain pricing restrictions on them. Any relaxation of these requirements could adversely affect our ability to acquire programming at all or to acquire programming on a cost-effective basis.

We believe that the FCC generally has 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 programming from programmers that are affiliated with the cable system operators.

The International Telecommunication Union

ITU Standards. Our direct broadcast satellite system also must conform to the 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 direct broadcast satellite applicants' operations, our satellites, along with those of other direct broadcast satellite operators, must not cause harmful electrical interference with other assignments that are in conformance with the plan. Further, direct broadcast 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.

Export Control Regulation

We are required to obtain import and general destination export licenses from the United States Government to receive and deliver 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.

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 by, among others, Starsight Telecast, Inc. and Gemstar. 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. See “Item 3 — Legal Proceedings.”

ENVIRONMENTAL REGULATIONS

We are subject to the requirements of federal, state, local and foreign environmental and occupational safety and health laws and regulations. These include laws regulating air emissions, water discharge and waste management. We attempt to maintain compliance with all such requirements. We do not expect capital or other expenditures for environmental compliance to be material in 2003 or 2004. Environmental requirements are complex, change frequently and have become more stringent over time. Accordingly, we cannot provide assurance that these requirements will not change or become more stringent in the future in a manner that could have a material adverse effect on our business.

SEGMENT REPORTING DATA AND GEOGRAPHIC AREA DATA

For operating segment and principal geographic area data for 2000, 2001 and 2002 see Note 10 in the Notes to the Consolidated Financial Statements in Item 15 of this Annual Report on Form 10-K.

EMPLOYEES

We had approximately 15,000 employees at December 31, 2002, most of whom are located in the United States. We generally consider relations with our employees to be good.

Although a total of approximately 100 employees in four 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. We also have votes pending in two other field offices which involve approximately 65 employees.

WHERE YOU CAN FIND MORE INFORMATION

We, as a reporting company, are subject to the informational requirements of the Exchange Act and accordingly file our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the Securities and Exchange Commission (“SEC”). The Public may read and copy any materials filed with the SEC at the SEC’s Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Please call the SEC at (800) SEC-0330 for further information on the Public Reference Room. As an electronic filer, our public filings are maintained on the SEC’s Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of that website is http://www.sec.gov. In addition, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act may be accessed free of charge through our website as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. The address of that website is http://www.echostar.com.

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	50	Chairman, Chief Executive Officer and Director
Michael T. Dugan	54	President, Chief Operating Officer and Director
James DeFranco	50	Executive Vice President and Director
Steven B. Schaver	48	President of EchoStar International Corporation
David K. Moskowitz	44	Senior Vice President, General Counsel, Secretary and Director
Soraya Hesabi-Cartwright	42	Executive Vice President of DISH Network
Mark W. Jackson	42	Senior Vice President of EchoStar Technologies Corporation
Michael R. McDonnell	39	Senior Vice President and Chief Financial Officer
Michael Kelly	41	Senior Vice President of DISH Network Service Corporation
Michael Schwimmer	41	Senior Vice President of Programming
O. Nolan Daines	43	Senior Vice President

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. He was elected to EchoStar’s Board of Directors during May 2002. 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 and director 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.

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.

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 was named Senior Vice President of DISH Network Service Corporation in June 2001. 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.

Michael Schwimmer. Mr. Schwimmer was named Senior Vice President of Programming in February 2002. From July 1997 to February 2002, Mr. Schwimmer served as Vice President of Programming.

O. Nolan Daines. Mr. Daines joined EchoStar as Senior Vice President in September 2002, responsible for evaluating strategic acquisitions or business opportunities. Mr. Daines was appointed to EchoStar's Board of Directors in March 1998 and served on EchoStar's Audit Committee until September 2002. In addition, until May 2002, Mr. Daines served as a member of EchoStar's Executive Compensation Committee. In 1993, Mr. Daines founded DiviCom, Inc., where he held various executive officer positions from the formation of DiviCom until October 1999.

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.

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Item 2. Properties

The following table sets forth certain information concerning our principal 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 engineering offices and service 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 and warehouse, El Paso, Texas	DISH Network	170,250	Owned
Customer service center, Christiansburg, Virginia	DISH Network	100,000	Owned
Customer service center and general offices, Pine Brook, New Jersey	DISH Network	67,000	Leased
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	DISH Network	160,000	Leased
Warehouse and distribution center, Denver, Colorado	DISH Network	132,800	Leased
Warehouse and distribution center, Sacramento, California	DISH Network	78,500	Owned
Engineering offices and warehouse, Almelo, The Netherlands	Other	53,800	Owned

Item 3. Legal Proceedings

Fee Dispute

We had a dispute regarding the contingent fee arrangement with the attorneys who represented us in prior litigation with The News Corporation, Ltd. In early July 2002, the parties resolved their dispute.

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 certain EchoStar subsidiaries.

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 satellite receivers into Canada and from activating satellite receivers located in Canada to receive programming, together with damages in excess of $175 million.

The Court in the Alberta action denied our Motion to Dismiss, and our appeal of that decision. The Federal action has been stayed pending the outcome of the Alberta action. We intend to continue to vigorously defend the suit. Recently, the Supreme Court of Canada ruled that the receipt in Canada of programming from United States pay television providers is prohibited. While we were not a party to that case, the ruling could aversely affect our defense. 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.

Distant Network Litigation

Until July 1998, we obtained feeds of distant broadcast network channels (ABC, NBC, CBS and FOX) for distribution to our customers through PrimeTime 24, an independent third party programming provider. In December 1998, the United States District Court for the Southern District of Florida entered a nationwide permanent injunction requiring that provider 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 United States District Court for the District of Colorado. We asked the Court to enter judgment declaring that our method of providing distant network programming did not violate the Satellite Home Viewer Act 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 Federal Court. The case remains pending in Florida. 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 that 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, substantially all providers of satellite-delivered network programming other than us 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 Florida case and asked the Court to enjoin us from providing network programming except under limited circumstances. A preliminary injunction hearing was held in September 1999. In March 2000, the networks filed an emergency motion again asking the Court to issue an injunction requiring us to cease providing network programming to certain of our customers. At that time, the networks also argued that our compliance procedures violated the Satellite Home Viewer Improvement Act, which was passed by Congress in November 1999. 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 networks' 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 imposed 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 Satellite Home Viewer Act and the Satellite Home Viewer Improvement Act.

Twice during October 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 were ineligible to receive distant network programming under the Court's order. We appealed the preliminary injunction orders. During September 2001, the United States Court of Appeals for 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 Satellite Home Viewer Act. 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 issued an order during January 2002 remanding the case to the Florida District Court. During March 2002, the

Florida District Court entered an order setting the trial in the matter for January 13, 2003 and setting a discovery and pretrial schedule. In this order, the District Court denied certain of our outstanding motions to compel discovery as moot and granted the networks' motion to compel. The trial date has now been moved to April 7, 2003. During April 2002, the District Court denied the networks' motion for preliminary injunction as moot. In June 2002, we filed a counterclaim against the networks asking the District Court to find that we are not violating the Satellite Home Viewer Act and seeking damages resulting from the networks' tortious interference with our business relationships and from the networks' conduct amounting to unfair competition. The networks filed a motion to dismiss these claims. In August 2002, the District Court denied the networks' motion to dismiss. In September 2002, the networks answered our counterclaim.

In April 2002, we reached a private settlement with ABC, Inc., one of the plaintiffs in the litigation and jointly filed a stipulation of dismissal. On April 16, 2002, the District Court entered an order dismissing the claims between ABC, Inc. and us. In November 2002, we reached a private settlement with NBC, another of the plaintiffs in the litigation and jointly filed a stipulation of dismissal. On November 25, 2002, the District court entered an order dismissing the claims between NBC and us. Six of the original eight plaintiffs remain, including CBS and Fox, along with the associations affiliated with each of the four networks. On January 28, 2003, the parties participated in a court ordered mediation. The mediation did not resolve the parties' disputes. However, the parties agreed to continue the mediation and participate in another mediation session.

If 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 programming services. Any 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. ("Gemstar"), 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. This conclusion is supported by findings of the International Trade Commission ("ITC") which are discussed below. Gemstar has moved to stay the North Carolina action pending appeal of the ITC decision. We have opposed Gemstar's motion.

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 pre-trial purposes, with other lawsuits asserting antitrust claims against Gemstar, which had previously been filed by other parties. In January 2002, Gemstar dropped the counterclaims of patent infringement. During March 2002, the Court denied Gemstar's Motion to Dismiss our antitrust claims. A more recently filed motion for summary judgment based generally on lack of standing has also been denied. In its answer, Gemstar asserted new patent infringement counterclaims regarding United States Patent Nos. 4,908,713 and 5,915,068 (which is expired). These patents relate to onscreen programming of VCRs. We have examined these patents and believe that they are not infringed by any of our products or services.

In February 2001, Gemstar filed patent infringement actions against us in the District Court in Atlanta, Georgia and with the 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 previously discussed. In the Georgia district court case, Gemstar seeks damages and an injunction. The Georgia case was stayed pending resolution of the ITC action and remains stayed at this time. In December 2001, the ITC held a 15-day hearing before an administrative law 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. During June 2002, the judge issued a Final Initial Determination finding that none of the patents asserted by Gemstar had been infringed. In addition, the judge found that Gemstar was guilty of patent misuse with respect to the `121 Patent and that the `121 Patent was unenforceable because it failed to name an inventor. The parties then filed petitions for the full ITC to review the judge's Final Initial Determination. During August 2002, the full ITC adopted the Judge's findings regarding non-infringement and the unenforceability of the `121 Patent. The ITC did not adopt, but did not overturn, the Judge's findings of patent misuse. Gemstar is appealing the decision of the ITC to the United States Court of Appeals for the Federal Circuit. If the Federal Circuit were to overturn the Judge's decision, such 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. Based upon our review of these patents, and based upon the ITC's decision, we continue to believe that these patents are not infringed by any of our products or services. We intend to continue to vigorously contest the ITC, North Carolina and Georgia suits and will, among other things, continue to challenge both the validity and enforceability of the asserted patents.

During 2000, Superguide Corp. ("Superguide") 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 sought 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 was added as a party to this case and asserted 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 interpreting the patent claims was issued by the Court and in response to that ruling we filed motions for summary judgment of non-infringement for each of the asserted patents. Gemstar filed a motion for summary judgment of infringement with respect to one of the patents. During July 2002, the Court issued a Memorandum of Opinion on the summary judgment motions. In its Opinion, the Court ruled that none of our products infringe the 5,038,211 and 5,293,357 patents. With respect to the 4,751,578 patent, the Court ruled that none of our current products infringed that patent and asked for additional information before it could rule on certain low-volume products that are no longer in production. During July 2002, the Court summarily ruled that the aforementioned low-volume products did not infringe any of the asserted patents. Accordingly, the Court dismissed the case and awarded us our court costs. Superguide and Gemstar are appealing this case to the United States Court of Appeals for the Federal Circuit. We will continue to vigorously defend this case. In the event the Federal Circuit ultimately determines that we infringe on any of the aforementioned patents, we may be subject to substantial damages, which may include treble damages and/or an injunction that could require us to materially modify certain user-friendly electronic programming guide and related features that we currently offer to consumers. It is too early to make an assessment of the probable outcome of the suits.

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. During September 2001, we filed an answer denying all material allegations of the complaint, and 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 will be de-certified upon notice if mediation does not resolve the dispute. A settlement has been reached with plaintiff's counsel and the Court issued its preliminary approval of the settlement on October 18, 2002. The Court has set a March 7, 2003 date for hearing on final approval after notice to the class. If the settlement is not approved, we intend to deny all liability and to vigorously defend the lawsuit. The settlement confirms that the late fee charged by EchoStar is appropriate and will not change.

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 was also filed against us in the California State Superior Court for Los Angeles County in 1999 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. A hearing on the plaintiffs' Motion for Class Certification and our Motion for Summary Judgment was held during June 2002. At the hearing, the Court issued a preliminary ruling denying the plaintiffs' Motion for Class Certification. However, before issuing a final ruling on Class Certification, the Court granted our Motion for Summary Judgment with respect to all of the plaintiffs' claims. Subsequently, we filed a Motion for Attorney's Fees which was denied by the Court. The Plaintiffs filed a Notice of Appeal of the Court's Granting of our Motion for Summary Judgment and we Cross-Appealed the Court's ruling on our Motion for Attorney's Fees. It is not possible to make a firm assessment of the probable outcome of the appeal or to determine the extent of any potential liability or damages.

State Investigation

During April 2002, two state attorneys general commenced a civil investigation concerning certain of our business practices. Over the course of the next six months, 11 additional states ultimately joined the investigation. The states allege failure to comply with consumer protection laws based on our call response times and policies, advertising and customer agreement disclosures, policies for handling consumer complaints, issuing rebates and refunds and charging cancellation fees to consumers, and other matters. We have cooperated fully in the investigation and are currently in settlement discussions with the states. It is not possible to determine the extent of any damages or injunctive relief which could result in the event a settlement is not reached.

Retailer Class Actions

We have been sued by retailers in three separate purported class actions. During October 2000, two separate lawsuits were filed in the Arapahoe County District Court in the State of Colorado and the United States District Court for the District of Colorado, respectively, by Air Communication & Satellite, Inc. and John DeJong, et al. on behalf of themselves and a class of persons similarly situated. The plaintiffs are attempting to certify nationwide classes on behalf of certain of our satellite hardware retailers. The plaintiffs are requesting the Courts to declare certain provisions of, and changes to, alleged agreements between us and the retailers invalid and unenforceable, and to award damages for lost incentives and payments, charge backs, and other compensation. We intend to vigorously defend against the suits and to assert a variety of counterclaims. The United States District Court for the District of Colorado stayed the Federal Court action to allow the parties to pursue a comprehensive adjudication of their dispute in the Arapahoe County State Court. John DeJong, d/b/a Nexwave, and Joseph Kelley, d/b/a Keltronics, subsequently intervened in the Arapahoe County Court action as plaintiffs and proposed class representatives. We have filed a Motion for Summary Judgment on all counts and against all plaintiffs. The plaintiffs have filed a Motion for Additional Time to Conduct Discovery to enable them to respond to our motion. The Court has not ruled on either of the two motions. 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. ("SDS") filed a lawsuit in the United States District Court for the Eastern District of Texas during September 2000, on behalf of itself and a class of persons similarly situated. The plaintiff was attempting to certify a nationwide class on behalf of sellers, installers, and servicers of satellite equipment who contract with EchoStar and who allege 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 owns certain equipment related to the provision of satellite television service. During September 2001, the Court granted our Motion to Dismiss for Lack of Personal Jurisdiction. The plaintiff moved for reconsideration of the Court's order dismissing the case. The Court denied the Plaintiff's Motion for Reconsideration. The trial court denied our Motions for Sanctions against SDS. Both parties have now perfected appeals before the Fifth Circuit Court of Appeals. It is not possible to make a firm assessment of the probable outcome of the appeal or to determine the extent of any potential liability or damages.

PrimeTime 24 Joint Venture

PrimeTime 24 Joint Venture ("PrimeTime 24") filed suit against us during September 1998 seeking damages in excess of $10 million and alleging breach of contract, wrongful termination of contract, interference with contractual relations, trademark infringement and unfair competition. We denied all of PrimeTime 24's allegations and asserted various counterclaims. We have reached a settlement agreement with PrimeTime 24 pursuant to which the parties agreed to release all parties from any liability and dismiss the case with prejudice. The settlement amount was not material.

StarBand Shareholder Lawsuit

On August 20, 2002, shareholders in StarBand filed an action in the Delaware Court of Chancery against us and EchoBand Corporation, together with four of our executives who sat on the Board of Directors of StarBand, for alleged breach of the fiduciary duties of due care, good faith and loyalty, and also against us and EchoBand Corporation for aiding and abetting such alleged breaches. Two of the individual defendants, Charles W. Ergen and David K. Moskowitz, are members of our Board of Directors. The action stems from the defendants' involvement as directors, and EchoBand's position as a shareholder, in StarBand, a broadband Internet satellite venture that is currently in bankruptcy. Plaintiffs allege that the defendants conspired to ensure StarBand's failure in order to guarantee that our then-pending merger with Hughes would be successful. Plaintiffs seek an accounting of damages for their $25 million investment in StarBand in addition to costs and disbursements. Defendants deny the allegations in the complaint and intend to defend the litigation vigorously. During October 2002, we, along with the other defendants, filed a motion to dismiss the complaint in its entirety based on lack of personal jurisdiction. These motions have been briefed and oral argument has been set by the Court for March 18, 2003. 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.

Merger Related Proceedings

On October 24, 2002, a purported shareholder filed a Shareholder's Derivative Action against us and the current members of our Board of Directors and named us as a nominal defendant. The plaintiff filed the action in the United States District Court of Clark County, Nevada. The complaint alleges breach of fiduciary duties, corporate waste and other unlawful acts relating to our agreement to (1) pay Hughes Electronics Corporation a $600 million termination fee in certain circumstances and (2) acquire Hughes' shareholder interest in PanAmSat at a premium rate. The agreements to pay the termination fee and acquire PanAmSat were required in the event that the merger with DirecTV was not completed by January 21, 2003. No answer is due from the defendants, and all parties have entered into a stipulation allowing the defendants to answer only subject to 30-day notice from the plaintiff. We and the individual defendants intend to deny all liability and to defend this action vigorously. 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 Insurance

In September 1998, we filed a $219.3 million insurance claim for a 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. The insurance carriers include La Reunion Spatiale; AXA Reinsurance Company (n/k/a AXA Corporate Solutions Reinsurance Company), United States Aviation Underwriters, Inc., United States Aircraft Insurance Group; Assurances Generales De France I.A.R.T. (AGF); Certain Underwriters at Lloyd's, London; Great Lakes Reinsurance (U.K.) PLC; British Aviation Insurance Group; If Skaadeforsikring (previously Storebrand); Hannover Re (a/k/a International Hannover); The Tokio Marine & Fire Insurance Company, Ltd.; Marham Space Consortium (a/k/a Marham Consortium Management); Ace Global Markets (a/k/a Ace London); M.C. Watkins Syndicate; Goshawk Syndicate Management Ltd.; D.E. Hope Syndicate 10009 (Formerly Busbridge); Amlin Aviation; K.J. Coles & Others; H.R. Dumas & Others; Hiscox Syndicates, Ltd.; Cox Syndicate; Hayward Syndicate; D.J. Marshall & Others; TF Hart; Kiln; Assitalia Le Assicurazioni D'Italia S.P.A. Roma; La Fondiaria Assicurazione S.P.A., Firenze; Vittoria Assicurazioni S.P.A., Milano; Ras – Riunione Adriatica Di Sicurta S.P.A., Milano; Societa Cattolica Di Assicurazioni, Verano; Siat Assicurazione E Riassicurazione S.P.A, Genova; E. Patrick; ZC Specialty Insurance; Lloyds of London Syndicates 588 NJM, 1209 Meb AND 861 Meb; Generali France Assurances; Assurance France Aviation; and Ace Bermuda Insurance Ltd.

The 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 assert, among other things, that EchoStar IV was not a total loss, as that term is defined in the policy, and that we did not abide by the exact terms of the insurance policies. We strongly disagree and filed arbitration claims 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. Due to individual forum selection clauses in certain of the policies, we are pursuing our arbitration claims against Ace Bermuda Insurance Ltd. in London, England, and our arbitration claims against all of the other insurance carriers in New York, New York. The New York arbitration is currently scheduled to begin in late April 2003, but the Insurers have recently requested that that hearing date be delayed. The parties to the London arbitration are currently negotiating the schedule for a hearing, and, while there can be no assurance, we anticipate that the hearing date in that proceeding will be set for later in 2003. There can be no assurance that we will receive the amount claimed in either the New York or the London arbitrations or, if we do, that we will retain title to EchoStar IV with its reduced capacity.

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

No items were submitted to a vote of security holders during the fourth quarter of 2002.

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 shown below 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 2001 and 2002 on the Nasdaq Stock Market (as reported by Nasdaq) are set forth below.

	High	Low
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
2002		
First Quarter	$ 29.45	$ 22.34
Second Quarter	29.35	16.99
Third Quarter	19.36	14.16
Fourth Quarter	23.09	16.89

As of February 26, 2003, there were approximately 5,394 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 26, 2003, 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, 2002 have been derived from, and are qualified by reference to our Consolidated Financial Statements. This data should be read in conjunction with our Consolidated Financial Statements and related Notes thereto for the three years ended December 31, 2002, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this report.

	Year Ended December 31,				
	1998	1999	2000	2001	2002
Statements of Operations Data	(in thousands, except per share data)				
Revenue:					
DISH Network	$ 683,032	$1,352,603	$2,352,237	$3,605,724	$4,429,699
DTH equipment sales	256,193	184,041	259,830	271,242	287,831
Other	43,441	66,197	103,153	124,172	103,295
Total revenue	982,666	1,602,841	2,715,220	4,001,138	4,820,825
Costs and Expenses:					
DISH Network operating expenses (exclusive of depreciation shown below)	395,411	732,675	1,265,445	1,757,750	2,217,783
Cost of sales – DTH equipment	173,388	148,427	194,963	188,039	178,554
Cost of sales – other	16,496	17,084	32,992	81,974	55,582
Cost of sales – subscriber promotion subsidies (exclusive of depreciation shown below)	243,425	478,122	747,020	459,909	439,863
Other subscriber promotion subsidies	29,098	184,238	273,080	477,903	574,750
Advertising and other	47,998	64,701	138,540	146,563	161,662
General and administrative	97,105	150,397	250,425	377,873	387,046
Non-cash, stock-based compensation	–	61,060	51,465	20,173	11,279
Depreciation and amortization	102,636	113,228	185,356	278,652	372,958
Total costs and expenses	1,105,557	1,949,932	3,139,286	3,788,836	4,399,477
Operating income (loss)	(122,891)	(347,091)	(424,066)	212,302	421,348
Extraordinary charge for early retirement of debt, net of tax	–	(268,999)	–	–	–
Net loss	$ (260,882)	$ (792,847)	$ (650,326)	$ (215,498)	$(881,650)**(1)**
Net loss attributable to common shares	$ (296,097)	$ (800,100)	$ (651,472)	$ (215,835)	$(444,217)**(2)**
Weighted-average common shares outstanding	359,856	416,476	471,023	477,172	480,429
Basic and diluted loss per share **(3)**	$ (0.82)	$ (1.92)**(3)**	$ (1.38)	$ (0.45)	$ (0.92)

	As of December 31,				
	1998	1999	2000	2001	2002
	(In thousands)				
Balance Sheets Data					
Cash, cash equivalents and marketable investment securities	$ 324,100	$1,254,175	$1,464,175	$2,828,297	$ 2,686,995
Cash reserved for satellite insurance	–	–	82,393	122,068	151,372
Restricted cash	77,657	3,000	3,000	1,288	9,972
Total assets	1,806,852	3,898,189	4,636,835	6,519,686	6,260,585
Long-term obligations (less current portion):					
1994 Notes	571,674	1,503	–	–	–
1996 Notes	497,955	1,097	–	–	–
1997 Notes	375,000	15	–	–	–
9 1/4% Seven Year Notes	–	375,000	375,000	375,000	375,000
9 3/8% Ten Year Notes	–	1,625,000	1,625,000	1,625,000	1,625,000
10 3/8% Seven Year Notes	–	–	1,000,000	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	1,000,000	1,000,000
5 3/4% Convertible Notes	–	–	–	1,000,000	1,000,000
Mortgages and other notes payable, net of current portion	43,450	27,990	14,812	6,480	33,621
Series B Preferred Stock	226,038	–	–	–	–
Total stockholders' equity (deficit)	(371,540)	(48,418)	(657,383)	(777,772)	(1,205,638)

	Year Ended December 31,				
	1998	1999	2000	2001	2002
	(In thousands, except subscribers and per subscriber data)				
Other Data					
DISH Network subscribers	1,940,000	3,410,000	5,260,000	6,830,000	8,180,000
Average monthly revenue per subscriber	$ 39.25	$ 42.71	$ 45.33	$ 49.32	$ 49.17
EBITDA**(4)**	(20,255)	(172,803)	(187,245)	511,127	805,585
Less amortization of subscriber acquisition costs	(18,869)	–	–	–	–
EBITDA, as adjusted to exclude amortization of subscriber acquisition costs	(39,124)	(172,803)	(187,245)	511,127	805,585
Net cash flows from:					
Operating activities	(16,890)	(58,513)	(118,677)	489,483	66,744
Investing activities	(8,048)	(62,826)	(911,957)	(1,279,119)	(682,387)
Financing activities	(13,722)	920,091	982,153	1,610,707	420,832

(1) Net loss in 2002 includes $690 million related to merger termination costs.

(2) The net loss attributable to common shares in 2002 of $444 million differs significantly from net loss in 2002 of $882 million due to a gain on repurchase of Series D Convertible Preferred Stock of approximately $437 million.

(3) 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.

(4) We believe it is common practice in the telecommunications industry for investment bankers and other investors 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, pay taxes and fund capital expenditures because EBITDA is independent of the actual leverage employed by the business. We use EBITDA, as defined above, as one of the key measurements of operating efficiency and overall financial performance and believe EBITDA can be a helpful measure for those evaluating companies in the multi-channel video programming distribution market. 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. We have shown EBITDA with the add-back of the amortization of subscriber acquisition costs, which were deferred through September 1997 and amortized over one year. EBITDA for the years ended December 31, 1999, 2000, 2001 and 2002 also excludes approximately $61 million, $51 million, $20 million and $11 million, respectively, in non-cash, stock-based compensation expense resulting from significant post-grant appreciation of stock options granted to employees. In addition, EBITDA does not include the impact of capital expenditures under our Digital Home Plan of approximately $65 million, $338 million and $278 million during the years ended December 31, 2000, 2001 and 2002, respectively. See Item 7 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the quantitative reconciliation of EBITDA to the accompanying financial statements.

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

Results of Operations

Year Ended December 31, 2002 Compared to the Year Ended December 31, 2001.

Revenue. "Total revenue" for the year ended December 31, 2002 was $4.821 billion, an increase of $820 million or 20% compared to "Total revenue" for the year ended December 31, 2001 of $4.001 billion. The increase in "Total revenue" was primarily attributable to continued DISH Network subscriber growth. The increase in "Total revenue" was partially offset by our free and reduced price programming promotions, discussed below.

DISH Network "Subscription television services" revenue totaled $4.412 billion for the year ended December 31, 2002, an increase of $824 million or 23% compared to the same period in 2001. DISH Network "Subscription television services" revenue principally consists of revenue from basic, premium, local, international and pay-per-view subscription television services. This increase was attributable to continued DISH Network subscriber growth. DISH Network added approximately 1.35 million net new subscribers for the year ended December 31, 2002 compared to approximately 1.57 million net new subscribers during the same period in 2001. We believe the reduction in net new subscribers for the year ended December 31, 2002, compared to the same period in 2001, resulted from a number of factors, including the continued weak U.S. economy and stronger competition from advanced digital cable and cable modems. Additionally, as the size of our subscriber base continues to increase, even if percentage churn remains constant, increasing numbers of gross new subscribers are required to sustain net subscriber growth. As of December 31, 2002, we had approximately 8.18 million DISH Network subscribers compared to approximately 6.83 million at December 31, 2001, an increase of approximately 20%. 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 add at least 1 million net new subscribers during 2003.

Monthly average revenue per subscriber was approximately $49.17 during the year ended December 31, 2002 and approximately $49.32 during the same period in 2001. The decrease in monthly average revenue per subscriber is primarily attributable to certain promotions, discussed below, under which new subscribers received free programming for the first three months of their term of service, and other promotions under which subscribers received discounted programming for 12 months. This decrease was partially offset by a $1.00 price increase in February 2002, the increased availability of local channels by satellite and an increase in subscribers with multiple set up boxes.

Impacts from our litigation with the networks in Florida, 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.

In April 2002, the FCC concluded that our "must carry" implementation methods were not in compliance with the "must carry" rules. If the FCC finds our subsequent remedial actions unsatisfactory, we could be forced by capacity constraints to reduce the number of markets in which we provide local channels. This could cause a temporary increase in churn.

For the year ended December 31, 2002, "DTH equipment sales" totaled $288 million, an increase of $17 million compared to the same period during 2001. "DTH equipment sales" consist of sales and maintenance of digital set-top boxes and other digital satellite broadcasting equipment by our ETC subsidiary to Bell ExpressVu, a subsidiary of Bell Canada, Canada's national telephone company, and sales of DBS accessories in the United States. The increase in "DTH equipment sales" principally resulted from an increase in sales of DBS accessories to DISH Network subscribers. This increase was partially offset by a decrease in sales of digital set-top boxes to our international DTH customers.

Through 2002, our primary international customer was Bell ExpressVu. We currently have certain binding purchase orders from Bell ExpressVu, and we are actively trying to secure new orders from other potential international customers. However, we cannot guarantee at this time that those negotiations will be successful. Our future international revenue depends largely on the success of these and other international operators, which in turn, depends on other factors, such as the level of consumer acceptance of direct-to-home satellite TV products and the increasing intensity of competition for international subscription television subscribers.

DISH Network Operating Expenses. “DISH Network operating expenses” totaled $2.218 billion during the year ended December 31, 2002, an increase of $460 million or 26% compared to the same period in 2001. The increase in “DISH Network operating expenses” was primarily attributable to the increase in the number of DISH Network subscribers. “DISH Network operating expenses” represented 50% and 49% of “Subscription television services” revenue during the years ended December 31, 2002 and 2001, respectively. The increase in “DISH Network operating expenses” as a percentage of “Subscription television services” revenue primarily resulted from the expansion of our DISH Network Service Corporation, the opening of a new call center, increased costs in order to meet the demands of current “must carry” requirements and costs associated with offering additional markets where we carry local channels.

“Subscriber-related expenses” totaled $1.766 billion during the year ended December, 2002, an increase of $333 million compared to the same period in 2001. 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% of “Subscription television services” revenues during each of the years ended December 31, 2002 and 2001. Promotions under which subscribers received free or discounted programming increased “subscriber-related expenses” as a percentage of “subscription television services” revenue in 2002 as compared to 2001. This increase was offset by a variety of factors including $1.00 price increase in February 2002, the increased availability of local channels by satellite in 2002 and an increase in subscribers with multiple set-top boxes.

“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 DISH Network Service Corporation business. “Customer service center and other” expenses totaled $390 million during the year ended December 31, 2002, an increase of $105 million as compared to the same period in 2001. “Customer service center and other” expenses totaled 9% and 8% of “Subscription television services” revenue during the years ended December 31, 2002 and 2001, respectively. The increase in “Customer service center and other” expenses in total and as a percentage of “Subscription television services” revenue primarily resulted from increased personnel and telephone expenses to support the growth of the DISH Network, the opening of a new call center, increased operating expenses related to the expansion of our DISH Network Service Corporation business, increased competition and increased costs due to second-dish installations in order to meet the demands of “must carry”. These expenses and percentages could temporarily increase in the future as additional infrastructure is added to meet future growth. We intend to continue to implement the automation of simple telephone responses and to increase Internet and satellite receiver-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 and contracted satellite telemetry, tracking and control services. “Satellite and transmission” expenses totaled $61 million during the year ended December 31, 2002, a $21 million increase compared to the same period in 2001. The increase in “Satellite and transmission” expenses primarily resulted from increased operations at our digital broadcast centers in order to meet the demands of current “must carry” requirements and the launch of 18 additional local markets during the year ended December 31, 2002. “Satellite and transmission” expenses totaled 1% of “Subscription television services” revenue during each of the years ended December 31, 2002 and 2001. “Satellite and transmission” expenses could increase in the future as additional satellites are placed in service, additional local markets are launched, to the extent we successfully obtain commercial in-orbit insurance and to the extent we increase the operations at our digital broadcast centers in order, among other reasons, to meet the demands of current “must carry” requirements.

Cost of sales – DTH equipment. “Cost of sales – DTH equipment” totaled $179 million during the year ended December 31, 2002, a decrease of $9 million compared to the same period in 2001. “Cost of sales – DTH equipment” principally includes costs associated with digital set-top boxes and related components sold to international DTH operators and DBS accessories. “Cost of sales — DTH equipment” represented 62% and 69% of “DTH equipment sales”, during the years ended December 31, 2002 and 2001, respectively. The decrease, both in aggregate and as a percentage of revenue, related primarily to reductions in the cost of set-top box equipment and increased sales of higher margin DBS accessories.

Subscriber Promotions. During the year ended December 31, 2002, our marketing promotions included our I Like 9, Free Dish, 1-2-3 Great TV, free installation program, Free for All and Digital Home Plan, which are described below.

I Like 9 – During August 2001, we commenced our I Like 9 promotion. Under this promotion, subscribers who purchased an EchoStar receiver system for $199 or higher, received 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.

Free Dish – Our Free Dish promotion, under which subscribers receive a free base-level EchoStar receiver system, commenced during August 2001. To be eligible, subscribers must provide a valid major credit card and make a one-year commitment to subscribe to a qualified programming package. Effective July 13, 2002, eligible subscribers are able to purchase a second receiver for $49.99. Although there can be no assurance as to the ultimate duration of the Free Dish promotion, we expect it to continue through at least July 31, 2003.

1-2-3 Great TV – During January 2002, we commenced our 1-2-3 Great TV promotion. Under this promotion, subscribers who purchased one or more receivers, provided a valid major credit card and made a one-year commitment, received the first three months of qualified programming and installation of up to two receivers for free. This promotion expired on July 31, 2002.

Free for All – Effective August 1, 2002, we commenced our Free for All promotion. Under this promotion, subscribers who purchase up to two receivers for $149 or more, depending on the models chosen, and subscribe to a qualifying programming package, receive free installation, together with credits of $12.50 or $17.00 applied to their programming bill each month for a year. Although there can be no assurance as to the ultimate duration of the Free For All promotion, we expect it to continue through at least July 31, 2003.

Digital Home Plan – Our Digital Home Plan promotion offers several choices to consumers, ranging from the use of one EchoStar receiver system and our America's Top 50 CD programming package for $29.99 per month, to providing consumers our America's Top 150 programming package and two or more EchoStar receiver systems for $52.99 to $62.99 per month. Each plan includes in-home service, and the consumer must agree to a one-year commitment, provide a valid major credit card, have an acceptable credit score and incur a one-time set-up fee of $49.99. From January to July 2002, the promotion also included the first three months of qualified programming free for qualified Digital Home Plan programming packages and for an additional $99, consumers could also choose to include a Dish PVR in the Digital Home Plan. Effective August 1, 2002, the one-time set-up fee includes only the first month's qualified programming payment and for an additional $50, consumers can also choose to include a Dish PVR in the Digital Home Plan. Dish PVR receivers include a built-in hard drive that allows viewers to pause and record live programming without the need for videotape. Since we retain ownership of equipment installed pursuant to the Digital Home Plan promotion, equipment costs are capitalized and depreciated over a period of approximately four years. Although there can be no assurance as to the ultimate duration of the Digital Home Plan promotion, we expect it to continue through at least July 31, 2003.

Free Installation – Under our free installation program all subscribers who purchase an EchoStar receiver system are eligible to receive free professional installation of up to two receivers. Although there can be no assurance as to the ultimate duration of the Free Installation promotion, we expect it to continue through at least July 31, 2003.

Subscriber Acquisition Costs. Generally, under most promotions, we subsidize the installation and all or a portion of the cost 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 "Cost of sales – subscriber promotion subsidies", "Other subscriber promotion subsidies" and DISH Network acquisition marketing expenses. "Cost of sales – subscriber promotion subsidies" includes the cost of EchoStar receiver systems sold to retailers and other distributors of our equipment and receiver systems sold directly by EchoStar to subscribers. "Other subscriber promotion subsidies" includes net costs related to our free installation promotion and other promotional incentives.

During the year ended December 31, 2002, our subscriber acquisition costs totaled approximately $1.163 billion, or approximately $421 per new subscriber activation. Comparatively, our subscriber acquisition costs during the year ended December 31, 2001 totaled approximately $1.074 billion, or approximately $395 per new subscriber activation. Total subscriber acquisition costs for the year ended December 31, 2002 include favorable adjustments which reduced the costs related to the production of EchoStar receiver systems. During 2002, we recorded adjustments of approximately $48 million as a result of favorable litigation developments and the completion of royalty arrangements with more favorable terms than estimated amounts previously accrued. The increase in total subscriber acquisition costs primarily resulted from an increase in “Other subscriber promotion subsidies” related to additional subsidies on second receiver installations and a decrease in the sales price of manufactured equipment, as well as an increase in “Advertising and other” expense related to acquisition marketing and our 2002 marketing promotions. A decrease in Digital Home Plan penetration in 2002 as compared to 2001 also contributed to this increase. This increase was partially offset by reductions in the cost of manufactured equipment and an increase in installations we perform on behalf of retailers. Our subscriber acquisition costs, both in the aggregate and on a per new subscriber activation basis, may materially increase in the future 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.

We exclude equipment capitalized under our Digital Home Plan promotion from our calculation of subscriber acquisition costs. We also exclude payments and certain returned equipment received from disconnecting Digital Home Plan subscribers from our calculation of subscriber acquisition costs. Equipment capitalized under our Digital Home Plan promotion totaled approximately $278 million and $338 million for the years ended December 31, 2002 and 2001, respectively. Payments and returned equipment received from disconnecting Digital Home Plan subscribers, which became available for sale through other promotions rather than being redeployed in the Digital Home Plan, totaled approximately $38 million and $16 million during the years ended December 31, 2002 and 2001, respectively.

General and Administrative Expenses. “General and administrative” expenses totaled $387 million during the year ended December 31, 2002, an increase of $9 million compared to the same period in 2001. The increase in “G&A” expenses was primarily attributable to increased personnel and infrastructure expenses to support the growth of the DISH Network. This increase was partially offset by a decrease in legal expenses and litigation settlements. “G&A” expenses represented 8% and 9% of “Total revenue” during the years ended December 31, 2002 and 2001, respectively.

Non-cash, Stock-based Compensation. During 1999, we adopted an incentive plan under our 1995 Stock 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, net of forfeitures, will be recognized over the five-year vesting period. Accordingly, during the year ended December 31, 2002 we recognized $11 million of compensation under this performance-based plan, a decrease of $9 million compared to the same period in 2001. This decrease is primarily attributable to proportionate vesting and stock option forfeitures. The remaining deferred compensation of $9 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 (in thousands):

	Year Ended December 31	
	2001	2002
Customer service center and other	$ 1,767	$ 729
Satellite and transmission	1,115	(7)
General and administrative	17,291	10,557
Total non-cash, stock-based compensation	$20,173	$11,279

Options to purchase an additional 9.1 million shares are outstanding as of December 31, 2002 and were granted with exercise prices equal to the market value of the underlying shares on the date they were issued during 1999, 2000 and 2001 pursuant to a long term incentive plan under our 1995 Stock Incentive Plan. The weighted-average exercise price of these options is $8.96. Vesting of these options is contingent upon meeting certain longer-term goals which have not yet been achieved. Consequently, no compensation was recorded during the year ended December 31, 2002 related to these long-term options. EchoStar will record the related compensation at the achievement of the performance goals. Such compensation, if recorded, would likely 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 “Cost of sales – subscriber promotion subsidies,” “Other subscriber promotion subsidies” and “Advertising and other” expenses. Pre-marketing cash flow was $1.982 billion during the year ended December 31, 2002, an increase of $386 million or 24% compared to the same period in 2001. Our pre-marketing cash flow as a percentage of “Total revenue” was approximately 41% and 40% during the years ended December 31, 2002 and 2001, respectively.

Earnings Before Interest, Taxes, Depreciation and Amortization. EBITDA is defined as “Operating income (loss)” plus “Depreciation and amortization,” and is adjusted for “Non-cash, stock-based compensation.” EBITDA was $806 million during the year ended December 31, 2002, compared to $511 million during the same period in 2001. The improvement in EBITDA was directly attributable to the increase in the number of DISH Network subscribers, which continues to result in revenue sufficient to support the cost of new and existing subscribers, and to previously discussed adjustments totaling approximately $53 million which reduce the costs related to the production of receiver systems. The improvement was partially offset by a decrease in Digital Home Plan penetration compared to the same period in 2001, resulting in a reduction in capitalized costs for the period. Our calculation of EBITDA for the years ended December 31, 2002 and 2001 does not include approximately $11 million and $20 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 capital expenditures under our Digital Home Plan promotion of approximately $278 million and $338 million during 2002 and 2001, respectively. As previously discussed, to the extent we introduce more aggressive 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.

The following table reconciles pre-marketing cash flow and EBITDA to the accompanying financial statements:

	Year Ended December 31,	
	2001	2002
Operating income (loss)	$ 212,302	$ 421,348
Depreciation and amortization	278,652	372,958
Non-cash, stock-based compensation	20,173	11,279
EBITDA	$ 511,127	$ 805,585
Cost of sales – subscriber promotion subsidies	459,909	439,863
Other subscriber promotion subsidies	477,903	574,750
Advertising and other	146,563	161,662
Pre-marketing cash flow	$1,595,502	$1,981,860

It is important to note that EBITDA and pre-marketing cash flow are supplemental non-GAAP measures and do not represent cash provided or used by operating activities. Through 2002, we used EBITDA and pre-marketing cash flow as two of the measurements of operating efficiency and overall financial performance and believed these can be helpful measures for those evaluating companies in the multi-channel video programming distribution industry. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures because EBITDA is independent of the actual leverage and capital expenditures employed by the business. Pre-marketing cash flow measures EBITDA before costs incurred to acquire subscribers to help assess the amount of income generated each period to be used to service debt and acquire subscribers. 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.

Depreciation and Amortization. "Depreciation and amortization" expense totaled $373 million during the year ended December 31, 2002, a $94 million increase compared to the same period in 2001. The increase in "Depreciation and amortization" expense principally resulted from an increase in depreciation related to the commencement of commercial operation of EchoStar VII in April 2002, commencement of commercial operations of EchoStar VIII in October 2002 and Digital Home Plan equipment and other additional depreciable assets placed in service. This increase was partially offset by a reduction of approximately $19 million of amortization expense as a result of our adoption of Statement of Financial Accounting Standards No. 142 ("FAS 142"). In accordance with FAS 142, effective January 2002 we ceased amortization of our FCC authorizations.

Other Income and Expense. "Other expense," net, totaled $1.230 billion during the year ended December 31, 2002, an increase of $804 million compared to the same period in 2001. This increase is primarily attributable to costs expensed upon termination of the merger of approximately $690 million, which consist of a $600 million termination fee paid to Hughes, $57 million of previously capitalized merger costs and $33 million of fees paid in connection with merger financing activities. The increase also resulted from an increase in "Other" related to net losses on marketable and non-marketable investment securities of approximately $136 million recorded in 2002 compared to approximately $110 million recorded in 2001 and net charges of approximately $20 million relating to the Vivendi contingent value rights which were outstanding during a portion of 2002. The contingent value rights are described more fully in Note 1 to the accompanying financial statements.

The increase in “Other expense” was partially offset by a decrease in equity losses of affiliates. “Interest expense, net of amounts capitalized” increased as a result of the issuance of our 9 1/8% Senior Notes in December 2001, the issuance of our 5 3/4% Convertible Subordinated Notes in May 2001 and interest costs related to our merger financing activities. Interest income increased as a result of higher cash balances in 2002 as compared to 2001.

Net loss. “Net loss” was $882 million during the year ended December 31, 2002, an increase of $667 million compared to “Net loss” of $215 million for the same period in 2001. The increase was primarily attributable to an increase in “Other income (expense)” discussed above. The increase in net loss was partially offset by an improvement in “Operating income (loss)” as discussed above.

Net loss attributable to common shareholders. “Net loss attributable to common shareholders” was $444 million during the year ended December 31, 2002, an increase of $228 million compared to “Net loss attributable to common shareholders” of $216 million for the same period in 2001. The increase is primarily attributable to the increase in “Net loss”, discussed above. The increase was partially offset by a $437 million gain on the redemption of Series D convertible preferred stock from Vivendi. The redemption is described more fully in Note 1 to the accompanying financial statements.

Net cash flows from operating activities and purchases of property and equipment. “Net cash flows from operating activities,” as reported in our consolidated statements of cash flows, includes net income or loss for the period, adjusted for certain non-cash items including, but not limited to, depreciation and amortization, realized and unrealized gains and losses on investments, deferred tax expense, and non-cash, stock-based compensation. “Net cash flows from operating activities” also includes changes in assets and liabilities during the period. “Net cash flows from operating activities” does not include investing activities or financing activities, nor does it include charges relating to losses on investing or financing activities. “Net cash flows from operating activities” was $67 million and $489 million during the years ended December 31, 2002 and 2001, respectively. The decrease in “Net cash flows from operating activities” was primarily attributable to the $600 million merger termination fee paid to Hughes. Our consolidated statements of cash flows detail the significant components of “net cash flows from operating activities.”

“Purchases of property and equipment” were $436 million and $637 million during the years ended December 31, 2002 and 2001, respectively. This decrease was primarily attributable to reduced spending on the construction of satellites and the capitalization of less equipment under our Digital Home Plan in 2002 as compared to 2001.

“Net cash flows from operating activities” less “Purchases of property and equipment” was negative $369 million and negative $148 million for the years ended December 31, 2002 and 2001, respectively. The decrease from 2001 was primarily attributable to a Hughes merger termination fee noted above. Exclusive of the $600 million merger termination fee, “net cash flows from operating activities” less “purchases of property and equipment” would have been $231 million for the year ended December 31, 2002. While there can be no assurance, assuming the addition of 1 million net new subscribers, we currently expect “net cash flows from operating activities” less “purchases of property and equipment” to be greater than $231 million during 2003. Our estimate could vary significantly depending upon, among other things, subscriber growth, subscriber revenue, subscriber churn, operating efficiencies, the timing of payments and receipts, inventory levels, increases or decreases in capital expenditures and other factors. Our estimate includes capital expenditures of approximately $300 million for satellite construction, local market expansion, upgrades to our information technology infrastructure and other general corporate purposes. Our capital expenditure estimate could increase or decrease depending on the strength of the economy, strategic opportunities or other factors. In addition to these capital expenditures, we will have capital expenditures for equipment under our Digital Home Plan promotion. The amount of equipment capitalized under our Digital Home Plan promotion in 2003 will depend upon the level of Digital Home Plan penetration during 2003. The cost of equipment capitalized under the Digital Home Plan is included in “purchases of property and equipment.” Net equipment costs for all other promotions is generally expensed as incurred and included in “net cash flows from operating activities.”

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 or 47% 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.

DISH Network “Subscription television services” revenue totaled $3.588 billion for the year ended December 31, 2001, an increase of $1.241 billion or 53% compared to the same period in 2000. 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. 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%. 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 due to the $1.00 price increase in 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.

For the year ended December 31, 2001, “DTH equipment sales” totaled $271 million, an increase of $11 million compared to the same period during 2000. This increase in “DTH equipment sales” 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.

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.

“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 represented 40% and 41% of “subscription television services” revenues during the years ended December 31, 2001 and 2000, respectively.

“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 reduction of on-going construction and start-up costs of our fifth customer service center in Virginia and our sixth customer service center in West Virginia which occurred during 2000, as well as increased operating efficiencies during 2001.

“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

Cost of sales – DTH equipment. “Cost of sales — DTH equipment” totaled $188 million during the year ended December 31, 2001, a decrease of $7 million compared to the same period in 2000. The decrease in “cost of sales — DTH equipment” principally resulted from a decrease in sales of digital set-top boxes to our two primary international DTH customers. “Cost of sales — DTH equipment” represented 69% and 75% of “DTH equipment sales” 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.

Subscriber Acquisition Costs. Subscriber acquisition costs totaled $1.074 billion during the year ended December 31, 2001 compared to $1.155 billion for the same period in 2000. This decrease primarily resulted from a decrease in “Other subscriber promotion subsidies” 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 “Other subscriber promotion subsidies” 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. “Other subscriber promotion subsidies” includes the cost related to EchoStar receiver systems distributed to retailers and other distributors of our equipment and 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.

We exclude equipment capitalized under our Digital Home Plan promotion from our calculation of subscriber acquisition costs. We also exclude payments and certain returned equipment received from disconnecting Digital Home Plan subscribers from our calculation of subscriber acquisition costs. Equipment capitalized under our Digital Home Plan promotion totaled approximately $338 million and $65 million for the years ended December 31, 2001 and 2000, respectively. Payments and returned equipment received from disconnecting Digital Home Plan subscribers, which became available for sale through other promotions rather than being redeployed in Digital Home Plan, totaled approximately $16 million during the year ended December 31, 2001. Cash and returned equipment were insignificant during 2000.

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.

Non-cash, Stock-based Compensation. As a result of substantial post-grant appreciation of stock options, during the years ended December 31, 2001 and 2000 we recognized $20 million and $51 million, respectively, of compensation under the 1999 incentive plan. The remaining deferred compensation expense , 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:

	Year Ended 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

Pre-Marketing Cash Flow. Pre-marketing cash flow is comprised of EBITDA, as defined below, plus "cost of sales – subscriber promotion subsidies," "other subscriber subsidies" and "advertising and other" expenses. Pre-marketing cash flow was $1.596 billion during the year ended December 31, 2001, an increase of 64% compared to the same period in 2000. 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.

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 $338 million and $65 million during 2001 and 2000, respectively.

The following table reflects the reconciliation of pre-marketing cash flow and EBITDA to the accompanying financial statements:

	Year Ended December 31, 2000	2001
Operating income (loss)	$(424,066)	$ 212,302
Depreciation and amortization	185,356	278,652
Non-cash, stock-based compensation	51,465	20,173
EBITDA	$(187,245)	$ 511,127
Cost of sales – subscriber promotion subsidies	747,020	459,909
Other subscriber promotion subsidies	273,080	477,903
Advertising and other	138,540	146,563
Pre-marketing cash flow	$ 971,395	$1,595,502

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.

Net loss. "Net loss" was $215 million during the year ended December 31, 2001, an improvement of $435 million compared to "Net loss" of $650 million for the same period in 2000. This improvement is primarily attributable to increases in "Subscription television services" revenue discussed above.

Net loss attributable to common shareholders. "Net loss attributable to common shareholders" was $216 million during the year ended December 31, 2001, an improvement of $435 million compared to "Net loss available to common shareholders" of $651 million for the same period in 2000. This improvement is primarily attributable to the improvement in "Net loss", as discussed above.

Net cash flows from operating activities and purchases of property and equipment. "Net cash flows from operating activities," as reported in our consolidated statements of cash flows, includes net income or loss for the period, adjusted for certain non-cash items including, but not limited to, depreciation and amortization, realized and unrealized gains and losses on investments, deferred tax expense, and non-cash, stock-based compensation. "Net cash flows from operating activities" also includes changes in assets and liabilities during the period. "Net cash flows from operating activities" does not include investing activities or financing activities, nor does it include charges relating to losses on investing or financing activities. "Net cash flows from operating activities" was $489 million and negative $119 million during the years ended December 31, 2001 and 2000, respectively. The improvement in "net cash flows from operating activities" was primarily attributable to the improvement in net loss. Our consolidated statements of cash flows detail the significant components of "net cash flows from operating activities."

"Purchases of property and equipment" were $637 million and $331 million during the years ended December 31, 2001 and 2000, respectively. This increase was primarily attributable to increased spending on the construction of satellites and an increase of equipment capitalized under our Digital Home Plan in 2001 as compared to 2000.

"Net cash flows from operating activities" less "Purchases of property and equipment" was negative $148 million and negative $450 million for the years ended December 31, 2001 and 2000, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Cash Sources

As of December 31, 2002, our restricted and unrestricted cash, cash equivalents and marketable investment securities totaled $2.848 billion, including $151 million of cash reserved for satellite insurance and approximately $10 million of other restricted cash, compared to $2.952 billion, including $122 million of cash reserved for satellite insurance and $1 million of other restricted cash, as of December 31, 2001. For the years ended December 31, 2002 and 2001, we reported net cash flows from operating activities of $67 million and $489 million, respectively. Net cash flows from operating activities during 2002 includes approximately $600 million of expenses related to termination of the merger with Hughes.

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. Our ability to generate positive future operating and net cash flows is dependent upon, among other things, our ability to retain existing DISH Network subscribers. There can be no assurance that we will be successful in achieving any or all of our goals. The amount of capital required to fund our 2003 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 capital expenditures will also vary depending on the number of satellites under construction at any point in time. 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, net of related deferred income tax, if applicable. 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, 2002, we recorded unrealized gains of approximately $6 million as a separate component of stockholders' deficit. During the year ended December 31, 2002, 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 $117 million and established a new cost basis for these securities. This amount does not include realized gains of approximately $12 million on the sales of marketable investment securities. Our approximately $2.8 billion of restricted and unrestricted cash, cash equivalents and marketable investment securities include debt and equity securities which we own for strategic and financial purposes. The fair market value of these strategic marketable investment securities aggregated approximately $73 million as of December 31, 2002. During the year ended December 31, 2002, our portfolio generally, and our strategic investments particularly, experienced volatility. If the fair market value of our marketable securities portfolio does not remain above cost basis or if we become aware of any market or company specific factors that indicate that the carrying value of certain of our securities is impaired, we may be required to record additional charges to earnings in future periods equal to the amount of the decline in fair value.

We also have made strategic equity investments in certain non-marketable investment securities. The securities of these companies are not publicly traded. Our ability to create realizable value from our strategic investments in companies that are not public is dependent on the success of their business and their 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. We evaluate our non-marketable investment securities on a quarterly basis to determine whether the carrying value of each investment is impaired. 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.

We made a strategic investment in StarBand Communications, Inc. During the first quarter of 2002, we determined that the carrying value of our investment in StarBand, net of approximately $8 million of equity in losses of StarBand already recorded during 2002, was not recoverable and recorded an impairment charge of approximately $28 million to reduce the carrying value of our StarBand investment to zero. This determination was based, among other things, on our continuing evaluation of StarBand's business model, including further deterioration of StarBand's limited available cash, combined with increasing cash requirements, resulting in a critical need for additional funding, with no clear path to obtain that cash. Further, during April 2002, we changed our sales and marketing relationship with StarBand and ceased subsidizing StarBand equipment. StarBand subsequently filed for bankruptcy during June 2002.

Subscriber Turnover

Our percentage monthly churn for the year ended December 31, 2002 was approximately 1.59%, compared to our percentage churn for the same period in 2001 of approximately 1.60%. We calculate percentage monthly churn by dividing the number of subscribers who terminate service during the month by total subscribers as of the beginning of the month. We are not aware of any uniform standards for calculating churn and believe presentations of churn may not be calculated consistently by different entities in the same or similar businesses. Impacts from our litigation with the networks in Florida, 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. In addition, price increases, which were effective February 1, 2003, could cause a temporary increase in churn. Increases in piracy or theft of our signal, or our competitors' signals, could cause churn to increase in future periods. In April 2002, the FCC concluded that our "must carry" implementation methods were not in compliance with the "must carry" rules. If the FCC finds our subsequent remedial actions unsatisfactory, we could be forced by capacity constraints to reduce the number of markets in which we provide local channels. This could cause a temporary increase in 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 $421 per new subscriber activation during the year ended December 31, 2002. While there can be no assurance, we believe heightened credit procedures we implemented during the first quarter of 2002, together with promotions tailored towards subscribers with multiple receivers, will attract better long-term subscribers. 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.

We exclude equipment capitalized under our Digital Home Plan promotion from our calculation of subscriber acquisition costs. We also exclude payments and certain returned equipment received from disconnecting Digital Home Plan subscribers from our calculation of subscriber acquisition costs. Equipment capitalized under our Digital Home Plan promotion totaled approximately $278 million and $338 million for the years ended December 31, 2002 and 2001, respectively. Payments and returned equipment received from disconnecting Digital Home Plan subscribers, which became available for sale through other promotions rather than being redeployed in the Digital Home Plan, totaled approximately $38 million and $16 million during the years ended December 31, 2002 and 2001, respectively.

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

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.

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 Dates	Semi-Annual Debt Service Requirements
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

*Effective February 1, 2003, these notes were redeemed.

Semi-annual debt service requirements related to our 9 1/8% Senior Notes due 2009 commenced 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 contractual obligations are summarized as follows (in thousands):

	December 31,						
	2003	2004	2005	2006	2007	Thereafter	Total
Long-term debt	$ –	$ –	$ –	$375,000	$2,000,000	$3,325,000	$5,700,000
Mortgages and Other Notes Payable	13,432	2,241	2,318	2,491	2,677	23,894	47,053
Operating leases	17,274	14,424	11,285	7,698	3,668	1,650	55,999
Purchase commitments	358,555	–	–	–	–	–	358,555
Total	$389,261	$16,665	$13,603	$385,189	$2,006,345	$3,350,544	$6,161,607

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. All of our eight in-orbit DBS satellites are currently owned by direct or indirect subsidiaries of EDBS. Insurance coverage is therefore required for at least four of our eight satellites. The launch and/or in-orbit insurance policies for EchoStar I through EchoStar VIII have expired. 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' senior notes, we have reclassified an amount equal to the depreciated cost of four of its satellites from cash and cash equivalents to cash reserved for satellite insurance on our balance sheet. As of December 31, 2002, cash reserved for satellite insurance totaled approximately $151 million. The reclassifications will continue until such time, if ever, as we can again insure our satellites on acceptable terms and for acceptable amounts, or until the covenants requiring the insurance are no longer applicable. 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.

As of December 31, 2002, the following amounts were outstanding under vendor financings for our satellites: Approximately $11 million for EchoStar IV, which bears interest at 8 1/4% and is payable over five years from launch; approximately $15 million for EchoStar VII, which bears interest at 8% and is payable over 13 years from launch; and approximately $15 million for EchoStar VIII, which also bears interest at 8 % but is payable over 14 years from launch.

The repayment obligations of EDBS under the vendor financings for EchoStar IV and Echostar Orbital Corporation under the vendor financing for EchoStar VII are guaranteed by EchoStar. The maximum potential future payments under these guarantees are equal to the respective amounts of outstanding principal and accrued interest.

In addition to our DBS business plan, we have a business plan for a two-satellite FSS Ku-band satellite system and a two-satellite FSS Ka-band satellite system. We are currently funding the construction phase for one of these satellites, EchoStar IX, a hybrid C/Ku/Ka-band satellite.

We currently own a 90% interest in VisionStar, Inc., (“VisionStar”) which holds a Ka-band FCC license at the 113 degree orbital location. We did not complete construction or launch of the satellite by the milestone deadlines and have requested an extension of these milestones from the FCC. Failure to receive an extension, of which there can be no assurance, would render the license invalid. In the future, we may fund construction, launch and insurance of this and 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.

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+ 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+ and B- rating 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 15 of this Annual Report on Form 10-K. 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.

- *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. Certain of our DISH Network sales promotions offers include programming discounts. Programming revenue under these promotions are recorded at their discounted rate.

- *Subscriber Acquisition Costs.* We generally expense as incurred the net cost of acquiring subscribers, other than costs capitalized under our Digital Home Plan promotion. Subscriber acquisition costs consist of the net cost of EchoStar receiver systems, the cost of installation promotions, commissions, equipment reimbursements, and certain marketing costs. See Note 2 to the consolidated financial statements for a more detailed discussion of our accounting for subscriber acquisition costs.

- *Capitalized satellite receivers.* Since we retain ownership of equipment issued pursuant to the Digital Home Plan promotion, we capitalize and depreciate equipment costs that would otherwise be expensed at the time of sale. Such capitalized costs are depreciated over a period of approximately four years. If a Digital Home Plan subscriber disconnects from the service, the subscriber is required to return the receiver and certain other equipment to us or be charged for the equipment. While we do not recover all of the equipment upon termination of service, equipment that is recovered after de-activation of a Digital Home Plan subscriber is reconditioned and re-deployed.

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

- *Long-Lived Assets and FCC Authorizations.* We have implemented Statement of Financial Accounting Standards No. 144, "Accounting for Disposal of Long-Lived Assets." 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. Once an impairment is determined, the actual impairment is measured using discounted cash flows. Assets which are to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell. 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. We have also implemented Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." FCC Authorizations, which are an indefinite lived intangible, are tested for impairment at least annually.

- *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 the guidelines set forth in Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" regarding the recoverability of any tax assets recorded on the balance sheet and provide any necessary allowances as required.

- *Long-Term Deferred Carriage Payments.* Certain programmers provide us up-front carriage payments. Such amounts are deferred and recognized as reductions to Subscriber-related expenses on a straight-line basis over the relevant contract term.

Recently Issued Accounting Pronouncements

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, “Accounting for Costs Associated with Exit or Disposal Activities” (“FAS 146”), which will require companies to record exit, including restructuring, or disposal costs when they are incurred and can be measured at fair value, and subsequently adjust the recorded liability for changes in estimated cash flows. FAS 146 also provides specific guidance on accounting for employee and contract terminations that are part of restructuring activities. The new requirements in FAS 146 are effective prospectively for exit or disposal activities initiated after December 31, 2002. The application of FAS 146 is not expected to have a material impact on our financial position or results of operations.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, “Accounting for Stock-Based Compensation – Transition and Disclosure” (“FAS 148”), which (i) amends FAS Statement No. 123, “Accounting for Stock-Based Compensation,” to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation (ii) amends the disclosure provisions of FAS 123 to require prominent disclosure about the effects on reported net income of an entity’s accounting policy decisions with respect to stock-based employee compensation and (iii) amends APB Opinion No. 28, “Interim Financial Reporting,” to require disclosure about those effects in interim financial information. Items (ii) and (iii) of the new requirements in FAS 148 are effective for financial statements for fiscal years ending after December 15, 2002. EchoStar has included the requirements of item (ii) in Note 2 in the Notes to the Consolidated Financial Statements in Item 15 of this Annual Report on Form 10-K and will include the requirements of item (iii) beginning in its first interim period after December 15, 2002.

In November 2002, the FASB issued FASB Interpretation No. 45, “Guarantors Accounting and Disclosure Requirement for Guarantors, including Indirect Guarantors of Indebtedness Others” (“FIN 45”). FIN 45 creates new disclosure and liability recognition requirements for certain guarantees, including, obligations to stand ready to perform. The initial recognition and measurement requirements of FIN 45 is effective prospectively for guarantees issued or modified after December 31, 2002 and the disclosure requirements are effective for financial statement periods ending after December 15, 2002. In accordance with FIN 45, we have disclosed guarantee information.

In January 2003, the Financial Accounting Standards Boards issued FASB Interpretation No. 46, “Consolidation of Variable Interest Entities” (“FIN 46”), which addresses the consolidation of variable interest entities as defined in the Interpretation. FIN 46 requires an assessment of equity investments to determine if they are variable interest entities. FIN 46 is immediately effective for all variable interest entities created after January 31, 2003. For variable interest entities created before February 1, 2003, the provisions of FIN 46 must be applied no later than the beginning of the first interim period or annual reporting period beginning after June 15, 2003. In addition, if it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity, the enterprise shall discuss the following information in all financial statements issued after January 31, 2003: (i) the nature, purpose, size or activities of the variable interest entity and (ii) the enterprise’s maximum exposure to loss as a result of its involvement with the variable interest entity. We are currently evaluating the potential impact, if any, the adoption of FIN 46 will have on our financial position and results of operations.

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 DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments

As of December 31, 2002, our restricted and 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 and notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and (d) instruments with similar risk characteristics to the commercial paper described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to fund operations. Consequently, the size of this portfolio fluctuates significantly as cash is received 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, 2002, all of our investments in this category were in fixed or variable rate instruments or money market type accounts. While an increase in interest rates would ordinarily adversely impact the fair value of fixed and variable rate investments, we normally hold these investments to maturity. Consequently, neither interest rate fluctuations nor other market risks typically result in significant 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, 2002 our marketable securities portfolio balance was approximately $2.8 billion with an average annual return for the year ended December 31, 2002 of approximately 2.6%. A hypothetical 10% decrease in interest rates would result in a decrease of approximately $7 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, 2002, we held strategic and financial debt and equity investments of public companies with a fair value of approximately $73 million. 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 $4.9 million. The fair value of our strategic and financial 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 $7.3 million decrease in the fair value of that portfolio.

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, net of related deferred income tax, if applicable. 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, 2002, we recorded unrealized gains of approximately $6 million as a separate component of stockholders' deficit. During the year ended December 31, 2002, 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 $117 million, and established a new cost basis for these securities. This amount does not include realized gains of approximately $12 million on the sales of marketable investment securities. Our approximately $2.8 billion of restricted and unrestricted cash, cash equivalents and marketable investment securities include debt and equity securities which we own for strategic and financial purposes. The fair market value of these strategic marketable investment securities aggregated approximately $73 million as of December 31, 2002. During the year ended December 31, 2002, our portfolio generally, and our strategic investments particularly, experienced and continue to experience, volatility. If the fair market value of our marketable securities portfolio does increase to 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 also have made strategic equity investments in certain non-marketable investment securities. The securities of these companies are not publicly traded. Our ability to create realizable value from our strategic investments in companies that are not public is dependent on the success of their business and their 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. We evaluate our non-marketable investment securities on a quarterly basis to determine whether the carrying value of each investment is impaired. 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.

We made a strategic investment in StarBand Communications, Inc. During the first quarter of 2002, we determined that the carrying value of our investment in StarBand, net of approximately $8 million of equity in losses of StarBand already recorded during 2002, was not recoverable and recorded an impairment charge of approximately $28 million to reduce the carrying value of our StarBand investment to zero. This determination was based, among other things, on our continuing evaluation of StarBand's business model, including further deterioration of StarBand's limited available cash, combined with increasing cash requirements, resulting in a critical need for additional funding, with no clear path to obtain that cash. Further, during April 2002, we changed our sales and marketing relationship with StarBand and ceased subsidizing StarBand equipment. StarBand subsequently filed for bankruptcy during June 2002.

As of December 31, 2002, we estimated the fair value of our fixed-rate debt and mortgages and other notes payable to be approximately $5.9 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 $200 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, 2002, 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.

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

Not applicable.

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, 2003, 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 19 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, 2003, 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 AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

We have adopted stock incentive plans to provide incentives to attract and retain officers, directors and key employees. We currently have reserved 80 million shares of our class A common stock for granting awards under our 1995 Stock Incentive Plan and an additional 80 million shares of our class A common stock for granting awards under our 1999 Stock Incentive Plan. However, the Company does not intend to issue new grants under our 1995 Stock Incentive Plan, under which approximately 52 million shares remain available for issuance. In addition, during 1995 and 2001 we adopted Nonemployee Director Plans to provide incentive to attract and retain our Nonemployee Directors. We currently have reserved 240,000 shares and 250,000 shares of our class A common stock related to the 1995 and 2001 Nonemployee Director Plans, respectively. In 2002, we adopted our Class B CEO Stock Option Plan, under which we have reserved 20 million shares of our class B common stock for issuance. No options have been granted to date under our Class B CEO Stock Option Plan.

The following table sets forth a description of our equity compensation plans as of December 31, 2002:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders	20,924,925	$13.96	143,323,612
Equity compensation plans not approved by security holders (1)	30,000	$27.67	220,000
Total	20,954,925	$13.98	143,543,612

(1) 2001 Nonemployee Director Stock Option Plan

Our 2001 Nonemployee Director Stock Option Plan was adopted in 2001 by EchoStar's Board of Directors (our "Board"), effective as of June 12, 2001, to attract and retain qualified persons who are not our employees for service as members of our Board. The plan is administered by a committee consisting of members of our Board (the "Committee"). Upon initial election or appointment eligible non-employee directors are granted options to purchase 10,000 shares of our Class A common stock, effective as of the last day of the calendar quarter in which such person is elected or appointed to our Board. The Committee has discretion to make further option grants to plan participants. However no non-employee director may be awarded options to purchase more than 10,000 shares in any twelve month period. The exercise price of options granted under the plan is 100% of the fair market value of our Class A common stock as of the last day of the calendar quarter in which the non-employee director receiving the option is elected, appointed or reelected to our Board, as applicable. We currently have reserved 250,000 shares of our class A common stock for granting awards under this plan. All options granted under the plan expire not later than five years after the date of grant and typically vest immediately upon grant.

Additional 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, 2003, 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, 2003, under the caption "Certain Relationships and Related Transactions," which information is hereby incorporated herein by reference.

Item 14. CONTROLS AND PROCEDURES

(a) Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as defined in Rule 13a-14(c) promulgated under the Securities Exchange Act of 1934 within 90 days of the filing date of this report. Based on their evaluation, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of EchoStar's disclosure controls and procedures were effective as of the date of the evaluation.

(b) There have been no significant changes (including corrective actions with regard to significant deficiencies or material weaknesses) in our internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation referenced in paragraph (a) above.

PART IV

Item 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

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

(1) *Financial Statements*

(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 (incorporated by reference to Exhibit 3.1(a) on the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
3.1(b)*	Amended and Restated Bylaws of EchoStar (incorporated by reference to Exhibit 3(ii) to the Current Report on Form 8-K of EchoStar, filed as of January 23, 2002, Commission File No. 0-26176).
3.2(a)*	Articles of Incorporation of EDBS (incorporated by reference to Exhibit 3.4(a) to the Registration Statement on Form S-4 of EDBS, Registration No. 333-31929).
3.2(b)*	Bylaws of EDBS (incorporated by reference to Exhibit 3.4(b) to the Registration Statement on Form S-4 of EDBS, Registration No. 333-31929).
4.1*	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).
4.2*	Indenture of Trust, relating to EDBS' 9 1/4% Senior Notes due 2006 ("Seven Year Notes"), dated as of January 25, 1999, among EDBS, 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 EDBS, Registration No. 333-71345).
4.3*	Indenture of Trust, relating to EDBS' 9 3/8% Senior Notes due 2009 ("Ten Year Notes"), dated as of January 25, 1999, among EDBS, 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 EDBS, Registration No. 333-71345).
4.4*	Registration Rights Agreement, relating to the Seven Year Notes, dated as of January 25, 1999, by and among EDBS, 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 EDBS, Registration No. 333-71345).

4.5*	Registration Rights Agreement, relating to the Ten Year Notes, dated as of January 25, 1999, by and among EDBS, 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 EDBS, Registration No. 333-71345).
4.6*	Indenture relating to 4 7/8% Convertible Subordinated Notes due 2007, dated as of December 8, 1999, between EchoStar 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, Registration No. 333-31894).
4.7*	Registration Rights Agreement, relating to the 4 7/8 % Convertible Subordinated Notes Due 2007, dated as of December 8, 1999, by and among EchoStar and the initial purchasers (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-3 of EchoStar, Registration No. 333-31894).
4.8	Indenture relating to 10 3/8% Senior Notes due 2007, dated as of November 12, 2002, between EDBS and U.S. Bank Trust National Association, as trustee.
4.9*	Indenture, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001 between EchoStar 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).
4.10*	Registration Rights Agreement, relating to the 5 3/4% Convertible Subordinated Notes Due 2008, dated as of May 31, 2001, by and between EchoStar 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).
4.11*	Indenture, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001 between EDBS and U.S. Bank Trust National Association, as Trustee (incorporated by reference to Exhibit 4.17 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
4.12*	Registration Rights Agreement, relating to the 9 1/8% Senior Notes Due 2009, dated as of December 28, 2001, by and among EDBS and Deutsche Banc Alex. Brown, Inc., Credit Suisse First Boston Corporation, Lehman Brothers Inc. and UBS Warburg LLC (incorporated by reference to Exhibit 4.18 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
4.13*	Series D Mandatorily Convertible Participating Preferred Stock Certificate of Designation of EchoStar (incorporated by reference to Exhibit 4.20 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
10.1*	Form of Satellite Launch Insurance Declarations (incorporated by reference to Exhibit 10.10 to the Registration Statement on Form S-1 of Dish Ltd., Registration No. 33-81234).
10.2*	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 Ltd., Registration No. 33-81234).
10.3*	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 Ltd., Commission File No. 33-81234).
10.4*	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).

10.5*	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) **
10.6*	Echostar 1999 Stock Incentive Plan (incorporated by reference to Exhibit C to Echostar's Definitive Proxy Statement on Schedule 14A dated March 23, 1999).**
10.7*	1995 Non-employee Director Stock Option Plan (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 of Echostar, Registration No. 333-05575).**
10.8*	2001 Non-employee Director Stock Option Plan (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-8 of Echostar, Registration No. 333-66490).**
10.9*	2002 Class B CEO Stock Option Plan (incorporated by reference to Appendix A to Echostar's Definitive Proxy Statement on Schedule 14A dated April 9, 2002).**
10.10*	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).
10.11*	Confidential Amendment to Satellite Construction Contract between Direct Broadcasting Satellite Corporation ("DBSC") and Martin Marietta, dated as of May 31, 1995 (incorporated by reference to Exhibit 10.14 to the Registration Statement on Form S-4 of EchoStar, Registration No. 333-03584).
10.12*	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).
10.13*	Amendment No. 9 to Satellite Construction Contract, effective as of July 18, 1996, between 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).
10.14*	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).
10.15*	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).
10.16*	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).
10.17*	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).
10.18*	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).

10.19*	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).
10.20*	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).
10.21*	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).
10.22*	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).
10.23*	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).
10.24	Stock Purchase Agreement, dated December 18, 2002, between EchoStar and Vivendi Universal, S.A.
10.25*	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 (incorporated by reference to Exhibit 10.33 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
10.26*	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 (incorporated by reference to Exhibit 10.34 on the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).
10.27*	Contract amendment No.1 to the EchoStar VIII contract between EchoStar Orbital Corporation and Space Systems/Loral, Inc., dated October 19, 2001 (incorporated by reference to Exhibit 10.35 on the Annual Report as amended on Form 10-K/A of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).***
10.28*	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 (incorporated by reference to Exhibit 10.36 on the Annual Report on Form 10-K of EchoStar for the year ended December 31, 2001, Commission File No. 0-26176).

10.29*	Modification No. 11 to the Satellite Contract (EchoStar VII – 119 degree West Longitude) dated February 7, 2002, between Lockheed Martin Corporation and EchoStar Orbital Corporation (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)
10.30*	Contract Amendment No. 1 to the Launch Services contract, dated January 10, 2002, between Lockheed Martin's International Launch Services and EchoStar Orbital Corporation. (incorporated by reference to Exhibit 10.4 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)***
10.31*	Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.5 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)***
10.32*	Amendment No. 1 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.6 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)
10.33*	Amendment No. 2 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.7 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)
10.34*	Amendment No. 3 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.8 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended March 31, 2002, Commission File No. 0-26176)
10.35*	Amendment No. 4 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.1 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended June 30, 2002, Commission File No. 0-26176)
10.36*	Amendment No. 5 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended June 30, 2002, Commission File No. 0-26176)
10.37*	Amendment No. 6 to Memorandum OEM Manufacturing Agreement, dated January 9, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report as amended on Form 10-Q/A of EchoStar for the quarter ended June 30, 2002, Commission File No. 0-26176)
10.38*	License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.1 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176) ***
10.39*	Amendment No. 1 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.2 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)

10.40*	Amendment No. 2 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.3 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.41*	Amendment No. 3 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.42*	Amendment No. 4 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.43*	Amendment No. 5 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.6 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.44*	Amendment No. 6 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.7 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.45*	Amendment No. 7 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.8 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.46*	Amendment No. 8 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.9 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.47*	Amendment No. 9 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.10 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.48*	Amendment No. 10 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.49*	Amendment No. 11 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)
10.50*	Amendment No. 12 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc. (incorporated by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q of EchoStar for the quarter ended September 30, 2002, Commission File No. 0-26176)

10.51	Amendment No. 13 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.52	Amendment No. 14 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.53	Amendment No. 15 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.54	Amendment No. 16 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.55	Amendment No. 17 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.56	Amendment No. 18 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.57	Amendment No. 19 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
21	Subsidiaries of EchoStar Communications Corporation.
23.1	Consent of KPMG LLP, Independent Public Accountants.
24.1	Powers of Attorney authorizing signature of Cantey Ergen, Raymond L. Friedlob, O. Nolan Daines, Peter A. Dea, Jean-Marie Messier and Steven R. Goodbarn.

Filed herewith.

* Incorporated by reference.

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

*** Filed in redacted form since confidential treatment has been requested pursuant to Rule 24.b-2 for certain portions thereof. A conforming electronic copy is filed herewith.

(b) Reports on Form 8-K

On November 5, 2002, we filed a Current Report on Form 8-K to report that on November 5, 2002, our subsidiary, EchoStar DBS Corporation, completed its offer to exchange all of the $1 billion principal outstanding of EchoStar Broadband Corporation's 10 3/8% Senior Notes due 2007 for substantially identical notes of EDBS.

On November 14, 2002, we filed a Current Report on Form 8-K in connection with the filing of our Quarterly Report on Form 10-Q for the period ended September 30, 2002 stating that our Chief Executive Officer and our Chief Financial Officer certified our report pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes – Oxley Act of 2002.

On December 10, 2002, we filed a Current Report on Form 8-K to announce that we had entered into a settlement agreement with General Motors and its subsidiary, Hughes Electronics Corporation, to terminate the proposed merger of Hughes and EchoStar.

On December 18, 2002, we filed a Current Report on Form 8-K to announce our agreement to repurchase Vivendi Universal's equity stake in EchoStar.

On December 31, 2002, we filed a Current Report on Form 8-K to announce that our subsidiary EDBS elected to retire all of its outstanding 9 1/4% Senior Notes due 2006, three years early pursuant to its optional early redemption right.

On December 31, 2002, we filed a Current Report on Form 8-K to announce the appointment of Steven R. Goodbarn to serve on the EchoStar Board of Directors and to serve as a member of the Audit Committee of the Board of Directors.

SIGNATURES

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

ECHOSTAR COMMUNICATIONS CORPORATION

By: /s/ *Michael R. McDonnell*

Michael R. McDonnell
Senior Vice President and Chief Financial Officer

Date: March 4, 2003

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

Signature	Title	Date
/s/ *Charles W. Ergen* Charles W. Ergen	Chief Executive Officer and Chairman *(Principal Executive Officer)*	March 4, 2003
/s/ *Michael R. McDonnell* Michael R. McDonnell	Senior Vice President and Chief Financial Officer *(Principal Financial and Accounting Officer)*	March 4, 2003
/s/ James DeFranco James DeFranco	Director	March 4, 2003
/s/ *David K. Moskowitz* David K. Moskowitz	Director	March 4, 2003
/s/ *Michael T. Dugan* Michael T. Dugan	Director	March 4, 2003
* Cantey Ergen	Director	March 4, 2003
* Raymond L. Friedlob	Director	March 4, 2003
* O. Nolan Daines	Director	March 4, 2003
* Peter A. Dea	Director	March 4, 2003
* Jean-Marie Messier	Director	March 4, 2003

* Steven R. Goodbarn	Director	March 4, 2003

* By: /s/ *David K. Moskowitz*
David K. Moskowitz
Attorney-in-Fact

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Section 302 Certification

I, Charles W. Ergen, certify that:

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

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

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

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

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

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 4, 2003

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

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Section 302 Certification

I, Michael R. McDonnell, certify that:

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

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

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

4. The registrant’s other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

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

   b) evaluated the effectiveness of the registrant’s disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the “Evaluation Date”); and

   c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant’s other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant’s auditors and the audit committee of registrant’s board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant’s ability to record, process, summarize and report financial data and have identified for the registrant’s auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal controls; and

6. The registrant’s other certifying officers and I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: March 4, 2003

/s/ Michael R. McDonnell
Senior Vice President and Chief Financial Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF KPMG LLP, INDEPENDENT PUBLIC ACCOUNTANTS

To EchoStar Communications Corporation:

We have audited the 2002 financial statements of Echostar Communications Corporation as listed in the accompanying index. 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. The 2001 and 2000 financial statements of Echostar Communications Corporation as listed in the accompanying index were audited by other auditors who have ceased operations. Those auditors' report, dated February 27, 2002, on these financial statements was unqualified and included an explanatory note that stated that they did not audit the financial statements of Starband Communications, Inc., an investment using the equity method of accounting which was reflected in the consolidated financial statements as of December 31, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 2002 financial statements referred to above present fairly, in all material respects, the financial position of Echostar Communications Corporation as of December 31, 2002, 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 of America.

KPMG LLP

Denver, Colorado,
February 28, 2003.

REPORT OF ARTHUR ANDERSEN LLP, INDEPENDENT PUBLIC ACCOUNTANTS

The below report is a copy of a previously issued Arthur Andersen LLP report and this report has not been reissued.

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.

ECHOSTAR COMMUNICATION CORPORATION
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands)

	December 31,	
	2001	2002
Assets		
Current Assets:		
Cash and cash equivalents	$ 1,677,889	$ 1,483,078
Marketable investment securities	1,150,408	1,203,917
Trade accounts receivable, net of allowance for uncollectible accounts of $22,770 and $27,649, respectively	318,128	329,020
Insurance receivable	106,000	106,000
Inventories	190,747	150,290
Other current assets	68,795	47,212
Total current assets	3,511,967	3,319,517
Restricted cash	1,288	9,972
Cash reserved for satellite insurance (Note 3)	122,068	151,372
Property and equipment, net	1,904,012	1,974,516
FCC authorizations, net	696,409	696,409
Other noncurrent assets	283,942	108,799
Total assets	$ 6,519,686	$ 6,260,585
Liabilities and Stockholders' Deficit		
Current Liabilities:		
Trade accounts payable	$ 254,868	$ 264,813
Deferred revenue	359,424	443,757
Accrued expenses	859,293	923,217
Current portion of long-term obligations	14,782	13,432
Total current liabilities	1,488,367	1,645,219
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	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, net of current portion	6,480	33,621
Long-term deferred distribution and carriage payments and other long-term liabilities	102,611	87,383
Total long-term obligations, net of current portion	5,809,091	5,821,004
Total liabilities	7,297,458	7,466,223
Commitments and Contingencies (Notes 3, 4 and 9)		
Stockholders' Deficit:		
Class A Common Stock, $.01 par value, 1,600,000,000 shares authorized, 241,015,004 and 242,539,709 shares issued and outstanding, respectively	2,410	2,425
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	1,709,797	1,706,731
Deferred stock-based compensation	(25,456)	(8,657)
Accumulated other comprehensive income	3,594	6,197
Accumulated deficit	(2,470,501)	(2,914,718)
Total stockholders' deficit	(777,772)	(1,205,638)
Total liabilities and stockholders' deficit	$ 6,519,686	$ 6,260,585

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

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

	Year Ended December 31,		
	2000	2001	2002
Revenue:			
DISH Network:			
Subscription television services	$2,346,700	$3,588,441	$ 4,411,838
Other	5,537	17,283	17,861
Total DISH Network	2,352,237	3,605,724	4,429,699
DTH equipment sales	259,830	271,242	287,831
Other	103,153	124,172	103,295
Total revenue	2,715,220	4,001,138	4,820,825
Costs and Expenses:			
DISH Network Operating Expenses:			
Subscriber-related expenses	970,374	1,433,245	1,766,451
Customer service center and other	250,704	284,868	390,467
Satellite and transmission	44,367	39,637	60,865
Total DISH Network operating expenses (exclusive of depreciation shown below – Note 3)	1,265,445	1,757,750	2,217,783
Cost of sales – DTH equipment	194,963	188,039	178,554
Cost of sales – other	32,992	81,974	55,582
Cost of sales – subscriber promotion subsidies (exclusive of depreciation included below – Note 3)	747,020	459,909	439,863
Other subscriber promotion subsidies	273,080	477,903	574,750
Advertising and other	138,540	146,563	161,662
General and administrative	250,425	377,873	387,046
Non-cash, stock-based compensation	51,465	20,173	11,279
Depreciation and amortization (Note 3)	185,356	278,652	372,958
Total costs and expenses	3,139,286	3,788,836	4,399,477
Operating income (loss)	(424,066)	212,302	421,348
Other income (Expense):			
Interest income	79,733	97,671	112,927
Interest expense, net of amounts capitalized	(267,990)	(371,365)	(482,903)
Merger termination related expenses	–	–	(689,798)
Other	(37,448)	(152,652)	(170,680)
Total other income (expense)	(225,705)	(426,346)	(1,230,454)
Loss before income taxes	(649,771)	(214,044)	(809,106)
Income tax provision, net	(555)	(1,454)	(72,544)
Net loss	$ (650,326)	$ (215,498)	$ (881,650)
Unrealized holding losses arising during the period	(60,580)	(5,697)	(114,521)
Recognition of previously unrealized losses on available-for-sale securities included in net loss	–	69,871	117,124
Comprehensive loss	$ (710,906)	$ (151,324)	$ (879,047)
Net loss attributable to common shareholders (Note 2)	$ (651,472)	$ (215,835)	$ (444,217)
Weighted-average common shares outstanding	471,023	477,172	480,429
Basic and diluted loss per common share	$ (1.38)	$ (0.45)	$ (0.92)

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

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

	Common Stock		Series C	Additional	Deferred Stock-Based	Accumulated Deficit and Unrealized	
	Shares	Amt.	Preferred Stock	Paid-In Capital	Compen-sation	Holding Gains (Losses)	Total
Balance, December 31, 1999	458,522	$4,584	$ 45,434	$1,622,538	$(117,780)	$(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	11,320	113	(34,486)	34,373	–	–	–
Issuance of Class A Common Stock:							
Acquisition of Kelly Broadcasting Systems	510	5	–	31,551	–	–	31,556
Exercise of stock options	3,593	36	–	10,973	–	–	11,009
Employee benefits	182	2	–	7,282	–	–	7,284
Employee Stock Purchase Plan	58	1	–	1,722	–	–	1,723
Forfeitures of deferred non-cash, stock-based compensation	–	–	–	(8,072)	6,730	–	(1,342)
Deferred stock-based compensation recognized	–	–	–	–	52,857	–	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	474,185	4,741	10,948	1,700,367	(58,193)	(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	3,592	36	(10,948)	10,909	–	–	(3)
Issuance of Class A Common Stock:							
Exercise of stock options	1,555	16	–	8,040	–	–	8,056
Employee benefits	39	–	–	1,173	–	–	1,173
Employee Stock Purchase Plan	80	1	–	1,872	–	–	1,873
Forfeitures of deferred non-cash, stock-based compensation	–	–	–	(12,564)	5,143	–	(7,421)
Deferred stock-based compensation recognized	–	–	–	–	27,594	–	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	479,451	4,794	–	1,709,797	(25,456)	(2,466,907)	(777,772)
Repurchase of Series D Convertible Preferred Stock	–	–	–	–	–	437,433	437,433
Issuance of Class A Common Stock:							
Exercise of stock options	1,417	14	–	7,511	–	–	7,525
Employee benefits	–	–	–	3	–	–	3
Employee Stock Purchase Plan	107	1	–	1,904	–	–	1,905
Forfeitures of deferred non-cash, stock-based compensation	–	–	–	(5,520)	1,911	–	(3,609)
Deferred stock-based compensation recognized	–	–	–	–	14,888	–	14,888
Reversal of deferred tax asset for book stock compensation that exceeded the related tax deduction	–	–	–	(6,964)	–	–	(6,964)
Change in unrealized holding gains (losses) on available-for-sale securities, net	–	–	–	–	–	2,603	2,603
Net loss	–	–	–	–	–	(881,650)	(881,650)
Balance, December 31, 2002	480,975	$4,809	$ –	$1,706,731	$ (8,657)	$(2,908,521)	$(1,205,638)

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

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

	Year Ended December 31,		
	2000	2001	2002
Cash Flows From Operating Activities:			
Net loss	$ (650,326)	$ (215,498)	$ (881,650)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Equity in losses of affiliates	29,115	34,908	8,012
Realized and unrealized loss (gain) on investments	3,039	110,458	135,619
Deferred stock-based compensation recognized	51,465	20,173	11,279
Deferred tax expense	–	–	66,149
Depreciation and amortization	185,356	278,652	372,958
Change in valuation of contingent value rights, net of gain on extinguishment (Note 1)	–	–	19,645
Amortization of debt discount and deferred financing costs	6,506	9,189	11,906
Recognition of bridge commitment fees from reduction of bridge financing commitments (Note 1)	–	–	48,435
Expensing of capitalized merger costs (Note 1)	–	–	56,474
Change in long-term deferred satellite services revenue and other long-term liabilities	37,236	46,282	(20,924)
Other, net	17,819	36,179	4,756
Changes in current assets and current liabilities:			
Trade accounts receivable, net	(111,898)	(39,514)	(10,619)
Inventories	(41,851)	(25,247)	69,709
Other current assets	(8,296)	(8,316)	(474)
Trade accounts payable	27,250	28,233	18,014
Deferred revenue	100,776	75,529	84,333
Accrued expenses	235,132	138,455	73,122
Net cash flows from operating activities	(118,677)	489,483	66,744
Cash Flows From Investing Activities:			
Purchases of marketable investment securities	(1,363,884)	(2,549,179)	(5,770,963)
Sales of marketable investment securities	1,041,784	2,023,268	5,602,398
Cash reserved for satellite insurance (Note 3)	(82,393)	(59,488)	(59,680)
Change in cash reserved for satellite insurance due to depreciation on related satellites (Note 3)	–	19,813	30,376
Funds released from escrow and restricted cash and marketable investment securities	–	1,712	1,288
Purchases of property and equipment	(331,401)	(637,457)	(435,819)
Payments under in-orbit satellite contract	(48,894)	(8,441)	(8,441)
Capitalized merger-related costs	–	(17,830)	(38,644)
Investment in Wildblue Communications	(50,000)	–	–
Investment in SONICblue (fka Replay TV)	(10,000)	–	–
Investment in StarBand Communications	(50,045)	(50,000)	–
Other	(17,124)	(1,517)	(2,902)
Net cash flows from investing activities	(911,957)	(1,279,119)	(682,387)
Cash Flows From Financing Activities:			
Proceeds from issuance of Series D Convertible Preferred Stock and contingent value rights	–	–	1,483,477
Repurchase of Series D Convertible Preferred Stock and contingent value rights	–	–	(1,065,689)
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 5 3/4% Convertible Notes	–	1,000,000	–
Debt issuance costs and prepayment premiums	(9,645)	(29,450)	(1,837)
Deferred bridge loan financing costs	–	(55,250)	–
Repayments of mortgage indebtedness and other notes payable	(17,668)	(14,182)	(4,549)
Net proceeds from Class A Common Stock options exercised and Class A Common Stock issued under Employee Stock Purchase Plan	12,732	9,929	9,430
Other	(3,266)	(340)	–
Net cash flows from financing activities	982,153	1,610,707	420,832
Net increase (decrease) in cash and cash equivalents	(48,481)	821,071	(194,811)
Cash and cash equivalents, beginning of year	905,299	856,818	1,677,889
Cash and cash equivalents, end of year	$ 856,818	$ 1,677,889	1,483,078

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

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO 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 and development 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, eight DBS satellites ("EchoStar I" through "EchoStar VIII"), 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

Termination of the Proposed Merger of EchoStar with Hughes

During October, 2001, EchoStar signed agreements with Hughes Electronics Corporation ("Hughes") and General Motors ("GM"), which is Hughes' parent company, related to a proposed merger with Hughes in a stock-for-stock transaction.

On October 10, 2002, the Federal Communications Commission ("FCC") announced that it had declined to approve the application for transfer of the licenses necessary to allow our merger with Hughes to close and designated the application for hearing by an administrative law judge. On October 31, 2002, the U.S. Department of Justice ("DOJ"), twenty-three states, the District of Columbia and Puerto Rico filed a complaint for permanent injunctive relief in the United States District Court for the District of Columbia against EchoStar, GM and Hughes.

On December 9, 2002, EchoStar reached a settlement with GM and Hughes to terminate the proposed merger. In connection with the proposed merger and subsequent termination, EchoStar recorded charges to earnings for the following fees:

- Termination fee: Upon termination of the merger, we recorded a charge to earnings of approximately $690 million related to merger termination costs. These costs consisted of a $600 million termination fee paid to Hughes, approximately $57 million related to capitalized merger costs which were charged to earnings upon termination of the merger and approximately $33 million related to unamortized bridge commitment fees, which were expensed upon termination of the merger.

- Bridge Commitment fees: In connection with the proposed merger, EchoStar and Hughes obtained a $5.525 billion bridge financing commitment and EchoStar paid approximately $55 million of commitment fees. Approximately $7 million of deferred commitment fees were expensed upon issuance of the 9 1/8% Senior Notes due 2009 by EchoStar DBS Corporation ("EDBS") and approximately $15 million of deferred commitment fees were expensed upon closing of the $1.5 billion equity investment in EchoStar by Vivendi. The remaining $33 million was expensed upon termination of the merger explained above.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

- Ticking fees: A fee of .50% per year on the aggregate bridge financing commitment outstanding was payable quarterly, in arrears, until termination of the agreements relating to the bridge commitments. These fees were expensed as incurred as a component of interest expense. EchoStar recorded charges to earnings of approximately $5 million and approximately $17 million during the years ended December 31, 2001 and 2002, respectively, related to bridge financing ticking fees.

Under the terms of the settlement, Hughes retained its 81% ownership interest in PanAmSat, which EchoStar was previously obligated to purchase at a price of $22.47 per share, or approximately $2.7 billion.

Vivendi Universal

In connection with Vivendi's purchase of our Series D convertible preferred stock during January 2002, Vivendi received contingent value rights. The terms of those rights provided that if, as of the settlement date specified below, the average price of EchoStar's class A common stock was above the $26.04 class A common stock equivalent price per share paid by Vivendi, then no amount would be payable to Vivendi. If the average price of EchoStar's class A common stock during the relevant 20 day period was below that price, then we were obligated to pay Vivendi the difference between $26.04, the price paid by Vivendi, and the then current average price of EchoStar's class A common stock, up to a maximum payment of $525 million. Any amount owed under these rights, which was payable in cash or in EchoStar's class A common stock at EchoStar's option, would have been settled 30 months after termination of the merger agreement and the PanAmSat stock purchase agreement. The terms of the contingent value rights also provided that, generally, in the event that the price of EchoStar's class A common stock was at or above $31.25 for 90 consecutive calendar days prior to maturity of the contingent value rights, the rights automatically expired.

The class A common stock equivalent per share conversion price for the Series D convertible preferred stock was set at $26.04 upon execution of the investment agreement on December 14, 2001. Further, the effective class A common stock equivalent per share value of the Series D convertible preferred stock excluding the contingent value rights was calculated as $25.51. 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 effective per share value and since consummation of the investment was contingent upon regulatory approval, the Series D preferred stock was deemed to be issued with a beneficial conversion feature. This feature required the difference between the effective per share value and the price as of the date of consummation to be recorded as a discount on the Series D convertible preferred stock. Since the Series D convertible preferred stock was immediately convertible at the holder's option, the discount on Series D convertible preferred stock related to the beneficial conversion feature was accreted as a charge to retained earnings of approximately $61.9 million as of the date of issuance.

EchoStar used a Black-Scholes pricing model, a widely accepted tool which is commonly used to value financial instruments such as options, warrants, etc., and applied certain other assumptions and judgments to value the contingent rights from the date of their issuance through December 17, 2002, the date on which EchoStar and Vivendi agreed to a repurchase of this stake as discussed below. Changes in the estimated value were recorded as charges to earnings from January 22, 2002 through December 17, 2002. The contingent value rights were originally assigned a value of $30.7 million. This amount was recorded as a discount on the Series D convertible preferred stock at the date of issuance. As of December 17, 2002, the estimated value of the contingent value rights was approximately $62.3 million. The issuance costs of approximately $16.5 million related to the Series D convertible preferred stock were also recorded as a discount on the Series D convertible preferred stock at the date of issuance.

Effective December 23, 2002, EchoStar repurchased Vivendi's stake in EchoStar. As part of this transaction, immediately prior to the repurchase Vivendi converted its Series D Convertible Preferred stock into approximately 57.6 million shares of EchoStar class A Common stock. These shares were then acquired by us at a price of $18.50 per common share, for a total transaction price of approximately $1.066 billion. As a result of this transaction, Vivendi's contingent value rights terminated in accordance with the original terms of the Contingent

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

Value Rights Agreement. As a result of this termination, all potential obligations associated with the contingent value rights, which had a recorded estimated fair value of approximately $171 million as of September 30, 2002 and $62.3 million as of December 17, 2002, the date on which we and Vivendi agreed to the repurchase, were eliminated.

As of December 17, 2002, the Series D convertible preferred stock was carried on EchoStar's balance sheet at approximately $1.453 billion, including the $61.9 million beneficial conversion feature, and had a fair market value of approximately $1.256 billion. The contingent value rights were carried at their estimated fair value of $62.3 million, and the beneficial conversion feature was carried at approximately $61.9 million. The consideration paid to Vivendi was allocated between the contingent value rights, the beneficial conversion feature and the Series D convertible preferred stock. The consideration of approximately $1.066 billion was allocated using a relative fair value method which resulted in: (i) approximately $50.4 million of the consideration being allocated to the contingent value rights and (ii) approximately $1.015 billion being allocated to the Series D convertible preferred stock and beneficial conversion feature. Of the approximately $1.015 billion allocated to the Series D convertible preferred stock and beneficial conversion feature, approximately $61.9 million was first allocated to the beneficial conversion feature and the remaining $953 million was allocated to the Series D convertible preferred stock. The allocation to the contingent value rights resulted in a credit to earnings of approximately $11.9 million, which represents the difference between the consideration allocated to the contingent value rights and their estimated value at December 17, 2002. The allocation of consideration to the Series D convertible preferred stock and beneficial conversion feature resulted in a credit to retained earnings and a reduction of net loss attributable to common shareholders of approximately $437.4 million for the year ended December 31, 2002, which represents the difference between the consideration allocated to the Series D convertible preferred stock and the beneficial conversion feature and their aggregate carrying value at December 17, 2002.

Debt Exchange

Effective November 5, 2002, EDBS completed its offer to exchange all of the $1 billion principal outstanding of EchoStar Broadband Corporation's 10 3/8% Senior Notes due 2007 (the "EBC Notes") for substantially identical notes of EDBS. Tenders were received from holders of over 99% of the EBC Notes. In accordance with the terms of the indenture related to the EBC Notes, since at least 90% in aggregate principal amount of the outstanding EBC Notes accepted the exchange offer, all of the then outstanding EBC Notes were deemed to have been exchanged for EDBS Notes.

Organization and Legal Structure

During 1999, EchoStar placed ownership of all of its direct broadcast satellites and related FCC licenses into subsidiaries of EDBS. Dish, Ltd. and EchoStar Satellite Broadcasting Company were merged into EDBS. EchoStar IV and the related FCC licenses were transferred to EchoStar Satellite Corporation. During 2002, ownership of EchoStar VII and EchoStar VIII were transferred to EDBS. Contracts for the construction and launch of EchoStar IX are held in EchoStar Orbital Corporation II. Substantially all of EchoStar's operations are conducted by subsidiaries of EDBS.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

The following table summarizes the organizational structure of EchoStar and its principal subsidiaries as of December 31, 2002:

Legal Entity	Referred to Herein As	Parent
EchoStar Communications Corporation	ECC	Publicly owned
EchoStar DBS Corporation	EDBS	ECC
EchoStar Orbital Corporation	EOC	ECC
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, 2002, 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 Dates	Semi-Annual Debt 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	24,375,000
5 3/4% Convertible Subordinated Notes due 2008 (“5 3/4% Convertible Notes”)	May 15 and November 15	28,750,000

*Effective February 1, 2003, these notes were redeemed. See Note 14 – Subsequent Events for further discussion.

Semi-annual debt service requirements related to EchoStar’s 9 1/8% Senior Notes due 2009 commenced 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. The high cost of obtaining new subscribers magnifies the negative effects of subscriber turnover. No assurance can be given that EchoStar will be effective with regard to these matters.

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.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

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.

During the three months ended June 30, 2002, EchoStar recorded an adjustment to “Cost of sales – subscriber promotion subsidies” of approximately $17 million to reduce accrued royalty expenses related to the production of EchoStar receiver systems. The reduction in accrued royalty expenses primarily resulted from the completion of royalty arrangements with more favorable terms than the estimate previously accrued.

During the three months ended September 30, 2002, as a result of favorable litigation developments, EchoStar recorded a non-recurring reduction in the cost of set-top box equipment. The following details the decrease in the financial statement line items affected by this adjustment (in thousands):

	Three Months Ended September 30, 2002
Property and equipment, net	$ (5,916)
Cost of sales – DTH equipment	(5,002)
Cost of sales – subscriber promotion subsidies	(30,872)
Depreciation and amortization	(1,430)

Foreign Currency Transaction Gains and Losses

The functional currency of the majority 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 2000, 2001 and 2002 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,		
	2000	2001	2002
Cash paid for interest, net of amounts capitalized	$211,064	$377,038	$500,879
Cash paid for income taxes	641	1,832	8,396
6 3/4% Series C Cumulative Convertible Preferred Stock dividends	1,146	337	–
Class A common stock issued related to acquisition of Kelly Broadcasting Systems	31,556	–	–
Conversion of 6 3/4% Series C Cumulative Convertible Preferred Stock to Class A common stock	34,373	10,948	–
Forfeitures of deferred non-cash, stock-based compensation	8,072	12,564	5,520
EchoStar VII and EchoStar VIII satellite vendor financing	–	–	30,000

Cash and Cash Equivalents

EchoStar considers all liquid investments purchased within 90 days of their maturity to be cash equivalents. Cash equivalents as of December 31, 2001 and 2002 consist of money market funds, corporate notes and commercial paper. The cost of these investments approximates their fair market value.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

Marketable and Non-Marketable Investment Securities and Restricted Cash

EchoStar currently classifies all marketable investment securities as available-for-sale. In accordance with generally accepted accounting principles, EchoStar adjusts the carrying value of its available-for-sale marketable investment securities to fair market value and reports the related temporary unrealized gains and losses as a separate component of stockholders' deficit, net of related deferred income tax, if applicable. 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 EchoStar's 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, 2002, EchoStar recorded unrealized gains of approximately $6 million as a separate component of stockholders' deficit. During the year ended December 31, 2002, EchoStar also recorded an aggregate charge to earnings for other than temporary declines in the fair market value of certain of its marketable investment securities of approximately $117 million, and established a new cost basis for these securities. This amount does not include realized gains of approximately $12 million on the sales of marketable investment securities. EchoStar's approximately $2.8 billion of restricted and unrestricted cash, cash equivalents and marketable investment securities include debt and equity securities which EchoStar owns for strategic and financial purposes. The fair market value of these strategic marketable investment securities aggregated approximately $73 million as of December 31, 2002. During the year ended December 31, 2002, EchoStar's portfolio generally, and EchoStar's strategic investments particularly, experienced and continue to experience volatility. If the fair market value of EchoStar's marketable securities portfolio does not remain 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 additional charges 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. The securities of these companies are not publicly traded. EchoStar's ability to create realizable value from its strategic investments in companies that are not public is dependent on the success of their business and their 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. EchoStar evaluates its non-marketable investment securities on a quarterly basis to determine whether the carrying value of each investment is impaired. 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 EchoStar's investment. Such factors may include, but are not limited to, cash flow concerns, material litigation, violations of debt covenants and changes in business strategy.

EchoStar made a strategic investment in StarBand Communications, Inc. During the first quarter of 2002, EchoStar determined that the carrying value of its investment in StarBand, net of approximately $8 million of equity in losses of StarBand already recorded during 2002, was not recoverable and recorded an impairment charge of approximately $28 million to reduce the carrying value of its StarBand investment to zero. This determination was based, among other things, on EchoStar's continuing evaluation of StarBand's business model, including further deterioration of StarBand's limited available cash, combined with increasing cash requirements, resulting in a critical need for additional funding, with no clear path to obtain that cash. Further, during April 2002, EchoStar changed its sales and marketing relationship with StarBand and ceased subsidizing StarBand equipment. StarBand subsequently filed for bankruptcy during June 2002.

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, 2001 and restricted cash related to insurance premium requirements as of December 31, 2002.

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

	Marketable Investment Securities December 31,		Restricted Cash December 31,	
	2001	2002	2001	2002
Government bonds	$ 43,659	$ 712,521	$ –	$ 9,962
Corporate notes and bonds	550,364	470,633	–	–
Corporate equity securities	40,633	20,763	–	–
Commercial paper	515,752	–	–	–
Restricted cash	–	–	1,288	10
	$1,150,408	$1,203,917	$ 1,288	$ 9,972

As of December 31, 2002, marketable investment securities and restricted cash include debt securities of $478 million with contractual maturities of one year or less, $692 million with contractual maturities between one and five years and $23 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.

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 built by contract manufacturers to EchoStar’s specifications. Manufactured inventories include materials, labor, freight-in, royalties and manufacturing overhead. Inventories consist of the following (in thousands):

	December 31,	
	2001	2002
Finished goods — DBS	$127,186	$104,769
Raw materials	45,725	25,873
Finished goods — remanufactured and other	19,548	16,490
Work-in-process	7,924	7,964
Consignment	3,611	5,161
Reserve for excess and obsolete inventory	(13,247)	(9,967)
	$190,747	$150,290

Property and Equipment

Property and equipment are stated at cost. Cost includes capitalized interest of approximately $5 million, $26 million and $24 million during the years ended December 31, 2000, 2001 and 2002, respectively. 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 over lives ranging from two to forty years. Repair and maintenance costs are charged to expense when incurred. Renewals and betterments are capitalized.

Long-lived assets

EchoStar accounts for long-lived assets in accordance with the provision of Statement of Financial Accounting Standards No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets” (“FAS 44”). 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. Once an impairment is determined, the actual impairment is measured using discounted cash flows. Assets which are to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. 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.

Goodwill and Intangible Assets

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 September 30, 2001. Effective January 1, 2002, EchoStar adopted the provisions of FAS 142 and ceased amortization of its FCC authorizations, which were determined to have indefinite lives. In accordance with FAS 142, EchoStar tested its FCC authorizations for impairment as of the date of adoption and determined that there was no impairment. The following table reconciles previously reported net income (loss) and basic and diluted loss per common share as if the provisions of FAS 142 were in effect for the years ended December 31, 2000 and 2001, respectively, (in thousands).

	For the years ended December 31,	
	2000	2001
Net income (loss), as reported	$(650,326)	$(215,498)
Add back: FCC authorization amortization	18,493	18,775
Net income (loss), as adjusted	$(631,833)	$(196,723)
Basic and diluted net income (loss) per common share, as reported	$ (1.38)	$ (0.45)
Add back: FCC authorization amortization	0.04	0.04
Basic and diluted net income (loss) per common share, as adjusted	$ (1.34)	$ (0.41)

As of December 31, 2001 and 2002, EchoStar had approximately $51 million and $53 million of gross identifiable intangibles with related accumulated amortization of approximately $22 million and $33 million as of the end of each period, respectively. These identifiable intangibles primarily include acquired contracts and technology-based intangibles. Amortization of these intangible assets with an average finite useful life of approximately five years was $10 million and $11 million for the years ended December 31, 2001 and 2002, respectively. EchoStar estimates that such amortization expense will aggregate approximately $10 million annually for the remaining useful life of these intangible assets of approximately 2 years. In addition, during the year ended December 31, 2002 EchoStar’s business unit DISH Network acquired approximately $3 million of goodwill.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

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.

Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31,	
	2001	2002
Programming	$250,795	$301,282
Interest	142,789	170,108
Royalties and copyright fees	145,140	93,156
Marketing and dealer commissions	67,996	89,221
Taxes	17,933	31,244
Other	234,640	238,206
	$859,293	$923,217

Long-Term Deferred Carriage Payments

Certain programmers provide us up-front carriage payments. Such amounts are deferred and recognized as reductions to Subscriber-related expenses on a straight-line basis over the relevant contract term (up to 10 years).

Income Taxes

EchoStar establishes a provision for income taxes currently payable or receivable and for income tax amounts deferred to future periods in accordance with Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes” (“FAS 109”). FAS 109 requires that deferred tax assets or liabilities be recorded for the estimated future tax effects of differences that exist between the book and tax basis of assets and liabilities. Deferred tax assets are offset by valuation allowances in accordance with FAS 109.

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.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

The following table summarizes the book and fair values of EchoStar's debt facilities at December 31, 2001 and 2002 (in thousands):

	December 31, 2001		December 31, 2002	
	Book Value	Fair Value	Book Value	Fair Value
9 1/4% Seven Year Notes*	$ 375,000	$ 382,500	$ 375,000	$ 386,250
9 3/8% Ten Year Notes	1,625,000	1,673,750	1,625,000	1,706,250
10 3/8% Seven Year Notes	1,000,000	1,040,000	1,000,000	1,070,000
9 1/8% Seven Year Notes	700,000	701,750	700,000	717,500
4 7/8% Convertible Notes	1,000,000	891,300	1,000,000	897,960
5 3/4% Convertible Notes	1,000,000	896,300	1,000,000	910,420
Mortgages and other notes payable	21,262	21,262	47,053	47,053

*Effective February 1, 2003, these notes were redeemed. See Note 14 – Subsequent Events for further discussion.

Due to their short-term nature, book value approximates fair value for cash and cash equivalents, trade accounts receivable, net of allowance and current liabilities for the periods ending December 31, 2001 and 2002.

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 Notes 4 and 14).

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 significant marketing promotions for the period are discussed below.

I Like 9 – During August 2001, we commenced our I Like 9 promotion. Under this promotion, subscribers who purchased an EchoStar receiver system for $199 or higher received 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.

Free Dish – Our Free Dish promotion, under which subscribers receive a free base-level EchoStar receiver system, commenced during August 2001. To be eligible, subscribers must provide a valid major credit card and make a one-year commitment to subscribe to a qualified programming package. Effective July 13, 2002, eligible subscribers are able to purchase a second receiver for $49.99.

1-2-3 Great TV – During January 2002, we commenced our 1-2-3 Great TV promotion. Under this promotion, subscribers who purchased one or more receivers, provided a valid major credit card and made a one-year commitment, received the first three months of qualified programming and installation of up to two receivers for free. This promotion expired on July 31, 2002.

Free for All – Effective August 1, 2002, we commenced our Free for All promotion. Under this promotion, subscribers who purchase up to two receivers for $149 or more, depending on the models chosen, and subscribe to a qualifying programming package, receive free installation, together with credits of $12.50 or $17.00 applied to their programming bill each month for a year.

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Free Installation – Under our free installation program all subscribers who purchase an EchoStar receiver system are eligible to receive free professional installation of up to two receivers.

Digital Home Plan – Our Digital Home Plan promotion offers several choices to consumers, ranging from the use of one EchoStar receiver system and our America's Top 50 CD programming package for $29.99 per month, to providing consumers our America's Top 150 programming package and two or more EchoStar receiver systems for $52.99 to $62.99 per month. Each plan includes in-home service, and the consumer must agree to a one-year commitment, provide a valid major credit card, have an acceptable credit score and incur a one-time set-up fee of $49.99. From January to July 2002, the promotion also included the first three months of qualified programming free for qualified Digital Home Plan programming packages and for an additional $99, consumers could also choose to include a Dish PVR in the Digital Home Plan. Effective August 1, 2002, the one-time set-up fee includes only the first month's qualified programming payment and for an additional $50, consumers can also choose to include a Dish PVR in the Digital Home Plan. Dish PVR receivers include a built-in hard drive that allows viewers to pause and record live programming without the need for videotape. Since EchoStar retains ownership of equipment installed pursuant to the Digital Home Plan promotion, equipment costs are capitalized and depreciated over a period of approximately four years. Although there can be no assurance as to the ultimate duration of the Digital Home Plan promotion, we expect it to continue through at least July 31, 2003.

EchoStar's promotions which include programming discounts fall under the scope of EITF Issue No. 00-14, "Accounting for Certain Sales Incentives" ("EITF 00-14"). In accordance with EITF 00-14, programming revenue under these promotions are recorded at the 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 I like 9, Free Dish, 1-2-3 Great TV, and Free for All 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 and equipment reimbursements paid to dealers are recorded as a reduction of the net proceeds received by EchoStar from the dealers. See additional discussion under Subscriber Promotions Subsidies and Subscriber Acquisition Costs below.

StarBand. 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 accounted for the sale of StarBand equipment similar to the accounting for its dealer sales under the I like 9, 1-2-3 Great TV and Free for All promotions. EchoStar offered a bundled price of $100.99 for EchoStar's America's Top 150 ("AT 150") programming and the Starband Internet service. For StarBand customers who activated for this bundled price, as a retailer of the StarBand service, EchoStar recognized the entire $100.99 of revenue for the video and Internet service and recorded costs equal to the monthly payment made by EchoStar to Starband for providing the service. In the event EchoStar did not collect the monthly programming and Internet payments from a subscriber, EchoStar was 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

"Cost of sales – subscriber promotion subsidies" 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. "Other subscriber promotion subsidies" 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 "Other subscriber promotion subsidies". 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 cost from its various sales promotions through its independent dealer network as a component of “Other subscriber promotion subsidies”. No proceeds 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 and certain other equipment resulting in the capitalization and depreciation of such equipment cost over its estimated useful life.

Research and Development Costs

Research and development costs are expensed as incurred. Research and development costs totaled $17 million, $19 million and $33 million for the years ended December 31, 2000, 2001 and 2002, respectively.

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, which are described more fully in Note 7. 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. The following table illustrates the effect on net loss and loss per share if EchoStar had accounted for its stock-based compensation plans using the fair value method prescribed by FAS 123 (in thousands, except per share amounts):

	Year Ended December 31,		
	2000	2001	2002
Net loss, as reported	$(650,326)	$(215,498)	$(881,650)
Add: Stock-based employee compensation expense included in reported net income, net of related tax effects	51,465	20,173	11,279
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(22,918)	(28,566)	(27,081)
Pro forma net loss	$(621,779)	$(223,891)	$(897,452)
Basic and diluted loss per share, as reported	$ (1.38)	$ (0.45)	$ (0.92)
Pro forma basic and diluted loss per share	$ (1.32)	$ (0.47)	$ (0.96)

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For purposes of this pro forma presentation, 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,		
	2000	2001	2002
Risk-free interest rate	6.19%	4.94%	4.08%
Volatility factor	98%	64%	54%
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	$30.41	$15.75	$5.11

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, the existing models do not necessarily provide a reliable single measure of the fair value of stock-based compensation awards.

Basic and Diluted Loss Per Share

Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("FAS 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 were exercised or convertible securities were converted to common stock. EchoStar had net losses for the years ending December 31, 2000, 2001 and 2002. 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 128.

	Year Ended December 31,		
	2000	2001	2002
	(In thousands, except per share data)		
Numerator:			
Net loss	$(650,326)	$(215,498)	$(881,650)
6 3/4% Series C Cumulative Convertible Preferred Stock dividends	(1,146)	(337)	–
Gain on repurchase of Series D Convertible Preferred Stock (Note 1)	–	–	437,433
Numerator for basic and diluted loss per share – loss attributable to common shareholders	$(651,472)	$(215,835)	$(444,217)
Denominator:			
Denominator for basic and diluted loss per share – weighted-average common shares outstanding	471,023	477,172	480,429
Basic and diluted loss per share	$ (1.38)	$ (0.45)	$ (0.92)
Shares of Class A Common Stock issuable upon conversion of:			
6 3/4% Series C Cumulative Convertible Preferred Stock	3,593	–	–
4 7/8% Convertible Subordinated Notes	22,007	22,007	22,007
5 3/4% Convertible Subordinated Notes	–	23,100	23,100

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As of December 31, 2000, 2001 and 2002, options to purchase approximately 25,118,000; 22,748,000 and 20,829,000 shares of class A common stock were outstanding, respectively.

New Accounting Pronouncements

In July 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 146, "Accounting for Costs Associated with Exit or Disposal Activities" ("FAS 146"), which will require companies to record exit, including restructuring, or disposal costs when they are incurred and can be measured at fair value, and subsequently adjust the recorded liability for changes in estimated cash flows. FAS 146 also provides specific guidance on accounting for employee and contract terminations that are part of restructuring activities. The new requirements in FAS 146 are effective prospectively for exit or disposal activities initiated after December 31, 2002. The application of FAS 146 is not expected to have a material impact on EchoStar's financial position or results of operations.

In December 2002, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure" ("FAS 148"), which (i) amends FAS Statement No. 123, "Accounting for Stock-Based Compensation," to provide alternative methods of transition for an entity that voluntarily changes to the fair value based method of accounting for stock-based employee compensation (ii) amends the disclosure provisions of FAS 123 to require prominent disclosure about the effects on reported net income of an entity's accounting policy decisions with respect to stock-based employee compensation and (iii) amends APB Opinion No. 28, "Interim Financial Reporting," to require disclosure about those effects in interim financial information. Items (ii) and (iii) of the new requirements in FAS 148 are effective for financial statements for fiscal years ending after December 15, 2002. EchoStar has included the requirements of item (ii) in Note 2 – Summary of Significant Accounting Policies and will include the requirements of item (iii) beginning in its first interim period after December 15, 2002.

In November 2002, the FASB issued FASB Interpretation No. 45, "Guarantors Accounting and Disclosure Requirement for Guarantors, including Indirect Guarantors of Indebtedness Others" ("FIN 45"). FIN 45 creates new disclosure and liability recognition requirements for certain guarantees, including, obligations to stand ready to perform. The initial recognition and measurement requirements of FIN 45 is effective prospectively for guarantees issued or modified after December 31, 2002 and the disclosure requirements are effective for financial statement periods ending after December 15, 2002. In accordance with FIN 45, EchoStar has disclosed guarantee information.

In January 2003, the Financial Accounting Standards Boards issued FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46"), which addresses the consolidation of variable interest entities as defined in the Interpretation. FIN 46 requires an assessment of equity investments to determine if they are variable interest entities. FIN 46 is immediately effective for all variable interest entities created after January 31, 2003. For variable interest entities created before February 1, 2003, the provisions of FIN 46 must be applied no later than the beginning of the first interim period or annual reporting period beginning after June 15, 2003. In addition, if it is reasonably possible that an enterprise will consolidate or disclose information about a variable interest entity, the enterprise shall discuss the following information in all financial statements issued after January 31, 2003: (i) the nature, purpose, size or activities of the variable interest entity and (ii) the enterprise's maximum exposure to loss as a result of its involvement with the variable interest entity. EchoStar is currently evaluating the potential impact, if any, the adoption of FIN 46 will have on its financial position and results of operations.

3. Property and Equipment

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

	Depreciable Life (In Years)	December 31, 2001	December 31, 2002
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	210,446	210,446
EchoStar VI	12	246,022	246,022
EchoStar VII	12	–	177,000
EchoStar VIII	12	–	194,913
Furniture, fixtures and equipment	2-12	409,523	557,069
Buildings and improvements	7-40	94,325	112,854
Digital Home Plan equipment	4	353,567	529,311
Tooling and other	2	6,041	5,876
Land	–	12,699	14,236
Vehicles	7	1,595	3,481
Construction in progress	–	462,365	121,693
Total property and equipment		2,550,472	2,926,790
Accumulated depreciation		(646,460)	(952,274)
Property and equipment, net		$1,904,012	$1,974,516

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

	December 31, 2001	December 31, 2002
Progress amounts for satellite construction, launch, and launch insurance:		
EchoStar VII	$159,577	$ –
EchoStar VIII	128,535	–
EchoStar IX	74,189	100,745
Digital broadcast operations center	56,347	–
Other	43,717	20,948
	$462,365	$121,693

Depreciation and amortization expense consists of the following (in thousands):

	For the years ended December 31, 2000	2001	2002
Digital Home Plan equipment	$ 4,116	$ 65,652	$130,760
Satellites	99,144	113,279	128,155
Furniture, fixtures and equipment	49,988	64,082	92,180
FCC licenses and other amortizable intangibles	27,647	29,485	11,123
Buildings and improvements	2,344	2,763	3,399
Tooling and other	2,117	3,391	7,341
	$185,356	$278,652	$372,958

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Cost of sales and operating expense categories included in EchoStar's accompanying consolidated statements of operations do not include depreciation expense related to satellites or digital home plan equipment.

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 five transponders pairs that malfunctioned in prior years, these anomalies have resulted in the failure of a total of 12 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

During 2000 and 2001, EchoStar V experienced anomalies resulting in the loss of two solar array strings, and during August 2002, EchoStar V experienced anomalies resulting in the loss of an additional 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 estimated 12-year design life of the satellite. In addition, during January 2003, EchoStar V experienced an anomaly in a spacecraft electronic component which affects the ability to receive telemetry from certain on-board equipment. Other methods of communication have been established to alleviate the effects of the failed component. An investigation of the solar array and electronic component anomalies, none of which have impacted commercial operation of the satellite, 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

During 2001, EchoStar VI experienced anomalies resulting in the loss of two solar array strings, and during July 2002, EchoStar VI experienced anomalies resulting in the loss of an additional solar array string. The satellite has a total of approximately 112 solar array strings and approximately 106 are required to assure full power availability for the estimated 12-year design life of the satellite. An investigation of the solar array anomalies, none of which have impacted commercial operation of the satellite, 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 VIII

During October 2002, EchoStar VIII, which launched successfully on August 21, 2002 from the Baikonur Cosmodrome, Kazakhstan, reached its final orbital location at 110 degrees West Longitude and commenced commercial operation after completing in-orbit testing.

During September and October 2002, two of the thrusters on EchoStar VIII experienced anomalous events and are not currently in use. The satellite is equipped with a total of 12 thrusters that help control spacecraft location, attitude, and pointing and is currently operating using a combination of the other 10 thrusters. This workaround requires more frequent maneuvers to maintain the satellite at its specified orbital location, which are less efficient and therefore result in accelerated fuel use. In addition, the workaround will require certain gyroscopes to be utilized for aggregate periods of time in excess of their originally qualified limits. However, neither of these workarounds are expected to significantly reduce the estimated 12-year design life of the satellite. An investigation of the thruster anomalies including the development of additional workarounds for long term operations is continuing. None of these events has impacted commercial operation of the satellite to date. Until the root cause of these anomalies has been 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 38 transponders to date, a maximum of 6 of the 44 transponders (including spares) on EchoStar IV are available for use at this time. In addition to 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. Currently no programming is being transmitted to customers on EchoStar IV, and the satellite functions as an in-orbit spare.

In September 1998, EchoStar filed a $219.3 million insurance claim for a 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. The insurance carriers include La Reunion Spatiale; AXA Reinsurance Company (n/k/a AXA Corporate Solutions Reinsurance Company), United States Aviation Underwriters, Inc., United States Aircraft Insurance Group; Assurances Generales De France I.A.R.T. (AGF); Certain Underwriters at Lloyd’s, London; Great Lakes Reinsurance (U.K.) PLC; British Aviation Insurance Group; If Skaadeforsikring (previously Storebrand); Hannover Re (a/k/a International Hannover); The Tokio Marine & Fire Insurance Company, Ltd.; Marham Space Consortium (a/k/a Marham Consortium Management); Ace Global Markets (a/k/a Ace London); M.C. Watkins Syndicate; Goshawk Syndicate Management Ltd.; D.E. Hope Syndicate 10009 (Formerly Busbridge); Amlin Aviation; K.J. Coles & Others; H.R. Dumas & Others; Hiscox Syndicates, Ltd.; Cox Syndicate; Hayward Syndicate; D.J. Marshall & Others; TF Hart; Kiln; Assitalia Le Assicurazioni D’Italia S.P.A. Roma; La Fondiaria Assicurazione S.P.A., Firenze; Vittoria Assicurazioni S.P.A., Milano; Ras — Riunione Adriatica Di Sicurta S.P.A., Milano; Societa Cattolica Di Assicurazioni, Verano; Siat Assicurazione E Riassicurazione S.P.A, Genova; E. Patrick; ZC Specialty Insurance; Lloyds of London Syndicates 588 NJM, 1209 Meb AND 861 Meb; Generali France Assurances; Assurance France Aviation; and Ace Bermuda Insurance Ltd.

The 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 assert, among other things, that EchoStar IV was not a total loss, as that term is defined in the policy, and that we did not abide by the exact terms of the insurance policies. EchoStar strongly disagrees and filed arbitration claims 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. Due to individual forum selection clauses in certain of the policies, EchoStar is pursuing its arbitration claims against Ace Bermuda Insurance Ltd. in London, England, and its arbitration claims against all of the other insurance carriers in New York, New York. The New York arbitration is currently scheduled to begin in late April 2003, but the Insurers have recently requested that that hearing date be delayed. The parties to the London arbitration are currently negotiating the schedule for a hearing, and, while there can be no assurance, EchoStar anticipates that the hearing date in that proceeding will be set for later in 2003. There can be no assurance that EchoStar will receive the amount claimed in either the New York or the London arbitrations or, if EchoStar does, that EchoStar will retain title to EchoStar IV with its reduced capacity.

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. All of EchoStar's eight in-orbit DBS satellites are currently owned by direct or indirect subsidiaries of EDBS. Insurance coverage is therefore required for at least four of EchoStar's eight satellites. The launch and/or in-orbit insurance policies for EchoStar I through EchoStar VIII have expired. 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' senior notes, EchoStar has reclassified an amount equal to the depreciated cost of four of its satellites from cash and cash equivalents to cash reserved for satellite insurance on its balance sheet. As of December 31, 2002, cash reserved for satellite insurance totaled approximately $151 million. The reclassifications will continue until such time, if ever, as EchoStar can again insure its satellites on acceptable terms and for acceptable amounts, or until the covenants requiring the insurance are no longer applicable.

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 which mature February 1, 2006 and $1.625 billion principal amount of the 9 3/8% Ten Year Notes which mature February 1, 2009. 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' option prior to February 1, 2003 and February 1, 2004, respectively. The 9 1/4% Seven Year Notes are 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. EDBS elected to retire all of its outstanding 9 1/4 % Senior Notes due 2006, three years early pursuant to its optional early redemption right (Note 14). The 9 3/8% Ten Year Notes are 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.

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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' 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 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, EchoStar Broadband Corporation ("EBC"), sold $1 billion principal amount of the 10 3/8% Seven Year Notes which mature October 1, 2007. 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.

Under the terms of the 10 3/8% Seven Year Notes Indenture, EBC 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 was 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.

Effective November 5, 2002, EDBS completed its offer to exchange all of the $1 billion principal outstanding of EBC's 10 3/8% Seven Year Notes for substantially identical notes of EDBS. Tenders were received from holders of over 99% of the EBC Notes. Per the terms of the indenture related to the EBC Notes, if at least 90% in aggregate principal amount of the outstanding EBC Notes have accepted the exchange offer, then all of the then outstanding EBC Notes shall be deemed to have been exchanged for the EDBS Notes.

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.

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 EDBS 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 EDBS;
- ranked equally in right of payment with all of EDBS' existing and future senior debt;
- ranked senior in right of payment to all of EDBS' other existing and future subordinated debt; and
- ranked effectively junior to (i) all liabilities (including trade payables) of EDBS' subsidiaries (ii) all debt and other liabilities (including trade payables) of any Guarantor if such Guarantor's guarantee is subordinated or avoided by a court of competent jurisdiction, and (iii) all of EDBS' secured obligations, to the extent of the collateral securing such obligations, including any borrowings under any of EDBS' future secured credit facilities, if any.

In the event of a change of control, as defined in the 10 3/8% Seven Year Notes Indenture, EDBS 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.

9 1/8% Seven Year Notes

On December 28, 2001, EDBS sold $700 million principal amount of the 9 1/8% Seven Year Notes, which mature January 15, 2009. 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 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

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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, which mature January 1, 2007. 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 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, which mature May 15, 2008. 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 May 15, 2008, together with accrued and unpaid interest thereon to the redemption date.

ECHOSTAR COMMUNICATIONS CORPORATION
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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.

Mortgages and Other Notes Payable

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

	December 31,	
	2001	2002
8.25% note payable for satellite vendor financing for EchoStar III due in equal monthly installments of $294, including interest, through October 2002	$ 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
8% note payable for satellite vendor financing for EchoStar VII	–	15,000
8% note payable for satellite vendor financing for EchoStar VIII	–	15,000
Mortgages and other unsecured notes payable due in installments through August 2020 with interest rates ranging from 2% to 10%	7,106	5,726
Total	21,262	47,053
Less current portion	(14,782)	(13,432)
Mortgages and other notes payable, net of current portion	$ 6,480	$ 33,621

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

	December 31,						
	2003	2004	2005	2006	2007	Thereafter	Total
Long-term debt	$ –	$ –	$ –	$375,000	$2,000,000	$3,325,000	$5,700,000
Mortgages and Other Notes Payable	13,432	2,241	2,318	2,491	2,677	23,894	47,053
Total	$13,432	$2,241	$2,318	$377,491	$2,002,677	$3,348,894	$5,747,053

* Effective February 1, 2003, these notes were redeemed. See Note 14 – Subsequent Events for further discussion.

Satellite Vendor Financing

As of December 31, 2002, the following amounts were outstanding under vendor financings for our satellites: Approximately $11 million for EchoStar IV, which bears interest at 8 1/4% and is payable over five years from launch; approximately $15 million for EchoStar VII, which bears interest at 8% and is payable over 13 years from launch; and approximately $15 million for EchoStar VIII, which also bears interest at 8 % but is payable over 14 years from launch.

Guarantees

The repayment obligations of EDBS under the vendor financings for EchoStar IV and Echostar Orbital Corporation under the vendor financing for EchoStar VII are guaranteed by EchoStar. The maximum potential future payments under these guarantees are equal to the respective amounts of outstanding principal and accrued interest.

5. Income Taxes

As of December 31, 2002, EchoStar had net operating loss carryforwards (“NOL’s”) for federal income tax purposes of approximately $3.082 billion and capital loss and credit carryforwards of approximately $9 million. The NOL’s begin to expire in the year 2011 and capital loss and credit carryforwards will begin to expire in the year 2006.

During 2002, EchoStar increased its valuation allowance by approximately $289 million to fully offset all net deferred tax assets. Included in this increase is $222 million relating to deferred tax assets generated during 2002 and $67 million relating to the balance of the net deferred tax asset that was not offset by a valuation allowance at December 31, 2001.

The federal NOL includes amounts related to tax deductions totaling approximately $160 million for exercised stock options. The tax benefit of these deductions has been allocated directly to contributed capital and has been offset by a valuation allowance.

During 2002, stock option compensation expenses related to the 1999 Incentive Plan, for which an estimated deferred tax benefit was previously recorded, exceeded the actual tax deductions allowed. Tax charges associated with the reversal of the prior tax benefit have been allocated to additional paid-in capital in accordance with Accounting Principals Board Opinion No. 25, “Accounting for Stock Issued to Employees”. During 2002, a charge of $7 million was made to additional paid-in capital.

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

	Year Ended December 31,		
	2000	2001	2002
Current (provision) benefit:			
Federal	$ –	$ (1,400)	$ –
State	(80)	(860)	(5,279)
Foreign	(475)	(593)	(2,075)
	(555)	(2,853)	(7,354)
Deferred (provision) benefit:			
Federal	247,519	44,910	234,501
State	28,809	4,736	(10,874)
Increase in valuation allowance	(276,328)	(48,246)	(288,817)
	–	1,400	(65,190)
Total (provision) benefit	$ (555)	$ (1,453)	$ (72,544)

ECHOSTAR COMMUNICATIONS CORPORATION
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The actual tax (provision) benefit for 2000, 2001 and 2002 are reconciled to the amounts computed by applying the statutory Federal tax rate to income before taxes as follows:

	Year Ended December 31,		
	2000	2001	2002
Statutory rate	35.0%	35.0%	35.0%
State income taxes, net of Federal benefit	2.9	1.4	(1.4)
Contingent value rights	–	–	(0.8)
Foreign taxes and foreign income not U S taxable	–	–	(0.2)
Stock option compensation	3.2	1.5	0.7
Deferred tax asset adjustment for filed returns	–	–	(2.0)
Cumulative change in effective state tax rate	–	(11.9)	(4.0)
Intangible amortization and other	1.4	(4.2)	(0.6)
Increase in valuation allowance	(42.5)	(22.5)	(35.7)
Total (provision) for income taxes	–%	(0.7)%	(9.0)%

The temporary differences, which give rise to deferred tax assets and liabilities as of December 31, 2001 and 2002, are as follows (in thousands):

	December 31,	
	2001	2002
Deferred tax assets:		
NOL and Credit Carryforwards	$ 742,971	$ 1,087,555
Unrealized losses on investments	35,046	97,740
Accrued expenses	90,510	69,016
Stock compensation	43,091	33,331
Loss on equity method investments	23,216	26,305
State taxes net of federal tax effect	37,820	385
Other	46,158	38,333
Total deferred tax assets	1,018,812	1,352,665
Valuation allowance	(844,063)	(1,151,570)
Deferred tax asset after valuation allowance	174,749	201,095
Deferred tax liabilities:		
Depreciation and amortization	(106,214)	(206,107)
Other	–	(14)
Total deferred tax liabilities	(106,214)	(206,121)
Net deferred tax asset (liability)	$ 68,535	$ (5,026)
Current Portion of net deferred tax asset (liability)	$ 20,785	$ 21,078
Non current portion of net deferred tax asset (liability)	47,750	(26,104)
Total net deferred tax asset (liability)	$ 68,535	$ (5,026)

Internal Revenue Service

During 2001 the Internal Revenue Service (“IRS”) 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 challenged the timing of deduction of certain subscriber acquisition costs. In July 2002, EchoStar received notification from the IRS of their decision to allow the deduction of the subscriber acquisition costs in accordance with EchoStar’s filed returns.

ECHOSTAR COMMUNICATIONS CORPORATION
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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 10 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 10 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

EchoStar has adopted stock incentive plans to provide incentive to attract and retain officers, directors and key employees. EchoStar currently has reserved 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, 2002 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 an incentive plan under its 1995 Stock 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. The related deferred compensation, net of forfeitures, will be recognized over the five-year vesting period. During the year ended December 31, 2000, 2001 and 2002, EchoStar recognized expense of $51 million, $20 million and $11 million, respectively, under the 1999 incentive plan. The remaining deferred compensation of $9 million, which will be reduced by future forfeitures, if any, will be recognized over the remaining vesting period.

EchoStar reports 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 (in thousands):

	For the year ended December 31.		
	2000	2001	2002
Customer service center and other	$ 1,744	$ 1,767	$ 729
Satellite and transmission	3,061	1,115	(7)
General and administrative	46,660	17,291	10,557
Total non-cash, stock-based compensation	$51,465	$20,173	$11,279

Options to purchase an additional 9.1 million shares are outstanding as of December 31, 2002 and were granted with exercise prices equal to the market value of the underlying shares on the date they were issued during 1999, 2000 and 2001 pursuant to a long term incentive plan under EchoStar's 1995 Stock Incentive Plan. The weighted-average exercise price of these options is $8.96. Vesting of these options is contingent upon meeting certain longer-term goals which have not yet been achieved. Consequently, no compensation was recorded during the years ended December 31, 2000, 2001 and 2002 related to these long-term options. EchoStar will record the related compensation at the achievement of the performance goals. Such compensation, if recorded, would likely result in material non-cash, stock-based compensation expense in our statements of operations.

A summary of EchoStar's stock option activity for the years ended December 31, 2000, 2001 and 2002 is as follows:

	2000		2001		2002	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Options outstanding, beginning of year	27,843,640	$ 6.26	25,117,893	$10.81	22,747,593	$13.18
Granted	2,942,000	51.56	867,500	37.30	532,088	20.76
Exercised	(3,591,209)	3.05	(1,579,324)	5.17	(1,392,218)	5.30
Forfeited	(2,076,538)	20.78	(1,658,476)	10.86	(1,058,538)	12.20
Options outstanding, end of year	25,117,893	$10.81	22,747,593	$13.18	20,828,925*	13.97
Exercisable at end of year	2,911,256	$ 5.49	4,701,357	$10.77	6,325,708	13.62

Exercise prices for options outstanding as of December 31, 2002 are as follows:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding as of December 31, 2002	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Number Exercisable as of December 31, 2002	Weighted-Average Exercise Price
$ 1.167 - $ 2.750	2,535,376	3.74	$ 2.21	2,360,960	$ 2.17
3.000 - 3.434	103,864	4.80	3.02	53,928	3.03
5.486 - 6.600	11,159,309	6.08	6.01	1,808,805	6.02
10.203 - 19.180	3,109,376	6.28	14.36	774,615	12.17
22.703 - 28.320	582,200	7.96	25.12	110,000	22.97
32.420 - 39.500	1,796,600	6.31	35.49	606,600	35.07
48.750 - 52.750	397,200	7.12	49.37	181,600	49.01
60.125 - 79.000	1,145,000	7.42	65.81	429,200	64.93
$1.1667 - $79.000	20,828,925*	5.98	$13.97	6,325,708	$13.62

* These amounts include approximately 9.1 million shares outstanding pursuant to the Long Term Incentive Plan.

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 2000, 2001 and 2002 employees purchased approximately 58,000; 80,000 and 108,000 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. Matching 401(k) contributions totaled approximately $1.6 million, $2.1 million and $2.4 million during the years ended December 31, 2000, 2001 and 2002, respectively. 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. These contributions may be made in cash or in EchoStar stock. Forfeitures of unvested participant balances which are retained by the 401(k) Plan may be used to fund matching and discretionary contributions. Expense recognized relating to discretionary contributions was approximately $7 million, $225 thousand and $17 million during the years ended December 31, 2000, 2001 and 2002, respectively.

9. Commitments and Contingencies

Leases

Future minimum lease payments under noncancelable operating leases as of December 31, 2002, are as follows (in thousands):

Year ending December 31,	
2003	$17,274
2004	14,424
2005	11,285
2006	7,698
2007	3,668
Thereafter	1,650
Total minimum lease payments	55,999

Total rent expense for operating leases approximated $9 million, $14 million and $16 million in 2000, 2001 and 2002, respectively.

Purchase Commitments

As of December 31, 2002, EchoStar's purchase commitments totaled approximately $359 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 2003. 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 dispute regarding the contingent fee arrangement with the attorneys who represented EchoStar in prior litigation with The News Corporation, Ltd. In early July 2002, the parties resolved their dispute.

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 certain EchoStar subsidiaries.

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 satellite receivers into Canada and from activating satellite receivers located in Canada to receive programming, together with damages in excess of $175 million.

The Court in the Alberta action denied EchoStar's Motion to Dismiss, and EchoStar's appeal of that decision. The Federal action has been stayed pending the outcome of the Alberta action. EchoStar intends to continue to vigorously defend the suit. Recently, the Supreme Court of Canada ruled that the receipt in Canada of programming from United States pay television providers is prohibited. While EchoStar was not a party to that case, the ruling could aversely affect EchoStar's defense. 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.

Distant Network Litigation

Until July 1998, EchoStar obtained feeds of distant broadcast network channels (ABC, NBC, CBS and FOX) for distribution to its customers through PrimeTime 24, an independent third party programming provider. In December 1998, the United States District Court for the Southern District of Florida entered a nationwide permanent injunction requiring that provider 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 United States District Court for the District of Colorado. EchoStar asked the Court to enter judgment declaring that its method of providing distant network programming did not violate the Satellite Home Viewer Act 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 Federal Court. The case remains pending in Florida. 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 that 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, 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 Florida case and asked the Court to enjoin EchoStar from providing network programming except under limited circumstances. A preliminary injunction hearing was held in September 1999. In March 2000, the networks filed an emergency motion again asking the Court to issue an injunction requiring EchoStar to cease providing network programming to certain of its customers. At that time, the networks also argued that EchoStar's compliance procedures violated the Satellite Home Viewer Improvement Act, which was passed by Congress in November 1999. 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 networks' 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 imposed 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 Satellite Home Viewer Act and the Satellite Home Viewer Improvement Act.

Twice during October 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 were ineligible to receive distant network programming under the Court's order. EchoStar appealed the preliminary injunction orders. During September 2001, the United States Court of Appeals for 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 Satellite Home Viewer Act. 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 issued an order during January 2002 remanding the case to the Florida District Court. During March 2002, the Florida District Court entered an order setting the trial in the matter for January 13, 2003 and setting a discovery and pretrial schedule. In this order, the District Court denied certain of EchoStar's outstanding motions to compel discovery as moot and granted the networks' motion to compel. The trial date has now been moved to April 7, 2003. During April 2002, the District Court denied the networks' motion for preliminary injunction as moot. In June 2002, EchoStar filed a counterclaim against the networks asking the District Court to find that EchoStar is not violating the Satellite Home Viewer Act and seeking damages resulting from the networks' tortious interference with EchoStar's business relationships and from the networks' conduct amounting to unfair competition. The networks filed a motion to dismiss these claims. In August 2002, the District Court denied the networks' motion to dismiss. In September 2002, the networks answered our counterclaim.

In April 2002, EchoStar reached a private settlement with ABC, Inc., one of the plaintiffs in the litigation and jointly filed a stipulation of dismissal. On April 16, 2002, the District Court entered an order dismissing the claims between ABC, Inc. and EchoStar. In November 2002, EchoStar reached a private settlement with NBC, another of the plaintiffs in the litigation and jointly filed a stipulation of dismissal. On November 25, 2002, the District court entered an order dismissing the claims between NBC and EchoStar. Six of the original eight plaintiffs remain, including CBS and Fox, along with the associations affiliated with each of the four networks. On January 28, 2003, the parties participated in a court ordered mediation. The mediation did not resolve the parties' disputes. However, the parties agreed to continue the mediation and participate in another mediation session.

If 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 EchoStar’s other programming services. Any 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 its business.

Gemstar

During October 2000, Starsight Telecast, Inc., a subsidiary of Gemstar-TV Guide International, Inc. (“Gemstar”), 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. This conclusion is supported by findings of the International Trade Commission (“ITC”) which are discussed below. Gemstar has moved to stay the North Carolina action pending appeal of the ITC decision. EchoStar has opposed Gemstar’s motion.

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 believe they are not infringed by any of its products or services. In August 2001, the Federal Multi-District Litigation panel combined this suit, for pre-trial purposes, with other lawsuits asserting antitrust claims against Gemstar, which had previously been filed by other parties. In January 2002, Gemstar dropped the counterclaims of patent infringement. During March 2002, the Court denied Gemstar’s Motion to Dismiss EchoStar’s antitrust claims. A more recently filed motion for summary judgment based generally on lack of standing has also been denied. In its answer, Gemstar asserted new patent infringement counterclaims regarding United States Patent Nos. 4,908,713 and 5,915,068 (which is expired). These patents relate to onscreen programming of VCRs. EchoStar has examined these patents and believes that they are not infringed by any of its products or services.

In February 2001, Gemstar filed patent infringement actions against EchoStar in the District Court in Atlanta, Georgia and with the 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 previously discussed. In the Georgia district court case, Gemstar seeks damages and an injunction. The Georgia case was stayed pending resolution of the ITC action and remains stayed at this time. In December 2001, the ITC held a 15-day hearing before an administrative law judge. Prior to the hearing, Gemstar dropped its allegations regarding United 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’ (SCI, Scientific Atlanta, Pioneer and EchoStar) allegations of patent misuse. During June 2002, the judge issued a Final Initial Determination finding that none of the patents asserted by Gemstar had been infringed. In addition, the judge found that Gemstar was guilty of patent misuse with respect to the `121 Patent and that the `121 Patent was unenforceable because it failed to name an inventor. The parties then filed petitions for the full ITC to review the judge’s Final Initial Determination. During August 2002, the full ITC adopted the Judge’s findings regarding non-infringement and the unenforceability of the `121 Patent. The ITC did not adopt, but did not overturn, the Judge’s findings of patent misuse. Gemstar is appealing the decision of the ITC to the United States Court of Appeals for the Federal Circuit. If the Federal Circuit were to overturn the Judge’s decision, such 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 it currently offer to consumers. Based upon EchoStar’s review of these patents, and based upon the ITC’s decision, EchoStar continues to believe that these patents are not infringed by any of its products or services. EchoStar intends to continue to vigorously contest the ITC, North Carolina and Georgia suits and will, among other things, continue to challenge both the validity and enforceability of the asserted patents.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

During 2000, Superguide Corp. (“Superguide”) 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 sought 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 was added as a party to this case and asserted 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 interpreting the patent claims was issued by the Court and in response to that ruling EchoStar filed motions for summary judgment of non-infringement for each of the asserted patents. Gemstar filed a motion for summary judgment of infringement with respect to one of the patents. During July 2002, the Court issued a Memorandum of Opinion on the summary judgment motions. In its Opinion, the Court ruled that none of EchoStar’s products infringe the 5,038,211 and 5,293,357 patents. With respect to the 4,751,578 patent, the Court ruled that none of EchoStar’s current products infringed that patent and asked for additional information before it could rule on certain low-volume products that are no longer in production. During July 2002, the Court summarily ruled that the aforementioned low-volume products did not infringe any of the asserted patents. Accordingly, the Court dismissed the case and awarded EchoStar its court costs. Superguide and Gemstar are appealing this case to the United States Court of Appeals for the Federal Circuit. EchoStar will continue to vigorously defend this case. In the event the Federal Circuit ultimately determines that EchoStar infringes on any of the aforementioned patents, EchoStar may be subject to substantial damages, which may include treble damages and/or an injunction that could require EchoStar to materially modify certain user-friendly electronic programming guide and related features that EchoStar currently offers to consumers. It is too early to make an assessment of the probable outcome of the suits.

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. During September 2001, EchoStar filed an answer denying all material allegations of the complaint, and 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 will be de-certified upon notice if mediation does not resolve the dispute. A settlement has been reached with plaintiff’s counsel and the Court issued its preliminary approval of the settlement on October 18, 2002. The Court has set a March 7, 2003 date for hearing on final approval after notice to the class. If the settlement is not approved, EchoStar intends to deny all liability and to vigorously defend the lawsuit. The settlement confirms that the late fee charged by EchoStar is appropriate and will not change.

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 was also filed against EchoStar in the California State Superior Court for Los Angeles County in 1999 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. A hearing on the plaintiffs’ Motion for Class Certification and EchoStar’s Motion for Summary Judgment was held during June 2002. At the hearing, the Court issued a preliminary ruling denying the plaintiffs’ Motion for Class Certification. However, before issuing a final ruling on Class Certification, the Court granted EchoStar’s Motion for Summary Judgment with respect to all of the plaintiffs’ claims. Subsequently, EchoStar filed a Motion for Attorney’s Fees which was denied by the Court. The Plaintiffs filed a Notice of Appeal of the Court’s Granting of EchoStar’s Motion for Summary Judgment and EchoStar Cross-Appealed the Court’s ruling on EchoStar’s Motion for Attorney’s Fees. It is not possible to make a firm assessment of the probable outcome of the appeal or to determine the extent of any potential liability or damages.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

State Investigation

During April 2002, two state attorneys general commenced a civil investigation concerning certain of EchoStar's business practices. Over the course of the next six months, 11 additional states ultimately joined the investigation. The states allege failure to comply with consumer protection laws based on EchoStar's call response times and policies, advertising and customer agreement disclosures, policies for handling consumer complaints, issuing rebates and refunds and charging cancellation fees to consumers, and other matters. EchoStar has cooperated fully in the investigation and is currently in settlement discussions with the states. It is not possible to determine the extent of any damages or injunctive relief which could result in the event a settlement is not reached.

Retailer Class Actions

EchoStar has been sued by retailers in three separate purported class actions. During October 2000, two separate lawsuits were filed in the Arapahoe County District Court in the State of Colorado and the United States District Court for the District of Colorado, respectively, by Air Communication & Satellite, Inc. and John DeJong, et al. on behalf of themselves and a class of persons similarly situated. The plaintiffs are attempting to certify nationwide classes on behalf of certain of EchoStar's satellite hardware retailers. The plaintiffs are requesting the Courts to declare certain provisions of, and changes to, alleged agreements between EchoStar and the retailers invalid and unenforceable, and to award damages for lost incentives and payments, charge backs, and other compensation. EchoStar intends to vigorously defend against the suits and to assert a variety of counterclaims. The United States District Court for the District of Colorado stayed the Federal Court action to allow the parties to pursue a comprehensive adjudication of their dispute in the Arapahoe County State Court. John DeJong, d/b/a Nexwave, and Joseph Kelley, d/b/a Keltronics, subsequently intervened in the Arapahoe County Court action as plaintiffs and proposed class representatives. EchoStar has filed a Motion for Summary Judgment on all counts and against all plaintiffs. The plaintiffs have filed a Motion for Additional Time to Conduct Discovery to enable them to respond to EchoStar's motion. The Court has not ruled on either of the two motions. 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. ("SDS") filed a lawsuit in the United States District Court for the Eastern District of Texas during September 2000, on behalf of itself and a class of persons similarly situated. The plaintiff was attempting to certify a nationwide class on behalf of sellers, installers, and servicers of satellite equipment who contract with EchoStar and who allege 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 owns certain equipment related to the provision of satellite television service. During September 2001, the Court granted EchoStar's Motion to Dismiss for Lack of Personal Jurisdiction. The plaintiff moved for reconsideration of the Court's order dismissing the case. The Court denied the Plaintiff's Motion for Reconsideration. The trial court denied EchoStar's Motions for Sanctions against SDS. Both parties have now perfected appeals before the Fifth Circuit Court of Appeals. It is not possible to make a firm assessment of the probable outcome of the appeal or to determine the extent of any potential liability or damages.

PrimeTime 24 Joint Venture

PrimeTime 24 Joint Venture ("PrimeTime 24") filed suit against EchoStar during September 1998 seeking damages in excess of $10 million and alleging breach of contract, wrongful termination of contract, interference with contractual relations, trademark infringement and unfair competition. EchoStar denied all of PrimeTime 24's allegations and asserted various counterclaims. EchoStar has reached a settlement agreement with PrimeTime 24 pursuant to which the parties agreed to release all parties from any liability and dismiss the case with prejudice. The settlement amount was not material.

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

StarBand Shareholder Lawsuit

On August 20, 2002, a shareholder in StarBand filed an action in the Delaware Court of Chancery against EchoStar and EchoBand Corporation, together with four EchoStar executives who sat on the Board of Directors for StarBand, for alleged breach of the fiduciary duties of due care, good faith and loyalty, and also against EchoStar and EchoBand Corporation for aiding and abetting such alleged breaches. Two of the individual defendants, Charles W. Ergen and David K. Moskowitz, are members of the Board of Directors of EchoStar. The action stems from the defendants' involvement as directors, and EchoBand's position as a shareholder, in StarBand, a broadband Internet satellite venture that is currently in bankruptcy. Plaintiffs allege that the defendants conspired to ensure StarBand's failure in order to guarantee that EchoStar's then-pending merger with Hughes would be successful. Plaintiffs seek an accounting of damages for their $25 million investment in StarBand in addition to costs and disbursements. Defendants deny the allegations in the complaint and intend to defend the litigation vigorously. During October 2002, EchoStar, along with the other defendants, filed a motion to dismiss the complaint in its entirety based on lack of personal jurisdiction. These motions have been briefed and oral argument has been set by the Court for March 18, 2003. 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.

Merger Related Proceedings

On October 24, 2002, a purported shareholder filed a Shareholder's Derivative Action against EchoStar and the current members of its Board of Directors and named EchoStar as a nominal defendant. The Plaintiff filed the action in the United States District Court of Clark County, Nevada. The complaint alleges breach of fiduciary duties, corporate waste and other unlawful acts relating to EchoStar's agreement to (1) pay Hughes Electronics Corporation a $600 million termination fee in certain circumstances and (2) acquire Hughes' shareholder interest in PanAmSat at a premium rate. The agreements to pay the termination fee and acquire PanAmSat were required in the event that the merger with DirecTV was not completed by January 21, 2003. No answer is due from the defendants, and all parties have entered into a stipulation allowing the defendants to answer only subject to 30-day notice from the plaintiff. EchoStar and the individual defendants intend to deny all liability and to defend this action vigorously. 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.

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 any of 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. Under this definition EchoStar currently operates as two business units. 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.

	DISH Network	EchoStar Technologies Corporation	All Other	Eliminations	Consolidated Total
Year Ended December 31, 2000					
Revenue	$2,435,127	$207,945	$ 75,589	$(3,441)	$2,715,220
Depreciation and amortization	160,910	5,338	19,108	–	185,356
Total costs and expenses	2,755,965	197,073	194,363	(8,115)	3,139,286
Interest income	79,760	–	304	(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)	(685,599)	(155)	35,637	(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 costs and expenses	3,273,670	188,699	331,061	(4,594)	3,788,836
Interest income	96,994	–	949	(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)	(230,431)	(7,478)	22,411	–	(215,498)
Year Ended December 31, 2002					
Revenue	$4,524,721	$189,503	$113,445	$(6,844)	$4,820,825
Depreciation and amortization	328,287	7,322	37,349	–	372,958
Total costs and expenses	3,945,873	177,891	282,557	(6,844)	4,399,477
Interest income	111,511	–	1,416	–	112,927
Interest expense, net of interest capitalized	(482,409)	(188)	(306)	–	(482,903)
Income tax benefit (provision), net	(74,699)	4,233	(2,078)	–	(72,544)
Net income (loss)	(919,570)	10,893	27,027	–	(881,650)

Geographic Information (in thousands) and Transaction with Major Customers

	United States	Europe	Total
2000			
Total revenue	$2,667,133	$48,087	$2,715,220
Long-lived assets, including FCC authorizations	2,217,741	3,546	2,221,287
2001			
Total revenue	$3,903,607	$97,531	$4,001,138
Long-lived assets, including FCC authorizations	2,595,542	4,879	2,600,421
2002			
Total revenue	$4,750,782	$70,043	$4,820,825
Long-lived assets, including FCC authorizations	2,665,130	5,795	2,670,925

Revenues are attributed to geographic regions based upon the location from which the sale originated. United States revenue includes transactions with both United States and International customers. Europe revenue includes transactions with customers in Europe, Africa and the Middle East. During the years ended December 31, 2000 and 2001, United States revenue included export sales to two international customers which totaled $187 million and $176 million, respectively. During the year ended December 31, 2002, United States revenue included export sales to one international customer which totaled $169 million. These international sales accounted for approximately 7%, 4% and 3.5% of EchoStar's total revenue during each of the years ended December 31, 2000, 2001 and 2002, respectively. Revenues from these customers are included within the EchoStar Technologies Corporation operating segment.

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 was 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. During the first quarter of 2002, EchoStar reduced the carrying value of its StarBand investment to zero. StarBand subsequently filed for bankruptcy during June 2002. As such, StarBand is no longer considered a significant subsidiary.

Summarized financial information for StarBand has been derived from StarBand's audited financial statements as of December 31, 2001 for Balance Sheet data and for the years ended December 31, 2000 and 2001 for the Statement of Operations data, 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):

	As of December 31, 2001
Balance Sheet Data:	
Current assets	$ 35,738
Noncurrent assets	33,567
Current liabilities	114,869
Noncurrent liabilities	109,482
Mandatorily redeemable convertible preferred stock	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)

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — Continued

12. Valuation and Qualifying Accounts

EchoStar's valuation and qualifying accounts as of December 31, 2000, 2001 and 2002 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, 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
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
Year ended December 31, 2002:				
Assets:				
Allowance for doubtful accounts	$22,770	53,967	(49,088)	$27,649
Loan loss reserve	1,591	109	(1,700)	–
Reserve for inventory	13,247	7,420	(10,700)	9,967

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, 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 loss per share	$ (0.36)	$ (0.01)	$ 0.01	$ (0.09)
Year Ended December 31, 2002:				
Total revenue	$1,104,468	$1,168,684	$1,222,849	$1,324,824
Operating income	95,279	146,428	95,869	83,772
Net income (loss)	(35,147)	37,001	(167,949)	(715,555)
Basic income (loss) per share	$ (0.20)	$ 0.08	$ (0.35)	$ (0.45)
Diluted income (loss) per share	$ (0.20)	$ 0.07	$ (0.35)	$ (0.45)

14. Subsequent Events

Effective February 1, 2003, EDBS redeemed all of its outstanding 9 1/4 % Senior Notes due 2006. In accordance with the terms of the indenture governing the notes, the $375 million principal amount of the notes was repurchased at 104.625 percent, for a total of approximately $392 million. The premium paid of approximately $17 million, along with unamortized debt issuance costs of approximately $3 million, have been recorded as charges to earnings as of February 1, 2003.

EXHIBIT INDEX

Exhibit	Description
4.8	Indenture relating to 10 3/8% Senior Notes due 2007, dated as of November 12, 2002, between EDBS and U.S. Bank Trust National Association, as trustee.
10.24	Stock Purchase Agreement, dated December 18, 2002, between EchoStar and Vivendi Universal, S.A.
10.51	Amendment No. 13 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.52	Amendment No. 14 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.53	Amendment No. 15 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.54	Amendment No. 16 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.55	Amendment No. 17 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.56	Amendment No. 18 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
10.57	Amendment No. 19 to License and OEM Manufacturing Agreement, dated July 1, 2002, between EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia, Inc.
21	Subsidiaries of EchoStar Communications Corporation.
23.1	Consent of KPMG LLP, Independent Public Accountants.
24.1	Powers of Attorney authorizing signature of Cantey Ergen, Raymond L. Friedlob, O. Nolan Daines, Peter A. Dea, Jean-Marie Messier and Steven R. Goodbarn.

EXHIBIT 4.8

ECHOSTAR DBS CORPORATION

$1,000,000,000

10 3/8% SENIOR NOTES DUE 2007

INDENTURE

Dated as of November 12, 2002

U.S. Bank National Association

Trustee

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CROSS-REFERENCE TABLE

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(c)	2.13
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	10.01
(c)	10.01

N.A. Means Not Applicable.

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

INDENTURE dated as of November 12, 2002 among EchoStar DBS Corporation (the "Company"), a Colorado corporation, the Guarantors, (as defined herein) 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 10 3/8% Senior Notes due 2007.

RECITALS

On September 25, 2000, EBC, as defined herein, of which the Company is a wholly-owned subsidiary, issued the EBC Notes, as defined herein. Pursuant to the terms of the EBC Notes and the consents of the Holders of the 1999 Notes, as defined herein, the Company exchanged the EBC Notes for the Notes as issued by the Company.

The Company is duly authorized to execute and deliver this Indenture to provide for the issuance of Notes by the Company pursuant to this Indenture as supplemented by the Supplemental Indentures relating to the Company's 10 3/8% Senior Notes due 2007.

EchoStar (as defined herein) owns beneficially and of record 100% of the Capital Stock of EBC; EBC, in turn, owns beneficially and of record 100% of the Capital Stock of the Company; the Company, EBC and/or EchoStar, directly or indirectly, own beneficially and of record 100% of the Capital Stock or other ownership interests, as the case may be, of each Guarantor; EchoStar, EBC, the Company and the Guarantors are members of the same consolidated group of companies and are engaged in related businesses and the Guarantors will derive direct and indirect economic benefit from the issuance of the Notes. Accordingly, each of the Guarantors has duly authorized the execution and delivery of this Indenture to provide for its guarantees with respect to the Notes as set forth in this Indenture.

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

For and in consideration of the premises and the exchange of the EBC Notes for 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.

"Accounts Receivable Subsidiary" means one Unrestricted Subsidiary of the Company specifically designated as an Accounts Receivable Subsidiary for the purpose of financing the Company' 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.

"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 six months from the date of acquisition; (c) certificates of deposit and Eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months 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, A-1 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.

"Clearstream" means Clearstream Banking Corporation.

"Common Stock" of any Person means Capital Stock of such Person that does not rank prior as to the payment of dividends or as to the distribution of assets upon any voluntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock or any other class of such Person.

"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 September 25, 2000 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 September 25, 2000; 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.

"Credit Agreement" means any one or more credit agreements (which may include or consist of revolving credits) between the Company and one or more banks or other financial institutions providing financing for the business of the Company and its Restricted Subsidiaries business, provided that the lenders party to the Credit Agreement may not be Affiliates of EchoStar, the Company or their respective Subsidiaries.

"DBS" means direct broadcast satellite.

"DBSC" means Direct Broadcasting Satellite Corporation, a Colorado corporation.

"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 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 them in the businesses described in Section 4.17 in an amount not to exceed at any one time outstanding in the aggregate $200 million.

"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 10 3/8% Senior Notes due 2007 issued by EBC and exchanged for the Notes.

"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.

"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.

"EOC" means EchoStar Orbital Corporation, a Colorado corporation.

"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 Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Existing Indebtedness" means the Notes and any other Indebtedness of the Company and its Subsidiaries in existence on September 25, 2000 until such amounts are repaid.

"FCC" means the Federal Communications Commission.

"Full-CONUS Orbital Slot" means an orbital slot that is capable of providing DBS service to the entire continental United States.

"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 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, 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.

"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.

"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.

"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) in the event that 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.

"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.

"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.

"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 at any time (i) if the Company at such time has a rating or has received in writing an indicative rating on the Notes of both "Ba3" from Moody's and "BB-" from S&P, an amount equal to the greater of (x) the product of 1.25 times the Trailing Cash Flow Amount and (y) $500 million and (ii) in the event that the Company does not have both of such ratings or indicative ratings at such time, $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 Notes" means (i) the $375 million principal amount of 9 1/4% Senior Notes due 2006 issued by the Company and (ii) the $1,625,000,000 principal amount of 9 3/8% Senior Notes due 2009 issued by the Company.

"1999 Notes Indentures" means each of the Indentures dated January 25, 1999 among the Company, the guarantors of the 1999 Notes named therein and U.S. Bank 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 orbital location and 121 degree orbital location, the license of ESC for a two satellite Ka-band system at 83 degree orbital location 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 4.21.

"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 10 3/8% Senior Notes due 2007 issued under this Indenture on the date of this Indenture.

"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 EBC Notes pursuant to the Offering Memorandum.

"Offering Memorandum" means the EBC Offering Memorandum dated September 22, 2000 for the initial offering of the EBC 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 (or any Guarantor, if applicable) of the Company or the Trustee.

"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 of the Company 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 of the Company 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 Restricted Subsidiary of the Company, 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 therefore; (k) Liens existing on the date of this Indenture; (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 Restricted Subsidiary of the Company (including, without limitation, Liens securing Purchase Money Indebtedness) with respect to obligations that do not exceed $25 million in principal amount in the aggregate at any one time outstanding; (n) Liens securing Indebtedness in an amount not to exceed $25 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 $10 million; (p) Liens securing Indebtedness permitted under clause (xii) 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 Notes Indentures; (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.

"Preferred Stock", as applied to the Capital Stock of any Person, means Capital Stock of such Person of any class or classes (however designated) that ranks prior, as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation, dissolution or winding up of such Person, to shares of Capital Stock of any other class of such Person.

"Principal" means Charles W. Ergen.

"Purchase Money Indebtedness" means (i) Indebtedness of the Company, or any of its Restricted Subsidiaries 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) of the Company or any of its Restricted Subsidiaries: (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 of its Restricted Subsidiaries which refinances Indebtedness referred to in clause (i) of this definition, provided that such refinancing satisfies subclauses (a) and (b) of such clause (i).

"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.

"Receiver Subsidy" means a subsidy, rebate or other similar payment by EchoStar or any of its Subsidiaries, in the ordinary course of business, to subscribers, vendors or distributors, relating to an EchoStar receiver system, not to exceed the retail price of such EchoStar receiver system, together with the retail price of installation of such EchoStar receiver system.

"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 Investment" means an Investment other than Permitted Investments.

"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.

"S&P" means Standard & Poor's Rating Services.

"Satellite Insurance" means insurance providing coverage for a satellite in an amount which is, together with cash, Cash Equivalents and Marketable Securities segregated and reserved on the consolidated balance sheet of the Company, for the duration of the insured period or until applied in accordance with Section 4.16 of this Indenture. For purposes of this Indenture, the proceeds of any Satellite Insurance shall be deemed to include the amount of cash, Cash Equivalents and Marketable Securities segregated and reserved by the Company for purposes of the preceding sentence.

"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.

"SkyVista" means SkyVista Corporation, a Colorado corporation.

"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 date of this Indenture.

"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.

"Supplemental Indenture" means any supplemental indenture relating to this Indenture.

"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 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 of the Company (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 none of the Company, ESC and Echosphere Corporation may be designated as Unrestricted Subsidiaries. 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 and to have incurred all Indebtedness of such Unrestricted 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.

"Voting Stock" of any Person means Capital Stock of such Person that ordinarily has voting power for the election of directors (or Persons performing similar functions) of such Person, whether at all times or only so long as no senior class of securities has such voting power by reason of any contingency.

"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.

Term	Defined in Section
"Affiliate Transaction"..	4.11
"Asset Sale"...	4.10
"Change of Control Offer"..	4.15
"Change of Control Payment"..	4.15
"Change of Control Payment Date"...................................	4.15
"Covenant Defeasance"..	8.03
"DTC"..	2.01
"ETC Amount Due..	4.21
"Event of Default"...	6.01
"Excess Proceeds"..	4.10; 4.16
"Excess Proceeds Offer"..	3.09
"incur"..	4.09
"Insured Satellites"...	4.16
"Legal Defeasance"...	8.02
"Offer Amount"...	3.09
"Offer Period"...	3.09
"Paying Agent"...	2.03
"Payment Default"..	6.01
"Payout"...	4.21
"Permitted Refinancing"..	4.09
"Purchase Date"..	3.09
"Refinancing Indebtedness"...	4.09
"Registrar"..	2.03
"Restricted Payments"..	4.07

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 and any Guarantee of 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 or any Guarantor.

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 Guarantees of the Notes by the Guarantors shall be substantially in the forms set forth in Article 10, the terms of which are incorporated in and made a part of this Indenture. The Notes and Guarantees of the Notes by the Guarantors may have notations, legends or endorsements approved as to form by the Company or the Guarantors, and required by law, stock exchange rule, agreements to which the Company or the Guarantors, as the case may be, are 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.

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, upon a written order of the Company signed by two Officers of the Company, authenticate Notes for original issue up to an aggregate principal amount of $1,000,000,000 of the Notes. The aggregate principal amount of Notes outstanding at any time shall not exceed the amount set forth herein except as provided in Section 2.07.

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 or any Guarantor 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 or any Guarantor 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 or any Guarantor) shall have no further liability for the money delivered to the Trustee. If the Company or any Guarantor 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 and each Guarantor 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) or (c) 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. 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 Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an 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, if Definitive Notes are at such time permitted to be issued pursuant to this Indenture, (B) (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 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 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(g).

(c) Transfer or Exchange of Beneficial Interests in Global Notes to Definitive Notes. If any Holder of a beneficial interest in a 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.

(d) Transfer and Exchange of Definitive Notes to Beneficial Interests in Global Notes. A Holder of a Definitive Note may exchange such Note for a beneficial interest in a Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Global Notes.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. A Holder of Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of a Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Definitive Notes pursuant to the instructions from the Holder thereof. 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.

(f) Legends. Each Global Note shall bear the Global Note Legend.

(g) 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.

(h) 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, 3.09 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 additional obligation of the Company and the Guarantors.

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 bona fide purchaser.

If the principal amount of any Note is considered paid under Section 4.01, it ceases to be outstanding and interest on it ceases 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 45 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.

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 considers 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 Section 3.09, 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:

(a) the redemption date;

(b) the redemption price;

(c) 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;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(f) 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;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) 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, however, that the Company shall have delivered to the Trustee, at least 45 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 October 1, 2004. 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 October 1 of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	102.594%
2006	100.000%

Notwithstanding the foregoing, at any time prior to October 1, 2003, the Company may redeem up to 35% of the aggregate principal amount of the Notes outstanding at a redemption price equal to 110.375% 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. MANDATORY REDEMPTION.

The Notes will not be subject to any mandatory redemption or sinking fund provisions.

SECTION 3.09. 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 and 4.16 herein or this Section 3.09, exceeds $25.0 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 pari passu with, or (in the case of any secured Indebtedness) senior with respect to such collateral to, 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 Proceeds (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:

(a) that the Excess Proceeds Offer is being made pursuant to this Section 3.09 and the length of time the Excess Proceeds Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment shall continue to accrue interest;

(d) that any Note accepted for payment pursuant to the Excess Proceeds Offer shall cease to accrue interest after the Purchase Date;

(e) 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;

(f) 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;

(g) 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

(h) 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 3.09. 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 3.09, any purchase pursuant to this Section 3.09 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 pursuant to Section 13 or 15(d) of the Exchange Act (including all information that would be required to be contained in 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 subject to the requirements of such Section 13 or 15(d) of the Exchange Act, 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 annual or quarterly reports filed under Section 13 or 15(d) of the Exchange Act (including all financial information that would be required to be contained 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 and the Guarantors 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 and each Guarantor 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 and each Guarantor (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 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 (x) to the Company or any Wholly Owned Restricted Subsidiary or (y) 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 (y), 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 September 25, 2000, 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 April 1, 1999 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 4.17 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 date of the 1999 Notes Indentures, 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 September 25, 2000, 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 to the extent not included in cumulative Consolidated Cash Flow 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 September 25, 2000 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 sum 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 $125 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 sum 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 September 25, 2000;

(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 date of the 1999 Notes Indentures; 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 sum 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 4.17 of this Indenture;

(8) Investments in any Restricted Subsidiary which is not a Wholly Owned Restricted Subsidiary, but which is a guarantor of the 1999 Notes;

(9) Investments in businesses strategically related to businesses described in Section 4.17 of this Indenture in an aggregate amount not to exceed $60 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 amount not to exceed $10 million in the aggregate;

(11) the making of any Restricted Payment (including the receipt of any Investment) permitted under or resulting from any transaction permitted under Section 4.21 of this Indenture; provided that all conditions to any such Restricted Payment set forth in such Section 4.21 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 Notes Indentures;

(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; or

(15) Investments in a foreign direct-to-home satellite provider in an amount not to exceed $60 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), (7) (but only to the extent that net proceeds received by the Company as set forth in such clause (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 Notes Indentures), 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) (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), (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 Notes Indentures), (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 of request is 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 CONCERNING DISTRIBUTIONS BY SUBSIDIARIES, ETC.

The Company shall not, and shall not permit any Restricted Subsidiary of the Company 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 September 25, 2000;

(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) any Indebtedness permitted to be incurred pursuant to the 1999 Notes Indentures other than pursuant to the Indebtedness to Cash Flow Ratio test contained in Section 4.09 of the 1999 Notes Indentures;

(viii) Permitted Liens; or

(ix) 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. 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 (collectively, "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:

(i) Indebtedness represented by the Notes, the Guarantees and this Indenture;

(ii) the incurrence by the Company or any Guarantor of Acquired Subscriber Debt not to exceed $1,750 per Acquired Subscriber;

(iii) the incurrence by the Company, any of its Restricted Subsidiaries or any Guarantor of Deferred Payments and letters of credit with respect thereto;

(iv) Indebtedness of the Company, any of its Restricted Subsidiaries 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;

(v) Indebtedness between and among the Company and any of its Restricted Subsidiaries or any Guarantor;

(vi) Acquired Debt of a Person incurred prior to the date upon which such Person was acquired by the Company, any of its Restricted Subsidiaries 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 or any Guarantor;

(vii) Existing Indebtedness;

(viii) the incurrence of Purchase Money Indebtedness by the Company, any of its Restricted Subsidiaries 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 4.17 of this Indenture, as well as any launch costs and insurance premiums related to such assets;

(ix) 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;

(x) 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 4.17 of this Indenture;

(xi) Indebtedness of the Company, any of its Restricted Subsidiaries or any Guarantor the proceeds of which are used solely to finance the construction and development of a call center owned by the Company or any of its Restricted Subsidiaries in Christainsburg, Virginia 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;

(xii) the incurrence by the Company or any of its Restricted Subsidiaries or 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 (i), (ii), (iii), (vi), (vii) and (viii), 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 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 or refunded (a "Permitted Refinancing");

(xiii) the guarantee by the Company, any of its Restricted Subsidiaries 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;

(xiv) Indebtedness under Capital Lease Obligations of the Company, any of its Restricted Subsidiaries or any Guarantor with respect to no more than three direct broadcast satellites at any time.

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 (i) through (xiv) 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 (i) through (xv) 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: (i) sales or other dispositions of inventory in the ordinary course of business; (ii) sales or other dispositions to the Company or a Wholly-Owned Restricted Subsidiary of the Company by the Company or any Restricted Subsidiary; (iii) 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; (iv) sales or other dispositions of rights to construct or launch satellites; and (v) sales or other dispositions permitted under Section 4.21 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);

(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 4.21 of this Indenture);

in either case, which assets or Equity Interests: (i) have a fair market value in excess of $50 million (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); or (ii) 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 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 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 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 (excluding Equity Interests) to be used by the Company or any of its Restricted Subsidiaries in a business permitted under Section 4.17 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), provided that 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 is 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: (i) 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 under Section 4.17 of this Indenture, to repurchase the Notes or 1999 Notes or if the Company sells any of its satellites after launch such that the Company or its Restricted Subsidiaries own less than three in-orbit satellites, only to purchase a replacement satellite; or (ii) as set forth in the next sentence. 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 3.09 of this Indenture.

Clause (B) of the second preceding paragraph shall not apply to all or such portion of the consideration: (i) as is properly designated by the Company in an Asset Sale as being subject to this paragraph; and (ii) 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 Notes Indentures, plus, to the extent any such consideration did not satisfy clauses (B)(x) or (B)(z) above, upon the exchange or repayment of such consideration for or with assets which satisfy such clauses, an amount equal to the fair market value of such consideration (evidenced by a resolution of the Board of Directors of the Company 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 a Restricted Subsidiary 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 assets sold are satellites, uplink centers or call centers, provided that, in the case of clause (z) the Company and its Restricted Subsidiaries continue to own at least three satellites, one uplink center and one call center.

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 $25 million, such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Company, 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 of the Company 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 above 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; and (vi) 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 a Guarantor transfers or causes to be transferred, in one 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 of the Company evidenced by a resolution of the Board of Directors of the Company and set forth in an Officer's Certificate delivered to the Trustee no later than 10 business days following a request from the Trustee, which certificates will cover the 6 months preceding the date of request) exceeding the sum of $20 million in the aggregate for all such transfers after the date of this Indenture minus the fair market value of Restricted Subsidiaries acquired or created after the date of this Indenture that are not Guarantors (fair market value being determined as of the time of such acquisition) to Restricted Subsidiaries that are not Guarantors of the Notes, the Company, shall, or shall cause each of such Subsidiaries to which any amount exceeding such $20 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 of the Company evidenced by resolution of the Board of Directors of the Company and set forth in an Officer's Certificate delivered to the Trustee no later than 10 business days following a request from the Trustee, which Certificate shall cover the 6 months preceding the date of request) 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 Unrestricted Subsidiary, such Subsidiary shall execute a Supplemental Indenture and deliver an Opinion, 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 of the Company and set forth in an Officer's Certificate delivered to the Trustee no later than 10 business days following a request from the Trustee, which Certificate shall cover the 6 months preceding the date of request) of all such Restricted Subsidiaries created, acquired or designated since the date of this Indenture (fair market value being determined as of the time of creation, acquisition or designation) does not exceed the sum of $20 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 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 4.10 and 4.21, 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 4.21, 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 IN 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 in 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 in connection with a Change of Control.

SECTION 4.16. MAINTENANCE OF INSURANCE.

At all times, the Company or a Wholly Owned Restricted Subsidiary of the Company will maintain and be the named beneficiary under Satellite Insurance with respect to the lesser of (x) at least one-half or (y) three of the satellites owned or leased by the Company or its Subsidiaries (insured in an amount at least equal to the depreciated cost of such satellites)("Insured Satellites").

If the Company or its Restricted Subsidiaries receive proceeds from any Satellite Insurance covering any satellite owned by the Company or any of its Restricted Subsidiaries, or in the event that the Company or any of its Subsidiaries receives proceeds from any insurance maintained by any satellite manufacturer or any launch provider covering any of such satellites, all such proceeds (including any cash, Cash Equivalents or Marketable Securities deemed to be proceeds of Satellite Insurance pursuant to the respective definition thereof) shall be used only: (i) to purchase a replacement satellite if at such time the Company and a Restricted Subsidiary then own less than the required number of Insured Satellites as provided in the first paragraph of this Section 4.16, provided that if such replacement satellite is of lesser value compared to the insured satellite, any insurance proceeds remaining after purchase of such replacement satellite must be applied to the construction, launch and insurance of a satellite of equal or greater value as compared to the insured satellite (or in accordance with clause (iii) below); (ii) for purposes permitted under Section 4.17 hereof if at such time the Company and its Restricted Subsidiaries own the required number of Insured Satellites as provided in the first paragraph of this Section 4.16 (or in accordance with clause (iii) below); or (iii) to the extent that such proceeds are not applied or contractually committed to be applied as described in (i) or (ii) above within 365 days of the receipt of such proceeds as "Excess Proceeds" to be applied to an offer to purchase Notes as set forth under Section 3.09 hereof.

SECTION 4.17. 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 4.18. INTENTIONALLY OMITTED.

SECTION 4.19. INTENTIONALLY OMITTED.

SECTION 4.20. 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 September 25, 2000 (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 accounts 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 4.21. DISPOSITIONS OF ETC AND NON-CORE ASSETS.

Notwithstanding 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 Company's, or its Subsidiaries', Equity Interests in or assets of ETC, then (1) the payment of any dividend or distribution consisting of Equity Interests 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 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 and (2) the sale, conveyance or other disposition of the Equity Interests 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) provided that 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 (1) 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 (x) the amount of all Investments (other than the contribution of (i) 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 (ii) patents, trademarks and copyrights applied for or granted as of September 25, 2000 to the extent used by ETC or result from the business of ETC, in each case, to ETC) made in ETC by the Company or its Restricted Subsidiaries since September 25, 2000 (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 (y) 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 (z) $50 million and (2) 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 of the Company 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 members of such Board. In the event that at the time of such Payout, the condition set forth in clause (1) 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 4.21 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 Section 4.07 and Section 4.10 of this Indenture, (1) the payment of any dividend or distribution consisting of Equity Interests 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 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) provided 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 (1) 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 (x) the amount of all Investments made in such Non-Core Asset by the Company or its Restricted Subsidiaries since September 25, 2000 (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 (y) 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 (z) $50 million in the aggregate for all such Payouts and $10 million for any single such Payout and (2) 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 of the Company 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 such Board. In the event that at the time of such Payout, the condition set forth in clause (1) 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 4.21 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 4.21, 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 4.21 have been satisfied in connection with the making of such Payout.

Notwithstanding anything contained in this Section 4.21, any disposition of ETC or Non-Core Assets permitted pursuant to the 1999 Notes Indentures 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 4.22. 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.

The Company may 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 a 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 shall have been made (i) shall 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, Section 4.15, or Section 4.16;

(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 of the Notes then outstanding 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 or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or 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 $50 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 or 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 $50 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 $90 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 $50 million, which judgments are not stayed within 60 days after their entry;

(i) any Guarantee of the Notes or this Indenture shall be held in a judicial proceeding to be uneforceable 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 of any Notes or this Indenture;

(j) EchoStar, the Company, any Guarantor 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; and

(k) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (i) is for relief against EchoStar, the Company, any Guarantor or any Significant Subsidiary of the Company in an involuntary case; (ii) appoints a Custodian of EchoStar, the Company, any Guarantor or any Significant Subsidiary of the Company or for all or substantially all of the property of EchoStar, the Company, any Guarantor or any Significant Subsidiary of the Company; or (iii) orders the liquidation of EchoStar, the Company, any Guarantor or any Significant Subsidiary of the Company, and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02. ACCELERATION.

If an Event of Default (other than an Event of Default specified in clause (j) or (k) 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. In the case of an Event of Default specified in clause (j) or (k) of Section 6.01, with respect to EchoStar, the Company, any Guarantor or any Significant Subsidiary of the Company, 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.

(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 or any Guarantor shall be sufficient if signed by an Officer of the Company or such Guarantor.

(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 or any Guarantor'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(j) or (k) 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 3.09, 4.03, 4.04, 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.20, 4.21 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 purposes). 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) 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 date hereof, 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 satisfactory 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(j) or 6.01(k) 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 and an Opinion of Counsel in the United States, each 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 or a Guarantor 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 or 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 the Guarantees;

(c) to provide for the assumption of the Company's or a Guarantor's obligations to the Holders of the Notes in the case of a merger or consolidation pursuant to Article 5 with respect to the Company and pursuant to Section 10.03, with respect to the Guarantors;

(d) to make any change that would provide any additional rights or benefits to the Holders of the Notes or the Guarantees 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 upon receipt by the Trustee of the documents described in Section 11.04, the Trustee shall join with the Company 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, Guarantors and the Trustee may amend or supplement this Indenture and the Notes, 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 3.09, 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):

(i) reduce the aggregate principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes;

(iii) reduce the rate of or change the time for payment of interest on any Note;

(iv) 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);

(v) make any Note payable in money other than that stated in the Notes;

(vi) 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;

(vii) waive a redemption payment with respect to any Note; or

(viii) 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 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 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 evidences 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. The Company may not 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 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.

Nothing contained 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 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.

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. GUARANTORS MAY CONSOLIDATE, ETC., ON CERTAIN TERMS.

Subject to Section 10.04, a Guarantor may not, 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 shall 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.

In case of any such consolidation, merger, sale or conveyance 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.

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 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. RELEASES FROM GUARANTEES.

If pursuant to any 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 (in the event of a sale or other disposition of all of the capital stock of 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 Guarantor) shall be released and relieved of its obligations under its Guarantee or Section 10.03, 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, 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 4.21 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 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:

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:

Freidlob Sanderson Paulson & Tourtillott, LLC
1775 Sherman Street, Twenty-First Floor
Denver, Colorado 80203
Telecopier No.: (303) 595-3159
Attention: John W. Kellogg, 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 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 or her 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, or any of its Affiliates, as such, shall have any liability for any obligations of the Company, and any of its 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 in this Indenture and the Notes shall bind the successors of the Company. 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: Michael R. McDonnell
Title: Chief Financial Officer

ECHOSTAR TECHNOLOGIES CORPORATION,
a Texas corporation

By: ________________________________
Name:
Title:

DISH NETWORK SERVICE CORPORATION,
a Colorado corporation

By: ________________________________
Name:
Title:

ECHOSTAR SPACE CORPORATION,
a Colorado corporation

By: ________________________________
Name:
Title:

ECHOSTAR SATELLITE CORPORATION,
a Colorado corporation

By: ________________________________
Name:
Title:

ECHOSPHERE CORPORATION,
a Colorado corporation

By: ________________________________
Name:
Title:

ECHOSTAR INTERNATIONAL
CORPORATION, a Colorado corporation

By: ________________________________
Name:
Title:

ECHOSTAR INDONESIA, INC.,
a Colorado corporation

By: ________________________________
Name:
Title:

ECHO ACCEPTANCE CORPORATION,
a Colorado corporation

By: ________________________________
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ________________________________
Name: Richard Prokosch
Title: Vice President

EXHIBIT A

[FACE OF NOTE]

10 3/8% Senior Note due 2007

Cert. No.
CUSIP No.

EchoStar DBS Corporation

promises to pay to

____

or its registered assigns

the principal sum of ______________________

Dollars on October 1, 2007

Interest Payment Dates: April 1 and October 1, commencing October 1, 2002

Record Dates: March 15 and September 15 (whether or not a Business Day).

IN WITNESS WHEREOF, the Company has caused this Note to be duly executed.

Dated: ____________

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

(a) 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 10 3/8% per annum and will be payable semi-annually in cash on each April 1 and October 1, commencing April 1, 2003, 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 March 15 and September 15, 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, commencing October 1, 2002 as if the Notes had been outstanding on such date. 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.

(b) 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.

(c) 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.

(d) Indenture. The Company issued the Notes under an Indenture, dated as of November 12, 2002 (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.

(e) Optional Redemption. Except as provided in the next paragraph, the Notes will not be redeemable at the Company's option prior to October 1, 2004. 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 October 1 of the years indicated below:

YEAR	PERCENTAGE
2004	105.188%
2005	102.594%
2006	100.000%

Notwithstanding the foregoing, at any time prior to October 1, 2003, the Company may redeem up to 35% of the aggregate principal amount of the Notes outstanding at a redemption price equal to 110.375% 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.

(f) 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) and 4.16 (Maintenance of Insurance) or Section 3.09 (Offer to Purchase By Application of Excess Proceeds) of the Indenture, exceeds $25 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 in an amount 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 pari passu with, or (in the case of any secured Indebtedness) senior with respect to such collateral to, 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. 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. 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.

(g) Notice of Redemption. Notice of redemption shall be mailed at least 30 days but not more than 60 (or at least 3 days but not more than 10 days notice with respect to a redemption pursuant to Subsection (f) above) 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.

(h) 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.

(i) 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.

(j) 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 3.09 (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 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 in addition to or in place of certificated Notes; to provide for the assumption of the Company'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.

(k) 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 4.16 (Maintenance of Insurance), 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 or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or 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 $50 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 or 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 $50 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 $90 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 $50 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);

(j) any Guarantee of the Notes 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, (the Guarantors, the Person acting on behalf of any Guarantor), shall deny or disaffirm its obligations under its Guarantee of any Notes.

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.

(k) 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.

(l) No Personal Liabilities of Directors, Officers, Employees, Incorporators and Stockholders. No director, officer, employee, incorporator or stockholder of the Company or of any of its Affiliates, as such, shall have any liability for any obligations of the Company or of 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.

(m) Guarantee. 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.

(n) Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

(o) 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).

(p) 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 3.09 or Section 4.15 of the Indenture check the appropriate box:

__ Section 3.09 __ Section 4.15

If you want to have only part of the Note purchased by the Company pursuant to Section 3.09 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 Principal Amount of this Global Note	Amount of Increase Principal Amount of the Global Note.	Principal Amount of this Global Note following such decrease (or Increase)	Signature of authorized officer of Trustee or Note Custodian

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:

EXHIBIT 10.24

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into as of December 18, 2002, by and between ECHOSTAR COMMUNICATIONS CORPORATION, a Nevada corporation (the "Company"), VIVENDI UNIVERSAL, S.A., a societe anonyme organized under the laws of France (the "Parent"), and FINANCIERE DE VIDEOCOMMUNICATION, a societe anonyme organized under the laws of France and an indirect wholly owned subsidiary of Parent (the "Seller").

WHEREAS, the Company and Parent entered into an Investment Agreement, dated as of December 14, 2001 ("Investment Agreement"), pursuant to which the Parent purchased from the Company 5,760,479 shares (the "Preferred Shares") of Series D Mandatorily Convertible Participating Preferred Stock, par value $0.01 per share (the "Preferred Stock"), of the Company;

WHEREAS, the Company and Parent also entered into a Contingent Value Rights Agreement, dated as of January 22, 2002 ("CVR Agreement"), pursuant to which the Company issued and delivered to the Parent contingent value rights ("CVRs"); and

WHEREAS, the Seller now desires, on behalf of and for the sole benefit of Parent, to sell and the Purchaser desires to purchase the Shares;

NOW, THEREFORE, in consideration of the foregoing, the parties hereby covenant and agree as follows:

ARTICLE I
PURCHASE AND SALE OF SHARES

Section 1.1 Purchase and Sale of Shares. Subject to the terms and conditions of this Agreement, the Company agrees to purchase at the Closing (as defined in Section 1.2 below), and the Seller, on behalf of and for the sole benefit of Parent, agrees to sell and transfer to the Company at the Closing, the Preferred Shares. In accordance with Section 5.1(a)(iii) of the Certificate of Designations establishing the Preferred Stock, immediately prior to the purported sale, assignment, transfer or other disposition by Parent or the Seller of any of the Preferred Shares to a person other than a Permitted Transferee (as defined in such Certificate), each such Preferred Share shall automatically convert into ten (10) fully paid and nonassessable shares of Class A Common Stock, par value $0.01 per share ("Common Stock"), of the Company. Accordingly, at the Closing, the Company will purchase, and the Seller, on behalf of and for the sole benefit of Parent, will sell and transfer to the Company, the 57,604,790 shares of Common Stock (the "Shares") into which the Preferred Shares shall have converted automatically immediately prior to the consummation of the purchase and sale contemplated hereby, at a purchase price per share, in cash, of $18.50, representing an aggregate purchase price of $1,065,688,615 (the "Purchase Price").

Section 1.2 Closing Date. The consummation of the purchase and sale of the Shares (the "Closing") shall be held at the offices of Sullivan & Cromwell, 125 Broad Street, New York, New York 10004, or at such other place as the parties mutually agree upon in writing, at 10:00 a.m. on December 23, 2002 (the "Closing Date").

Section 1.3 Delivery and Payment. On the Closing Date, the Seller shall deliver to the Company the certificate representing the Preferred Shares, properly endorsed for transfer or accompanied by a duly executed stock power in a form acceptable to the Company, and the Company shall deliver to the Seller, the aggregate purchase price for the Shares by means of a wire transfer of immediately available ("same day") funds to such account as shall have been designated by the Seller to the Company in writing not less than 24 hours prior to the Closing.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Parent and the Seller, at and as of the date of this Agreement and at and as of the Closing Date, as follows:

Section 2.1 Governmental Authorization. The execution, delivery and performance by the Company of this Agreement and the consummation of the transactions contemplated hereby require no action of the Company by or in respect of, or filing with, any governmental body, agency or official ("Governmental Entity"), other than the Company's compliance with its obligations under the U.S. federal securities laws and any applicable stock market listing rules or policies.

Section 2.2 Authority; Execution and Delivery; and Enforceability. Purchaser has full power and authority to execute this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by Purchaser of this Agreement and the consummation by Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate action. Purchaser has duly executed and delivered this Agreement and this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms.

Section 2.3 No Conflicts; Consents. (a) The execution and delivery by Purchaser of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance by Purchaser with the terms hereof, will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any lien upon any of the properties or assets of Purchaser or any of its subsidiaries under, any provision of (i) the certificate of incorporation or by-laws of Purchaser or any of its subsidiaries, (ii) any contract to which Purchaser or any of its subsidiaries is a party or by which any of their respective properties or assets is bound or (iii) any judgment or applicable law applicable to Purchaser or any of its subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, have not had and are not reasonably likely to have a material adverse effect on the consummation of transactions contemplated hereby and compliance by Purchaser with the terms hereof.

(b) Except for the filings by Purchaser which may be required by the U.S. Federal Securities Laws and any applicable stock market listing rules or policies, no consent, authorization or order of, or filing with, any Governmental Entity or other person is required to be obtained or made by the Purchaser for the execution, delivery and performance of this Agreement, except where the failure to obtain such consents, authorizations or orders, or make such filings, individually or in the aggregate, have not had and are not reasonably likely to have a material adverse effect on the ability of the Purchaser to timely perform its obligations under this Agreement.

Section 2.4 FIRPTA. The Company is not, and has not been during the five-year period ending on the date hereof or the Closing Date, as the case may be, a "United States real property holding corporation" within the meaning of Section 897(c)(2) of the Internal Revenue Code of 1986, as amended.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE SELLER AND PARENT

The Seller and Parent hereby represent and warrant to the Company, at and as of the date of this Agreement and at and as of the Closing Date, as follows:

Section 3.1 Ownership of Shares. The Seller (i) is the record and beneficial owner of the Preferred Shares, (ii) owns the Preferred Shares free and clear of any lien or other encumbrance other than as provided in the Investment Agreement and the Certificate of Designations for the Preferred Stock, and (iii) has the right to transfer the Preferred Shares, upon the conversion thereof in accordance with Section 1.1, to the Company, in each case free and clear of any lien or encumbrance, in accordance with the terms of this Agreement.

Section 3.2 Authority; Execution and Delivery; and Enforceability. Seller and Parent have full power and authority to execute this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by Seller and Parent of this Agreement and the consummation by them of the transactions contemplated hereby have been duly authorized by all necessary corporate action. Seller and Parent have duly executed and delivered this Agreement and this Agreement constitutes their legal, valid and binding obligation, enforceable against it in accordance with its terms.

Section 3.3 No Conflicts; Consents. (a) The execution and delivery by Seller and Parent of this Agreement does not, and the consummation of the transactions contemplated hereby and compliance by Seller and Parent with the terms hereof, will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any lien upon any of the properties or assets of Seller or Parent or any of their subsidiaries under, any provision of (i) the certificate of incorporation or by-laws of Seller or Parent or any of their subsidiaries, (ii) any contract to which Seller or Parent or any of their subsidiaries is a party or by which any of their respective properties or assets is bound or (iii) any judgment or applicable law applicable to Seller or Parent or any of their subsidiaries or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any such items that, individually or in the aggregate, have not had and are not reasonably likely to have a material adverse effect on the consummation of transactions contemplated hereby and compliance by Seller and Parent with the terms hereof.

(b) Except for the filings by Seller or Parent which may be required by the U.S. Federal Securities Laws and any applicable stock market listing rules or policies, no consent, authorization or order of, or filing with, any Governmental Entity or other person is required to be obtained or made by the Seller or Parent for the execution, delivery and performance of this Agreement, except where the failure to obtain such consents, authorizations or orders, or make such filings, individually or in the aggregate, have not had and are not reasonably likely to have a material adverse effect on the ability of the Seller or Parent to timely perform its obligations under this Agreement.

Section 3.4 Termination of CVRs. The Seller and Parent acknowledge and agree that consummation of the transactions contemplated hereby will constitute a transfer of the Shares from the Seller to an entity other than a wholly-owned subsidiary of the Seller or Parent and, accordingly, that any and all CVRs issued and delivered by the Company to the Seller or Parent pursuant to the CVR Agreement shall automatically terminate and become null and void pursuant to Section 1.04 of the CVR Agreement upon the Closing.

Section 3.5 No Reliance; Information. The Seller and Parent acknowledge and represent that their decision to enter into this Agreement and to sell the Shares is made upon such independent investigation of the Company and its affairs as the Seller and Parent may have deemed necessary, and that in making its decision to enter into this Agreement, they have not relied upon any representation or warranty, written or oral, by the Company or any of its directors, officers or affiliates, other than those contained in this Agreement, or upon any disclosure of information by the Company or any such persons, other than such information as may be disclosed in the Company's filings with the U.S. Securities and Exchange Commission and other public announcements. The Seller and Parent also acknowledge and agree (a) that the Company is not obligated to provide any information to the Seller or Parent with respect to the Company and its affairs in addition to that which is publicly available; (b) that they are entering into this Agreement and propose to sell the Shares to the Company with the understanding that there may or may not be information in the possession of the Company and its directors or officers that could be relevant to an investor's decision to purchase or sell shares of Common Stock but that the Company has not otherwise been obligated to disclose publicly under applicable laws; and (c) that the Seller and Parent, on behalf of themselves and all of their affiliates, hereby waive and release any claim that they may now or hereafter have, in connection with the transactions contemplated by this Agreement, with respect to any such information about the Company and its affairs that may be or may not have been disclosed to them, publicly or otherwise.

Section 3.6 Governmental Authorization. The execution, delivery and performance by the Seller and Parent of this Agreement and the consummation of the transactions contemplated hereby require no action of the Seller or Parent or any of their affiliates by or in respect of, or filing with, any Governmental Entity other than as provided in Section 3.5.

Section 3.7 Securities Exchange Act of 1934 -- Filings. The Seller and Parent acknowledge their obligation to report the transactions contemplated hereby in an amendment to its Schedule 13D and in a Form 4.

ARTICLE IV
CONDITIONS TO CLOSING

Section 4.1 Condition to the Seller's Obligation. The Seller's obligation to sell the Shares to the Purchaser is subject only to the condition that the Seller shall receive at the Closing immediately available ("same day") funds in the full amount of the Purchase Price.

Section 4.2 Condition to the Purchaser's Obligation. The obligation of the Purchaser to purchase and pay for the Shares at the Closing is subject only to the condition that the Seller shall have delivered to the Company the certificates representing the Preferred Shares, duly endorsed or otherwise in proper form for transfer as provided in Section 1.3.

Section 4.3 Conditions to Obligations of the Parties. The respective obligations of the Company and the Seller and Parent to consummate the purchase and sale contemplated hereby is subject to the conditions that no temporary restraining order, preliminary or permanent injunction or other order or decree issued by a court of competent jurisdiction or Governmental Entity of competent jurisdiction that would prohibit the consummation of the transactions contemplated by this Agreement shall have been issued and remain in effect, and that no statute, rule or regulation shall have been enacted by any Governmental Entity which prevents the consummation of the transactions contemplated by this Agreement.

ARTICLE V
MISCELLANEOUS

Section 5.1 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts to be performed wholly in such State.

Section 5.2 Survival. The representations, warranties and agreements of the parties set forth in Articles II and III shall survive the closing of the transactions contemplated hereby.

Section 5.3 Successors and Assigns. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors of the parties hereto.

Section 5.4 Entire Agreement; Amendment; Certain Terminations. This Agreement is intended by the parties as a final expression of their agreement and constitutes the full and entire understanding and agreement among the parties with regard to the subject matter hereof. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), only by a written consent executed by the Company and the Seller and Parent or the waiving party, as applicable. The parties acknowledge and agree that, effective upon the consummation of the purchase and sale contemplated by Section 1.1, each of the CVR Agreement and the Registration Rights Agreement (as defined in the Investment Agreement) shall terminate in accordance with their terms.

Section 5.5 Notices and Other Communications. Any notice or other communication required or contemplated by this Agreement by either party shall be made in writing by personal delivery, by facsimile transmission, by courier guaranteeing overnight delivery or by first-class mail, return receipt requested, and shall be deemed given (i) when made, if by personal delivery, (ii) upon confirmation, if made by facsimile transmission, (iii) one business day after being deposited with such courier, if made by overnight courier or (iv) on the date indicated on the notice of receipt, if made my first-class mail, to the parties as follows:

To the Company:	EchoStar Communications Corporation 5701 South Santa Fe Drive Littleton, Colorado 80120 Attn: David K. Moskowitz, Esq. Fax: 303-723-1699
with a copy to:	Sullivan & Cromwell 125 Broad Street New York, New York 10004-2498 Attn: John J. O'Brien, Esq. Fax: 212-558-3588

To the Seller and Parent:

Vivendi Universal
42, Avenue de Friedland
75380 Paris Cedex 08
France
Attn: Mr. Jean-Berard Levy
Fax: 33-1-71-71-30-14

with a copy to:

Cravath, Swaine & Moore
Worldwide Plaza
825 Eighth Avenue
New York, New York 10019
Attn: Faiza J. Saeed, Esq.
Fax: 212-474-3700;

or at such other address as the intended recipient previously shall have designated by written notice to the other party (with copies to counsel as may be indicated herein).

Section 5.6 Severability. In case any provision of this Agreement 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 5.7 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. Execution and delivery of this Agreement by exchange of facsimile copies bearing the facsimile signature of a party hereto shall constitute a valid and binding execution and delivery of this Agreement by such party. Such facsimile copies shall constitute enforceable original documents.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year set forth in the first paragraph hereof.

ECHOSTAR COMMUNICATIONS CORPORATION

By:

Name:
Title:

VIVENDI UNIVERSAL, S.A.

By:

Name:
Title:

FINANCIERE DE VIDEOCOMMUNICATION

By:

Name:
Title:

EXHIBIT 10.51

THIRTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before October 8, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation	EchoStar Technologies Corporation
By: ---------------------------	By: -----------------------------
Title: ---------------------------	Title: -----------------------------
Date: ---------------------------	Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.52

FOURTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before October 18, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EchoStar Technologies Corporation

By: -----------------------------

Title: -----------------------------

Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.53

FIFTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

   The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before November 1, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation	EchoStar Technologies Corporation
By: ---------------------------	By: -----------------------------
Title: ---------------------------	Title: -----------------------------
Date: ---------------------------	Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.54

SIXTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before November 15, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation	EchoStar Technologies Corporation
By: ---------------------------	By: -----------------------------
Title: ---------------------------	Title: -----------------------------
Date: ---------------------------	Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.55

SEVENTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

   The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before December 2, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation	EchoStar Technologies Corporation
By: ---------------------------	By: -----------------------------
Title: ---------------------------	Title: -----------------------------
Date: ---------------------------	Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.56

EIGHTEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before December 16, 2002.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation	EchoStar Technologies Corporation
By: ---------------------------	By: -----------------------------
Title: ---------------------------	Title: -----------------------------
Date: ---------------------------	Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 10.57

NINETEENTH AMENDMENT TO LICENSE AND OEM MANUFACTURING AGREEMENT

The License and OEM Manufacturing Agreement ("LOEMMA") with an effective date of July 1, 2002, by and among EchoStar Satellite Corporation, EchoStar Technologies Corporation and Thomson multimedia Inc. is hereby amended as follows:

1. Section 11.16 is amended to read:

The Parties shall mutually agree to a trademark agreement (the "Trademark Agreement") to be attached as Exhibit E hereto on or before January 6, 2003.

2. Unless specifically defined herein, all defined terms will have the meaning ascribed to such terms in the LOEMMA. The LOEMMA shall remain in all other respects unchanged.

EchoStar Satellite Corporation

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EchoStar Technologies Corporation

By: -----------------------------

Title: -----------------------------

Date: -----------------------------

Thomson multimedia Inc.

By: ---------------------------

Title: ---------------------------

Date: ---------------------------

EXHIBIT 21

ECHOSTAR COMMUNICATIONS CORPORATIONS AND SUBSIDIARIES
LIST OF SUBSIDIARIES
As of December 31, 2002

Subsidiary	State or Country of Incorporation	% of Ownership	Name Doing Business As
Dish Network Credit Corporation	Colorado	100%	DNCC
EchoStar Broadband Corporation	Colorado	100%	EchoStar Broadband
EchoStar Orbital Corporation	Colorado	100%	EchoStar Orbital
EchoStar Orbital Corporation II	Colorado	100%	EchoStar Orbital II
EchoStar DBS Corporation	Colorado	100%	EchoStar DBS
EchoStar Engineering Corporation	Colorado	100%	EchoStar Engineering
EchoStar KuX Corporation	Colorado	100%	KuX
EchoStar PAC Corporation	Colorado	100%	EchoStar PAC
EchoStar Real Estate Corporation II	Colorado	100%	EREC II
Kelly Broadcasting Systems, Inc.	New Jersey	100%	KBS
OpenStar Corporation	Colorado	50%	OpenStar
EchoStar VisionStar Corporation	Colorado	100%	EchoStar VisionStar
Echo Acceptance Corporation	Colorado	100%(1)	EAC
Dish Network Service Corporation f/k/a Dish Installation Network Corporation	Colorado	100%(1)	DNSC
Echosphere Corporation	Colorado	100%(1)	Echosphere
EchoStar International Corporation	Colorado	100%(1)	EchoStar International or EIC
EchoStar Satellite Corporation	Colorado	100%(1)	ESC
EchoStar Technologies Corporation f/k/a Houston Tracker Systems, Inc.	Texas	100%(1)	EchoStar Technologies or ETC
Wright Travel Corporation	Colorado	100%(1)	Wright Travel
EchoStar Data Networks Corporation f/k/a Media4, Inc.	Colorado	100%	EchoStar Data Networks or EDN
NagraStar LLC	Colorado	50%	NagraStar
Satellite Communications Operating Corporation	Colorado	100%	SCOC
Transponder Encryption Services Corporation	Colorado	100%	TESC
EchoBand Corporation	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 DBS Corporation.

EXHIBIT 23.1

Independent Auditors' Consent

We consent to the incorporation by reference in the registration statements listed below of EchoStar Communications Corporation of our report dated February 28, 2003, with respect to the consolidated balance sheet of EchoStar Communications Corporation and subsidiaries, and the related consolidated statements of operations and comprehensive loss, changes in stockholders' deficit and cash flows for the year ended December 31, 2002, which report appears in the December 31, 2002 annual report on Form 10-K of EchoStar Communications Corporation.

Form	Registration Statement No.	Description
S-3/A	333-68618	5 3/4% Convertible Subordinated Notes
S-8	333-66490	2001 Nonemployee Director Stock Option Plan
S-8	333-59148	2000 Launch Bonus Plan
S-8	333-31890	401(k) Employees' Savings Plan
S-8	333-95099	1999 Launch Bonus Plan
S-8	333-74779	401(k) Employees' Savings Plan
S-8	333-51259	1998 Launch Bonus Plan
S-8	333-48895	401(k) Employees' Savings Plan
S-8	333-36791	1997 Employee Stock Purchase Plan
S-8	333-36749	1997 Launch Bonus Plan
S-8	333-22971	401(k) Employees' Savings Plan
S-8	333-11597	1996 Launch Bonus Plan
S-8	333-05575	1995 Nonemployee Director

Stock
Option Plan

The 2001 and 2000 financial statements of EchoStar Communcations Corporation were audited by other auditors who have ceased operations.

KPMG LLP

Denver, Colorado,
February 28, 2003

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, 2002, 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 Peter A. Dea	Director	March 4, 2003
/s/ O. Nolan Daines O. Nolan Daines	Director	March 4, 2003
/s/ Cantey Ergen Cantey Ergen	Director	March 4, 2003
/s/ Raymond L. Frielob Raymond L. Friedlob	Director	March 4, 2003
/s/ Jean-Marie Messier Jean-Marie Messier	Director	March 4, 2003
/s/ Steven R. Goodbarn Steven R. Goodbarn	Director	March 4, 2003