

REGISTRATION NO. 333-37683

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
AMENDMENT NO. 1 TO
FORM S-3

REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933

EHOSTAR COMMUNICATIONS CORPORATION
(Exact name of registrant as specified in its charter)

NEVADA (State of Registrant's Incorporation) 88-0336997 (I.R.S. Employer Identification No.)
5064 (Registrant's Standard Industrial Classification Code Number)

90 INVERNESS CIRCLE EAST
ENGLEWOOD, COLORADO 80112
(303) 799-8222
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant's Principal Executive Office)

DAVID K. MOSKOWITZ, ESQ.
SENIOR VICE PRESIDENT, GENERAL COUNSEL AND SECRETARY
EHOSTAR COMMUNICATIONS CORPORATION
90 INVERNESS CIRCLE EAST
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(303) 799-8222
(Name, Address, including Zip Code, and Telephone Number of Agent for Service)

WITH COPIES TO:

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APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as practicable after the effective date of this registration statement. If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. / /

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box. /X/

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE	AMOUNT OF REGISTRATION FEE
Common Stock.....	5,750,000	\$24.00	\$138,000,000	\$41,819
Series C Preferred Stock*.....	2,300,000	\$50.00	\$115,000,000	\$34,848
TOTAL.....				\$76,667

* Estimated. This includes an indeterminate number of shares of common stock issuable as dividends on, and upon conversion or redemption of the Series C Preferred Stock pursuant to Rule 457(o). No filing fee is required pursuant to Rule 457(i). This also includes an indeterminate number of shares of

Class A Common Stock deliverable at the Registrant's option from time to time in the future in exchange for funds to be held in a Deposit Account on behalf of the purchasers of the Series C Preferred Stock. This also registers interests in the Deposit Account to the extent such interests are required to be registered.

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INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THESE SECURITIES MAY NOT BE SOLD NOR MAY OFFERS TO BUY BE ACCEPTED PRIOR TO THE TIME THE REGISTRATION STATEMENT BECOMES EFFECTIVE. THIS PROSPECTUS SHALL NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY NOR SHALL THERE BE ANY SALE OF THESE SECURITIES IN ANY STATE IN WHICH SUCH OFFER, SOLICITATION OR SALE WOULD BE UNLAWFUL PRIOR TO REGISTRATION OR QUALIFICATION UNDER THE SECURITIES LAWS OF ANY SUCH STATE.

PROSPECTUS

, 1997

2,000,000 SHARES

[LOGO]

ECHOSTAR COMMUNICATIONS CORPORATION
% SERIES C CUMULATIVE CONVERTIBLE PREFERRED STOCK

EchoStar Communications Corporation, a Nevada corporation ("EchoStar" or the "Company"), is offering (the "Preferred Offering") 2,000,000 shares of % Series C Cumulative Convertible Preferred Stock (the "Preferred Stock"), having a liquidation preference of \$50 per share (the "Liquidation Preference").

Simultaneously with the closing of the Preferred Offering, the purchasers of the Preferred Stock will deposit approximately \$ million into an account (the "Deposit Account"), and will be entitled to a quarterly cash payment from the Deposit Account in an amount equal to \$ per share of Preferred Stock (the "Quarterly Return Amount"), commencing , 1998 and continuing until , 1999. After such date, dividends will begin to accrue on the Preferred Stock. EchoStar may, prior to the date on which any Quarterly Return Amount would otherwise be payable, deliver notice instructing the deposit agent (i) to purchase from EchoStar, for transfer to each holder of Preferred Stock, in lieu of the Quarterly Return Amount, that number of whole shares of Class A Common Stock (the "Class A Common Stock") determined by dividing the Quarterly Return Amount by 95% of the Market Value (as defined) of the Class A Common Stock as of the date of such notice or (ii) defer delivery of the Quarterly Return Amount to holders of Preferred Stock on such quarterly payment date until the next quarterly payment date or any subsequent payment date. However, no later than , 1999 (the "Deposit Expiration Date"), any amounts remaining in the Deposit Account, as of such date, or which have previously been deferred, will be (i) paid to the holders of the Preferred Stock or (ii) at EchoStar's option, used to purchase from EchoStar for delivery to each holder of Preferred Stock that number of whole shares of Class A Common Stock determined by dividing the balance remaining in the Deposit Account by 95% of the Market Value of the shares of Class A Common Stock as of the date of EchoStar's notice. See "Prospectus Summary--The Offering--Deposit Account." For a discussion of the Federal taxation treatment of the Deposit Account and payments therefrom, see "Certain Federal Income Tax Consequences."

Dividends on the Preferred Stock will accrue from , 1999, and holders of the Preferred Stock will be entitled to receive cumulative dividends at an annual rate of % of the Liquidation Preference, payable quarterly in arrears, commencing , 2000. Dividends may, at the option of EchoStar, be paid in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock, or a combination thereof.

The Preferred Stock is convertible at any time, unless previously redeemed, at the option of the holder thereof, into fully paid and nonassessable shares of Class A Common Stock at the Conversion Price (as defined), subject to adjustment under certain circumstances. On October 9, 1997, the closing price of the Class A Common Stock (symbol "DISH") on the Nasdaq National Market was \$23 1/8 per share. Prior to this Preferred Offering, there has been no trading market for the Preferred Stock.

The Preferred Stock is redeemable at any time on or after , 2000, in whole or in part, at the option of EchoStar, in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock, or a combination thereof, initially at a price of \$ per share and thereafter at prices declining to \$ per share on or after , 2004, plus in each case all accumulated and unpaid dividends to the redemption date. Upon any Change of Control (as defined), holders of Preferred Stock will, in the event that the Market Value at such time is less than the Conversion Price, have a one time option to convert all of their outstanding shares into shares of Class A Common Stock at an adjusted conversion price equal to the greater of (i) the Market Value as of the Change of Control Date (as defined) and (ii) 66.67% of the Market Value as of the date of this Prospectus. In lieu of issuing the shares of Class A Common Stock issuable upon conversion in the event of a Change of Control, EchoStar may, at its option, make a cash payment equal to the Market Value of such Class A Common Stock otherwise issuable.

Simultaneously with the Preferred Offering, EchoStar is registering shares of Class A Common Stock, initially issuable upon conversion of the Preferred Stock, plus such indeterminate number of additional shares as may become issuable upon conversion of the Preferred Stock as a result of adjustments of the Conversion Price or upon redemption payments and dividend payments made on the Preferred Stock by delivery of shares of Class A Common Stock in accordance with the terms of the Preferred Stock. Application has been made to list the shares of Preferred Stock on the Nasdaq National Market and it is expected that the shares of Preferred Stock will be listed prior to the closing of the Preferred Offering.

The Company is also concurrently offering, by means of a separate prospectus, 5,000,000 shares of Class A Common Stock (the "Common Offering"). The Preferred Offering and the Common Offering are collectively referred to herein as the "Offerings." The Preferred Offering is not conditioned on consummation of the Common Offering and the Common Offering is not conditioned on consummation of the Preferred Offering.

SEE "RISK FACTORS" BEGINNING ON PAGE 10 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH AN INVESTMENT IN THE SECURITIES OFFERED HEREBY.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "COMMISSION") OR ANY STATE SECURITIES COMMISSION NOR HAS THE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	PRICE TO THE PUBLIC	UNDERWRITING DISCOUNTS AND COMMISSIONS (1)	PROCEEDS TO THE COMPANY (2)
Per Share.....	\$	\$	\$
Total (3).....	\$	\$	\$

- (1) ECHOSTAR HAS AGREED TO INDEMNIFY THE UNDERWRITERS (AS DEFINED) AGAINST CERTAIN LIABILITIES, INCLUDING LIABILITIES UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT").
- (2) BEFORE DEDUCTING EXPENSES OF THE OFFERING PAYABLE BY ECHOSTAR, ESTIMATED TO BE \$.
- (3) ECHOSTAR HAS GRANTED THE UNDERWRITERS AN OPTION, EXERCISABLE WITHIN 30 DAYS OF THE DATE HEREOF, TO PURCHASE UP TO 300,000 ADDITIONAL SHARES OF PREFERRED STOCK AT THE PRICE TO THE PUBLIC SHOWN ABOVE. IF THE OPTION IS EXERCISED IN FULL, THE TOTAL PRICE TO THE PUBLIC, UNDERWRITING DISCOUNTS AND COMMISSIONS AND PROCEEDS TO THE COMPANY WILL BE \$, \$ AND \$, RESPECTIVELY. SEE "UNDERWRITING."

The Preferred Stock is offered by the several underwriters (the "Underwriters"), subject to prior sale, when, as and if issued to and accepted by the Underwriters and subject to certain conditions, including the right of the Underwriters to reject any order in whole or in part. It is expected that delivery of the Preferred Stock will be made through the facilities of The Depository Trust Company ("DTC") against payment therefor in immediately available funds in New York, New York on or about October , 1997.

DONALDSON, LUFKIN & JENRETTE
SECURITIES CORPORATION

LEHMAN BROTHERS

CERTAIN PERSONS PARTICIPATING IN THIS OFFERING MAY ENGAGE IN TRANSACTIONS THAT STABILIZE, MAINTAIN OR OTHERWISE AFFECT THE PRICE OF THE PREFERRED STOCK. SPECIFICALLY, THE UNDERWRITERS MAY OVER-ALLOT IN CONNECTION WITH THIS OFFERING, AND MAY BID FOR, AND PURCHASE, SHARES OF THE PREFERRED STOCK IN THE OPEN MARKET. FOR A DESCRIPTION OF THESE ACTIVITIES, SEE "UNDERWRITING."

PROSPECTUS SUMMARY

THE FOLLOWING SUMMARY IS QUALIFIED IN ITS ENTIRETY BY THE MORE DETAILED INFORMATION, INCLUDING THE CONSOLIDATED FINANCIAL STATEMENTS AND THE NOTES THERETO, APPEARING ELSEWHERE IN THIS PROSPECTUS. AS USED IN THIS PROSPECTUS, UNLESS THE CONTEXT OTHERWISE REQUIRES, "ECHOSTAR" OR THE "COMPANY" REFERS TO ECHOSTAR COMMUNICATIONS CORPORATION, A NEVADA CORPORATION, THE CLASS A COMMON STOCK OF WHICH IS QUOTED ON THE NASDAQ NATIONAL MARKET UNDER THE SYMBOL "DISH" OR, IF THE CONTEXT REQUIRES, TO ECHOSTAR TOGETHER WITH ITS SUBSIDIARIES.

THE COMPANY

EchoStar is a leading provider of direct broadcast satellite ("DBS") programming services in the United States. The Company commenced its DISH Network-SM- DBS service (the "DISH Network") in March 1996, after the successful launch of its first satellite ("EchoStar I") in December 1995. The Company launched its second satellite ("EchoStar II") in September 1996, and launched its third satellite ("EchoStar III") in October 1997. Since December 31, 1996, EchoStar has increased its DISH Network subscriber base from 350,000 to approximately 820,000 subscribers as of September 30, 1997. During the third quarter of 1997, EchoStar believes that it captured approximately 40% of all new DBS satellite subscribers in the U.S. Average monthly programming revenue during 1997 has been approximately \$39 per subscriber.

The introduction of DBS receivers is widely regarded as the most successful introduction of a consumer electronics product in U.S. history, surpassing the rollout of color televisions, VCRs and compact disc players. As of September 30, 1997, approximately 5.6 million U.S. households subscribed to DBS and other digital direct-to-home ("DTH") satellite services. Industry sources project that the DTH market could grow to as many as 19 million subscribers by the year 2002.

EchoStar believes that there is significant unsatisfied demand for high-quality, reasonably-priced television programming. Of the approximately 96 million television households in the U.S., it is estimated that more than 60 million subscribers pay an average of \$34 per month for multichannel programming services. EchoStar's primary target market for the DISH Network includes cable subscribers in urban and suburban areas who are dissatisfied with the quality or price of their cable programming, or who want niche programming services not available from most cable operators. Other target markets for the DISH Network include the approximately 7 million households not passed by cable television systems and the approximately 21 million households currently passed by cable television systems with relatively limited channel capacity.

EchoStar has rights to more U.S. licensed DBS frequencies than any of its competitors, and currently controls 90 frequencies, including 21 frequencies at an orbital slot capable of providing nationwide DBS service. The Company currently provides approximately 120 channels of digital television programming and over 30 channels of CD quality audio programming to the entire continental U.S. DISH Network subscribers can choose from a variety of programming packages that EchoStar believes have a better price-to-value relationship than packages currently offered by most pay television providers.

DISH Network programming is available to any subscriber who purchases or leases an 18-inch satellite dish, an EchoStar digital satellite receiver, a user-friendly remote control and related components (collectively, an "EchoStar Receiver System"). EchoStar Receiver Systems are fully compatible with MPEG-2, the world digital standard for computers and consumer electronics products, and provide image and sound quality superior to current analog cable or wireless cable service. EchoStar Receiver Systems are designed and engineered by EchoStar's wholly-owned subsidiary, Houston Tracker Systems, Inc. ("HTS"). Satellite receivers designed by HTS have won numerous awards from dealers, retailers and industry trade publications.

The Company's primary objective is to become a leading provider of subscription television services in the U.S. To achieve this objective, the Company will seek to:

EXPAND PROGRAMMING OFFERINGS. The Company launched EchoStar III on October 5, 1997, and expects to launch its fourth satellite ("EchoStar IV") during the first quarter of 1998. EchoStar III, which will serve the eastern half of the U.S. from 61.5 DEG. West Longitude ("WL"), and EchoStar IV, which is expected to serve the western half of the U.S. from 148 DEG. WL, should enable the Company to retransmit local broadcast signals in 20 of the largest U.S. television markets (assuming receipt of all required retransmission consents and copyright licenses and/or congressional or regulatory actions necessary to extend and clarify the scope of the statutory compulsory license to cover local satellite retransmission of network-affiliated station signals) and to provide subscribers with additional sports, foreign language, cultural, business, educational and other niche programming. EchoStar III and EchoStar IV will also provide the Company the capacity to offer subscribers high definition television ("HDTV") and popular Internet and other computer data at high transmission speeds. By expanding its programming services, EchoStar believes that it may be able to differentiate itself from other providers of subscription television services, which may not be able to cost-effectively, or do not have the capacity to, offer similar services.

CONTINUE TO EXPAND DISTRIBUTION CHANNELS. The Company continues to strengthen its sales and distribution channels, which include consumer retail outlets, consumer electronics retailers and direct sales representatives. For example, the Company recently announced an agreement with JVC Company of America ("JVC"), under which JVC will purchase EchoStar Receiver Systems for distribution through existing JVC channels under the JVC and DISH Network brand names. All consumers who purchase JVC branded satellite receiver systems will subscribe to DISH Network programming. In addition, on September 15, 1997, EchoStar announced that Sears, Roebuck and Co. ("Sears") will begin to carry JVC branded EchoStar Receiver Systems. Beginning in October 1997, JVC branded EchoStar Receiver Systems are now available in more than 800 full-line, mall-based Sears stores.

PROVIDE ATTRACTIVELY PRICED PROGRAMMING AND SYSTEMS. The Company's entry level America's Top 40 programming package is priced at \$19.99 per month, as compared to, on average, over \$30 per month for comparable cable service. Consumers can add six premium movie channels for an additional \$10 per month, the same amount cable subscribers typically pay for one movie channel. On June 1, 1997, the Company announced a new marketing program, offering subscribers a standard EchoStar Receiver System for \$199 (as compared to an average retail price in March 1996 of \$499), without requiring an extended subscription commitment or significant up front programming payments.

EMPHASIZE ONE-STOP SHOPPING. The Company believes that providing outstanding service, convenience and value are essential to developing long-term customer relationships. The Company offers consumers a "one-stop shopping" service which includes programming, installation, maintenance, reliable customer service and satellite reception equipment. To enhance responsiveness to its customers, the Company has established a single telephone number (1-800-333-DISH), which customers can call 24 hours a day, seven days a week to order EchoStar Receiver Systems, activate programming services, schedule installation, and obtain technical support. The Company believes it is the only DBS provider to offer a comprehensive single-point customer service function.

The principal offices of EchoStar are located at 90 Inverness Circle East, Englewood, Colorado 80112-5300, and its telephone number is (303) 799-8222.

RECENT DEVELOPMENTS

LAUNCH OF ECHOSTAR III

The Company launched EchoStar III on October 5, 1997, from Cape Canaveral Air Station, Florida. EchoStar III, which will serve the eastern half of the U.S. from 61.5 DEG. WL, should enable the Company to retransmit local broadcast signals in certain U.S. television markets (assuming receipt of all required retransmission consents and copyright licenses and/or congressional or regulatory actions necessary to extend and clarify the scope of the statutory compulsory license to cover local satellite retransmission of network-affiliated station signals) and to provide subscribers with additional sports, foreign language, cultural, business, educational and other niche programming. EchoStar III will also provide the Company the capacity to offer subscribers HDTV and popular Internet and other computer data at high transmission speeds. Although all tests to date have been successful, EchoStar III has not yet achieved geostationary orbit. The ultimate success of the launch of EchoStar III will not be determinable until up to 60 days after its October 5 launch date.

SEARS TO CARRY DISH NETWORK PRODUCTS

On September 15, 1997, EchoStar announced that Sears will begin to carry JVC branded EchoStar Receiver Systems. Beginning in October 1997, JVC branded EchoStar Receiver Systems are now available in more than 800 full-line, mall-based Sears stores, creating a nationwide retail distribution channel for such DISH compatible systems. EchoStar believes, but can give no assurance, that this additional distribution channel will further enhance EchoStar's ability to attract subscribers to the DISH Network.

SERIES B SENIOR REDEEMABLE EXCHANGEABLE PREFERRED OFFERING

On October 2, 1997, EchoStar consummated an offering (the "Series B Preferred Offering") of 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 (the "Series B Preferred Stock"). The Series B Preferred Offering resulted in net proceeds to EchoStar of approximately \$193.0 million. The Series B Preferred Stock was issued in a private placement pursuant to Rule 144A of the Securities Act. EchoStar presently intends to use the net proceeds of the Series B Preferred Offering to fund subscriber acquisition and marketing expenses and for other general corporate purposes.

THE OFFERING

Securities Offered..... 2,000,000 shares of EchoStar's % Series C Cumulative Convertible Preferred Stock (the "Preferred Stock"). Additionally, EchoStar has granted the Underwriters an option for 30 days to purchase up to an additional 300,000 shares of Preferred Stock at the initial offering price solely to cover over-allotments, if any.

Issuer..... EchoStar Communications Corporation, a Nevada corporation.

Liquidation Preference..... \$50 per share.

Deposit Account..... Simultaneously with the closing of the Preferred Offering, the purchasers of the Preferred Stock will deposit approximately \$ million into an account (the "Deposit Account"), and will be entitled to a quarterly cash payment from the Deposit Account in an amount equal to \$ per share of Preferred Stock (the "Quarterly Return Amount"), commencing , 1998 and continuing until , 1999. After such date, dividends will begin to accrue on the Preferred Stock. EchoStar may, prior to the date on which any Quarterly Return Amount would otherwise be payable, deliver notice instructing the deposit agent (i) to purchase from EchoStar, for transfer to each holder of Preferred Stock, in lieu of the Quarterly Return Amount, that number of whole shares of Class A Common Stock determined by dividing the Quarterly Return Amount by 95% of the Market Value of the Class A Common Stock as of the date of such notice or (ii) defer delivery of the Quarterly Return Amount to holders of Preferred Stock on such quarterly payment date until the next quarterly payment date or any subsequent payment date. However, no later than , 1999 (the "Deposit Expiration Date"), any amounts remaining in the Deposit Account, as of such date, or which have previously been deferred, will be (i) paid to the holders of the Preferred Stock or (ii) used to purchase from EchoStar for transfer to each holder of Preferred Stock that number of whole shares of Class A Common Stock determined by dividing the balance remaining in the Deposit Account by 95% of the Market Value of the shares of Class A Common Stock as of the Deposit Expiration Date.

Dividends..... Cumulative annual dividends of % of the Liquidation Preference per share, payable quarterly out of assets legally available therefor on , and of each year, commencing , 2000, when, as and if declared by the Board of Directors. Dividends will accrue from , 1999, and as a result EchoStar will not make any dividend payments on shares of Preferred Stock until , 2000. Dividends, to the extent declared by EchoStar's Board, may, at the option of EchoStar,

be paid in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock or a combination thereof.

- Conversion Rights..... Each share of Preferred Stock may be converted at any time at the option of the holder into such number of fully paid and nonassessable shares of Class A Common Stock as is equal to the Liquidation Preference divided by an initial conversion price of \$ (the "Conversion Price"). The Conversion Price is subject to adjustment upon the occurrence of certain events.
- Optional Redemption..... The Preferred Stock may not be redeemed prior to , 2000. On or after , 2000, the Preferred Stock may be redeemed, in whole or in part, at the option of EchoStar, in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock or a combination thereof, initially at a redemption price of \$ and thereafter at prices declining to \$ per share, plus in each case all accumulated and unpaid dividends to the redemption date.
- Change of Control..... Upon any Change of Control (as defined), each holder of Preferred Stock shall, in the event that the Market Value (as defined) at such time is less than the Conversion Price, have a one-time option to convert such holder's shares of Preferred Stock into shares of Class A Common Stock at a conversion price equal to the greater of (i) Market Value (as defined) ending on the date on which a Change of Control event occurs and (ii) 66.67% of the Market Value as of the date of this Prospectus. In lieu of issuing the shares of Class A Common Stock issuable upon conversion in the event of a Change of Control, EchoStar may, at its option, make a cash payment equal to the Market Value of the shares of Class A Common Stock otherwise issuable.
- Ranking..... The Preferred Stock will rank senior to the Company's common stock and senior to or PARI PASSU with other existing and future offerings of preferred stock.
- Voting Rights..... Except as required by law, the holders of Preferred Stock will have no voting rights unless dividends payable on the Preferred Stock are in arrears for six quarterly periods, in which case the holders of the Preferred Stock voting separately as a class with the shares of any other preferred stock or preference securities having similar voting rights, will be entitled at the next regular or special meeting of stockholders of EchoStar to elect two directors of EchoStar (such voting rights will continue until such time as the dividend arrearage on the Preferred Stock has been paid in full). The affirmative vote or consent of holders of at least 66 2/3% of the outstanding Preferred Stock will be required for the issuance of any class or series of stock (or security convertible into stock) of EchoStar ranking senior to or PARI PASSU with the Preferred Stock as to dividends or liquidation rights (other than additional shares of Series B Preferred Stock

or certain PARI PASSU securities with an aggregate liquidation preference not to exceed \$100 million) and for amendments to EchoStar's Articles of Incorporation that would affect adversely the rights of holders of the Preferred Stock. See "Description of the Preferred Stock--Voting Rights."

Common Stock.....	The Class A Common Stock is traded on the Nasdaq National Market under the symbol "DISH." On October 7, 1997, EchoStar had 11,870,521 shares of Class A Common Stock issued and outstanding. The closing sale price of the Class A Common Stock on the Nasdaq National Market on October 9, 1997 was \$23 1/8 per share. See "Description of EchoStar Capital Stock."
Listing.....	Application has been made to list the Preferred Stock on the Nasdaq National Market and it is expected that the shares of Preferred Stock will be listed prior to the closing of the Preferred Offering.
Tax Consequences.....	The Federal income tax consequences of acquiring and holding the Preferred Stock and the shares of Class A Common Stock issuable upon conversion of such Preferred Stock or in redemption therefor or as a dividend thereon are described in "Certain United States Federal Income Tax Considerations." Prospective investors are urged to consult their own tax advisors regarding the tax consequences of acquiring, holding or disposing of the Preferred Stock or the shares of Class A Common Stock issuable upon conversion of such Preferred Stock or in redemption therefor or as a dividend thereon in light of their personal investment circumstances, including consequences resulting from the possibility that distributions on the Preferred Stock may exceed EchoStar's current and accumulated earnings and profits in which case they would not be treated as dividends for tax purposes.
Use of Proceeds.....	EchoStar presently intends to use the net proceeds of the Preferred Offering to fund subscriber acquisition and marketing expenses and for other general corporate purposes.
Concurrent Offering.....	EchoStar is also concurrently offering, by means of a separate prospectus, 5,000,000 shares of Class A Common Stock (the "Common Offering"). Consummation of the Common Offering is not conditioned on consummation of the Preferred Offering, and the Preferred Offering is not conditioned on consummation of the Common Offering.
Risk Factors.....	Prospective investors should carefully consider certain risk factors relating to an investment in the Preferred Stock. See "Risk Factors."

SUMMARY FINANCIAL DATA

The following summary financial data and the selected financial data presented elsewhere in this Prospectus for the five years ended December 31, 1996 are derived from the Consolidated Financial Statements of EchoStar, audited by Arthur Andersen LLP, independent public accountants. The following summary financial data with respect to the six months ended June 30, 1996 and 1997 are unaudited; however, in the opinion of management, such data reflect all adjustments (consisting only of normal recurring adjustments) necessary to fairly present the data for such interim periods. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year. The data set forth in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," EchoStar's Consolidated Financial Statements and the Notes thereto, and other financial information included elsewhere in this Prospectus.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992 (1)	1993 (1)	1994	1995	1996	1996	1997
(IN THOUSANDS, EXCEPT PER SHARE DATA, RATIOS, SUBSCRIBERS AND SATELLITE RECEIVERS SOLD)							
(UNAUDITED)							
STATEMENT OF OPERATIONS DATA:							
Revenue.....	\$ 165,088	\$ 220,941	\$ 190,983	\$ 163,890	\$ 211,411	\$ 114,991	\$ 172,845
Operating income (loss).....	11,286	18,204	13,216	(8,027)	(109,345)	(22,686)	(87,617)
Net income (loss).....	7,529	12,272	90	(11,486)	(100,986)	(29,775)	(126,655)
Net income (loss) attributable to common shares.....	\$ 7,529	\$ 12,272	\$ (849)	\$ (12,690)	\$ (102,190)	\$ (30,377)	\$ (127,257)
Weighted-average common shares outstanding.....	32,221	32,221	32,442	35,562	40,548	40,404	41,265
Net income (loss) per common and common-equivalent share.....	\$ 0.23	\$ 0.38	\$ (0.03)	\$ (0.36)	\$ (2.52)	\$ (0.75)	\$ (3.08)
OTHER DATA:							
EBITDA (2).....	\$ 12,329	\$ 19,881	\$ 15,459	\$ (4,913)	\$ (65,931)	\$ (12,930)	\$ (842)
Ratio of earnings to combined fixed charges and preferred stock dividends (3).....	15.0x	18.0x	--	--	--	--	--
Deficiency of earnings to combined fixed charges and preferred stock dividends (3).....	--	--	\$ (6,145)	\$ (44,198)	\$ (188,701)	\$ (61,657)	\$ (143,845)
DBS subscribers (end of period).....	--	--	--	--	350,000	70,000	590,000
Satellite receivers sold (in units):							
Domestic.....	116,000	132,000	114,000	131,000	518,000	155,000	348,000
International.....	85,000	203,000	289,000	331,000	239,000	126,000	91,000
Total.....	201,000	335,000	403,000	462,000	757,000	281,000	439,000

AS OF JUNE 30, 1997 (UNAUDITED)

	ACTUAL	PRO FORMA (4)	AS ADJUSTED	AS ADJUSTED	AS ADJUSTED
			FOR THE PREFERRED OFFERING(5)	FOR THE COMMON OFFERING	FOR THE OFFERINGS(5)
BALANCE SHEET DATA:					
Cash, cash equivalents and marketable investment securities (6).....	\$ 187,804	\$ 380,804	\$ 465,004	\$ 490,637	\$ 574,837
Total assets.....	1,534,480	1,727,480	1,811,680	1,837,313	1,921,513
Total long-term obligations (less current portion).....	1,311,902	1,311,902	1,311,902	1,311,902	1,311,902
Series B Preferred Stock (7).....	--	193,000	193,000	193,000	193,000
Preferred Stock.....	--	--	87,700	--	87,700
Total stockholders' equity (deficit).....	(52,868)	(52,868)	31,332	56,965	141,165

SUMMARY SATELLITE DATA

	ECHOSTAR I	ECHOSTAR II	ECHOSTAR III	ECHOSTAR IV
Expected launch date.....	Launched	Launched	Launched	1st Quarter 1998
Orbital slot.....	119 DEG. WL	119 DEG. WL	61.5 DEG. WL	148 DEG. WL (8)
Transponders.....	16 @ 24 MHZ	16 @ 24 MHZ	16/32 @ 24 MHZ (9)	16/32 @ 24 MHZ (9)
Approximate channel capacity (10).....	100 channels	100 channels	100/200 channels	100/200 channels
Output power.....	130 Watts	130 Watts	240/120 Watts	240/120 Watts
Expected end of commercial life (11).....	2011	2011	2012	2013
Coverage area.....	Continental U.S. and certain Regions of Canada and Mexico		Eastern and Central U.S.	Western and Central U.S. Alaska and Hawaii

(1) Certain of EchoStar's subsidiaries operated under Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"), and comparable provisions of applicable state income tax laws, until December 31, 1993. The net income for 1992 and 1993 presented above is net of pro forma income taxes of \$3,304 and \$7,846, respectively, determined as if EchoStar had been subject to corporate Federal and state income taxes for those years. Earnings per share has been calculated and presented on a pro forma basis as if the shares of EchoStar issued to reflect the December 31, 1993 reorganization were outstanding for the years ended December 31, 1992 and 1993, respectively. See Notes 1 and 7 of Notes to EchoStar's Consolidated Financial Statements.

(2) EBITDA represents earnings before interest (net), taxes, depreciation and amortization (including amortization of subscriber acquisition costs of \$16.0 million for the year ended December 31, 1996 and \$92,000 and \$61.4 million for the six months ended June 30, 1996 and 1997, respectively). EBITDA is commonly used in the communications industry to analyze companies on the basis of operating performance, leverage and liquidity. EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to operating income as an indicator of operating performance and should not be considered in isolation or as a substitute for measures of performance determined in accordance with generally accepted accounting principles. See EchoStar's Consolidated Financial Statements contained elsewhere in this Prospectus.

(3) For purposes of computing the ratio of earnings to combined fixed charges and preferred stock dividends and the deficiency of earnings to combined fixed charges and preferred stock dividends, earnings consist of earnings from continuing operations before income taxes, plus fixed charges, excluding capitalized interest. Fixed charges consist of interest incurred on all indebtedness and the computed interest components of rental expense under noncancelable operating leases. Preferred stock dividends consist of the dividends accrued on the Company's Series A Preferred Stock. For the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1996 and 1997, earnings were insufficient to cover fixed charges.

(4) Gives effect to the Series B Preferred Offering and the application of the net proceeds thereof.

(5) Excludes approximately \$12.3 million to be deposited by purchasers of the Preferred Stock into the Deposit Account.

(6) Excludes restricted cash and marketable investment securities which totaled \$229.6 million as of June 30, 1997.

(7) Net of estimated discounts and commissions and offering costs of \$7.0 million.

(8) EchoStar presently intends to launch EchoStar IV into the 148 DEG. WL orbital slot during the first quarter of 1998. The Company may, however, subject in each case to applicable FCC approvals and other conditions in the 1997 Notes Indenture (as defined), determine to launch or move EchoStar IV into the 61.5 DEG. WL or the 119 DEG. WL orbital slot.

(9) The transponders on each of these satellites can be independently switched to provide a range from 16 transponders operating at 240 Watts each to 32 transponders operating at 120 Watts each.

(10) EchoStar's DBS permits cover: (i) 11 of the 16 transponders (approximately 65 of 100 channels) on EchoStar I; (ii) 10 of the 16 transponders (approximately 60 of 100 channels) on EchoStar II; (iii) 11 of the 16 transponders (approximately 65 of 100 channels) on EchoStar III; and (iv) 24 of the 32 transponders (approximately 150 of 200 channels) on EchoStar IV.

(11) The expected end of commercial life of each satellite has been estimated by EchoStar based on each satellite's actual or expected launch date and the terms of the construction and launch contracts. The minimum design life is 12 years. The licenses are issued for ten year periods, and would, unless renewed by the FCC, expire prior to the end of the minimum design life.

THE ECHOSTAR ORGANIZATION

The following chart illustrates the Company's corporate structure:

[LOGO]

RISK FACTORS

PROSPECTIVE PURCHASERS OF THE PREFERRED STOCK SHOULD CAREFULLY REVIEW THE INFORMATION CONTAINED IN THIS PROSPECTUS AND SHOULD PARTICULARLY CONSIDER THE FOLLOWING MATTERS:

HOLDING COMPANY STRUCTURE. Since all of EchoStar's operations are conducted through its subsidiaries, its ability to make cash dividend payments, (including dividend payments on the Preferred Stock) or service any debt is dependent upon the earnings of such subsidiaries and the payment of funds by such subsidiaries to EchoStar in the form of loans, dividends or other payments. As a result, EchoStar will be substantially dependent upon the receipt of funds from its wholly owned subsidiary DBS Corp, which will be dependent upon the receipt of funds from its wholly owned subsidiary ESBC, which in turn will be dependent upon the receipt of funds from its wholly owned subsidiary Dish. None of EchoStar's subsidiaries has any current obligations, contingent or otherwise, to pay any amounts in respect of the Preferred Stock or to make any funds available therefor, whether by dividends, loans or other payments. The cash flow generated by subsidiaries of Dish will only be available if and to the extent that Dish is able to make such cash available to ESBC in the form of dividends, loans or other payments. In general, Dish may pay dividends on its equity securities only if: (i) no default exists under the 1994 Notes Indenture; and (ii) after giving effect to such dividends, Dish's ratio of total indebtedness to cash flow would not exceed 4.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of 50% of Dish's consolidated net income (less 100% of consolidated net losses) from April 1, 1994, plus 100% of the aggregate net proceeds to Dish from the sale and issuance of certain equity interests of Dish. The 1996 Notes Indenture permits ESBC to pay dividends and make other distributions to DBS Corp without restrictions. In general, DBS Corp may pay dividends on its equity securities only if: (i) no default exists under the 1997 Notes Indenture; (ii) after giving effect to such dividends, DBS Corp's ratio of total indebtedness to cash flow would not exceed 6.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of (A) the difference of consolidated cash flow (less 100% of such deficit) minus 150% of consolidated interest expense, in each case from July 1, 1997, plus (B) 100% of the aggregate net proceeds to DBS Corp and its subsidiaries from the sale of certain equity interests of DBS Corp or EchoStar.

In the event of the bankruptcy, liquidation or reorganization of EchoStar, the assets of EchoStar will be available to pay obligations on the Preferred Stock only after all of the then outstanding indebtedness and other liabilities of EchoStar have been paid in full, and there may not be sufficient assets remaining to pay amounts payable on any or all of the Preferred Stock then outstanding.

SUBSTANTIAL LEVERAGE. EchoStar is highly leveraged, which makes it very vulnerable to changes in general economic conditions.

Substantially all of the assets of DBS Corp, ESBC and Dish and their subsidiaries are pledged as collateral for the 1997 Notes, 1996 Notes and the 1994 Notes. Further, the 1997, 1996 and 1994 Notes Indentures (as defined) and the Series B Preferred Stock and the Series B Exchange Notes, if any, severely restrict the ability of EchoStar, DBS Corp, ESBC and Dish to incur additional debt. Thus it is, and will continue to be, difficult for EchoStar and its subsidiaries to obtain additional debt if required or desired in order to implement EchoStar's business strategy. ESBC, Dish and certain of Dish's subsidiaries are also parties to other agreements (in addition to the 1997, 1996 and 1994 Notes Indenture, the Series B Preferred Stock Certificate of Designation and the Series B Exchange Notes Indenture, if any), that severely restrict their ability to obtain additional debt financing for working capital, capital expenditures and general corporate purposes. As security for the performance of its obligations under certain of such agreements, certain subsidiaries of EchoStar have pledged substantial assets as collateral.

As of June 30, 1997, EchoStar had outstanding long-term debt (including both the current and long-term portion) of approximately \$1.3 billion (including the 1997 Notes, 1996 Notes, 1994 Notes, deferred satellite contract payments on EchoStar I and EchoStar II and mortgage debt). In addition, because

interest on the 1994 Notes currently is not payable in cash but accrues through June 1, 1999, liability with respect to the 1994 Notes will increase by approximately \$156.8 million through that date to \$624.0 million. Similarly, because interest on the 1996 Notes currently is not payable in cash but accrues through March 15, 2000, liability with respect to the 1996 Notes will increase by approximately \$168.7 million through that date to \$580.0 million.

The ability of EchoStar, DBS Corp, ESBC and Dish to meet their respective payment obligations will depend on the success of EchoStar's business strategy, which is subject to uncertainties and contingencies beyond EchoStar's control.

Under the terms of the 1996 Notes Indenture, EchoStar may pay cash dividends on its equity securities, including the Preferred Stock, only if: (i) no default exists under the 1996 Notes Indenture; (ii) after giving effect to such dividends, EchoStar's ratio of total indebtedness to cash flow would not exceed 5.0 to 1.0; and (iii) the aggregate amount of such dividends, along with certain other payments, does not exceed the sum of 50% of EchoStar's consolidated net income (less 100% of consolidated net losses) from January 1, 1996 to the end of its most recently completed fiscal quarter plus 100% of the aggregate net proceeds received by EchoStar or its subsidiaries from a sale of EchoStar equity securities.

COMPETITION FROM DBS AND OTHER SATELLITE SYSTEM OPERATORS. The subscription television industry is highly competitive. EchoStar faces competition from companies offering video, audio, data, programming and entertainment services. Many of these competitors have substantially greater financial and marketing resources than EchoStar. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

EchoStar competes with companies offering programming through various satellite broadcasting systems. One competitor, DirecTV, Inc. ("DirecTV"), has launched three DBS satellites and has 27 frequencies that are capable of transmitting to the entire continental U.S. ("full-CONUS"). DirecTV and U.S. Satellite Broadcasting Corporation ("USSB"), which owns five transponders on one of DirecTV's satellites, currently offer over 150 channels of combined DBS video programming. As of September 30, 1997, DirecTV had approximately 2.9 million subscribers, approximately one-half of which also subscribed to USSB programming. EchoStar is currently at a competitive disadvantage to DirecTV and USSB with regard to market entry, programming and, possibly, volume discounts for programming offerings. In addition, in the event desirable pay-per-view or other popular programming is obtained by competitors of EchoStar on an exclusive basis, it will be unavailable to EchoStar's DISH Network. DirecTV currently has exclusive distribution rights for out-of-market National Football League telecasts. There may be additional sports and other programming offered by other pay television providers that will not be available on the DISH Network. See "Business--Competition--Other DBS and Home Satellite Operators."

AT&T Corporation ("AT&T") and DirecTV have entered into an exclusive agreement for AT&T to market and distribute DirecTV's DBS service. As part of the agreement, AT&T made an initial investment of approximately \$137.5 million to acquire 2.5% of the equity of DirecTV with an option to increase its investment to up to 30% over a five-year period. This agreement provides a significant base of potential customers for the DirecTV DBS system and allows AT&T and DirecTV to offer customers a bundled package of digital entertainment and communications services. As a result, EchoStar is at a competitive disadvantage marketing to these customers. Further, affiliates of the National Rural Telecommunications Cooperative have acquired territories in rural areas of the U.S. as distributors of DirecTV programming, thereby increasing the distribution capacity of DirecTV.

On June 11, 1997, TCI Satellite Entertainment, Inc. ("TSAT") announced that a binding agreement had been signed for the restructuring of PrimeStar Partners, L.P. ("PrimeStar"), which currently offers medium power Ku-band programming service to customers using dishes approximately three feet in diameter. In connection with such restructuring, PrimeStar, which is currently owned by affiliates of the five largest cable companies in the U.S., has entered into an agreement to combine its assets with American Sky Broadcasting, L.L.C. ("ASkyB"), a satellite venture formed by News Corporation ("News")

and MCI Telecommunications, Inc. ("MCI"), into a single DBS provider. Each PrimeStar partner will contribute its PrimeStar customers and partnership interests into the newly formed entity. ASkyB has announced that it will contribute two satellites under construction and 28 full-CONUS frequencies at the 110 DEG. WL orbital location. In addition, Tempo Satellite, Inc. ("Tempo"), a subsidiary of TSAT, has a license for a satellite using 11 full-CONUS frequencies at the 119 DEG. WL orbital location, and recently launched a satellite to that location. PrimeStar also has agreed to acquire Tempo's license. As of September 30, 1997, according to published reports, PrimeStar had approximately 1.8 million subscribers.

On July 18, 1997, PrimeStar and TSAT filed an application with the FCC requesting FCC approval for the assignment of Tempo authorizations to PrimeStar in connection with the PrimeStar "roll-up" restructuring. On August 15, 1997, MCI and PrimeStar also filed an FCC application requesting approval for the assignment of MCI's DBS authorizations to PrimeStar. The parties to the two transactions have also initiated the antitrust clearance process with the Department of Justice for each transaction, and EchoStar understands that clearance has been obtained for one of the two transactions (the PrimeStar roll-up). The FCC applications have been placed on public notice and have been opposed by EchoStar and others, but there can be no assurance that any of these oppositions will be successful. If the requests are approved by the FCC and if the transactions are consummated by the parties, the resulting entity would constitute a significantly strengthened competitor with substantial financial and other resources, including a significantly greater number of full-CONUS channels than any other DBS provider.

Affiliates of several of the companies that would own interests in a restructured PrimeStar entity provide programming to cable television operators, other terrestrial systems and DBS system operators, including EchoStar. These content providers, including News, Time Warner Inc. (including its Turner Broadcasting Systems subsidiary) ("Time Warner"), TCI Communications, Inc. ("TCI"), Cox Communications Inc. ("Cox"), Comcast Corporation ("Comcast") and US WEST, Inc. ("US WEST") would likely provide a significant amount of programming to the new PrimeStar entity and may decide to provide this programming to PrimeStar on better terms and at a lower cost than to other cable or DBS operators. Additionally, those content providers could raise programming prices to all cable, DBS and other providers (including PrimeStar), thereby increasing the Company's cost of programming to rates that are effectively higher than those borne by PrimeStar's owners. Although the current programming access provisions under the Cable Television Consumer Protection and Competition Act of 1992, as amended (the "Cable Act"), and the FCC's rules generally require cable company affiliated content providers to make programming available to competitors on non-discriminatory terms, there are exceptions to these requirements and certain of these requirements are set to expire in 2002 unless extended by the FCC. Moreover, any amendment to, or interpretation of, the Cable Act or the FCC's rules which would revise or eliminate these provisions could adversely affect EchoStar's ability to acquire programming on a cost-effective basis.

The FCC has indicated that it may apply to the International Telecommunication Union ("ITU") for allocation of additional DBS orbital locations capable of providing service to the U.S. Further, Canada, Mexico, and other countries have been allocated various DBS and FSS orbital locations which are capable of providing service to part or all of the continental U.S. In general, non-U.S. licensed satellites are not presently allowed to provide domestic DBS or DTH service in the U.S. However, in November 1996, the U.S. and Mexico signed a protocol allowing cross-border DBS and DTH service from Mexican-licensed satellites to the U.S. and vice versa, and Mexico has indicated that it will auction one or more of its FSS orbital locations later this year, and that it will auction one or more of its DBS orbital locations during 1998.

Pursuant to the protocol, the FCC already has permitted a company to provide Direct-to-Home ("DTH") services in the U.S. through a Mexican satellite. Televisa International, LLC ("Televisa") is currently in the process of developing DTH television and related services in Mexico, Latin America, North America and Europe. Televisa received authorization from the FCC to operate 1 million receive-only earth stations in the U.S. which are capable of receiving DTH television services from Mexico's

Solidaridad II satellite. The Solidaridad II satellite operates at 113 DEG. WL providing full-CONUS coverage, and is licensed by the Mexican Government.

The FCC authorized Televisa to operate receive dishes that are larger, and possibly less attractive to consumers, than the dishes made available by EchoStar. Further, the FCC authorization for Televisa does not provide Televisa's earth stations with protection from unacceptable radio interference from nearby satellite networks. Nevertheless, the authorization of Televisa to provide a service from the 113 DEG. WL orbital slot may produce additional competition to the full-CONUS service provided by the Company from EchoStar I and EchoStar II.

In October 1997, the U.S. and Mexico signed a protocol allowing cross-border FSS service from Mexican-licensed satellites to the U.S. and vice versa. The U.S. and Mexico have announced their intention to commence discussion on a third protocol, to address mobile satellite services.

In addition, the U.S. has indicated its willingness to enter into similar agreements with other countries in North, Central, and South America. If the U.S. government moves forward with these initiatives, or if other countries authorize DBS providers to use their orbital slots to serve the U.S., additional competition could be created, and EchoStar's DBS authorizations could become less valuable. At this time, EchoStar cannot predict whether these or other recent developments will ultimately permit other potential competitors to have access to the U.S. In addition, two additional satellite companies, Continental Satellite Corporation ("Continental") (a subsidiary of Loral Space & Communications Ltd. ("Loral")) and Dominion, each has conditional permits for a comparatively small number of DBS assignments which can be used to provide service to portions of the U.S.

There are a number of additional methods by which programming can be delivered via satellite, including low power C-band satellite services, medium and high power Ka-band, Ku-band and extended Ku-band satellite services. These satellite frequency bands can be used to provide additional competition to EchoStar. See "Business--Competition--Other Potential Providers of DBS or Similar Services."

COMPETITION FROM CABLE TELEVISION AND OTHER TERRESTRIAL SYSTEMS. The DISH Network also encounters substantial competition in the overall market for pay television households from cable television and other terrestrial systems. Cable television operators have a large, established customer base, and many cable operators have significant investments in, and access to, programming. Cable television service is currently available to approximately 90% of the approximately 96 million U.S. television households, and approximately 65% of total television households currently subscribe to cable. Cable television operators currently have an advantage relative to EchoStar with regard to the provision of local programming as well as the provision of service to multiple television sets within the same household. The Librarian of Congress has ruled upon a report of the Copyright Arbitration Royalty Panel recommending royalties for local satellite retransmission of network affiliated and superstation signals. See "Risk Factors--Impediments to Retransmit Local Broadcast Signals." In addition, EchoStar's programming will not be available to households lacking a clear line of sight to EchoStar's current orbital location, or to households in apartment complexes or other multiple dwelling units that do not facilitate or allow the installation of EchoStar Receiver Systems. As a result of these and other factors, there can be no assurance that EchoStar will be able to establish a substantial subscriber base or compete effectively against cable television operators. See "Business--Competition--Cable Television."

There are also a number of other terrestrial systems for delivering multiple channels of television programming. These include "wireless cable" or "MMDS" systems, and private cable systems such as satellite master antennae television ("SMATV") as well as new and advanced technologies such as Local Multi-Point Distribution Services ("LMDS"), which are still in the development stage. Certain wireless cable companies may become more competitive as a result of recently announced affiliations with telephone companies. In addition, digital video compression over existing telephone lines, and fiber optic networks and open video systems are being implemented and supported by entities such as regional telephone companies which are likely to have greater resources than EchoStar. When fully deployed, these

new technologies could have a material adverse effect on the demand for DBS services. Regulatory changes may also make it easier for local exchange carriers ("LECs") and others, including utility companies, to provide competitive video services, and to provide video services directly to subscribers in the LECs' telephone service areas, with certain exceptions. The Telecommunications Act of 1996 (the "1996 Act") repealed a statutory telephone/cable cross-ownership restriction, and recognizes several multiple-entry options for telephone companies to provide competitive video programming. There can be no assurance that EchoStar will be able to compete successfully with existing competitors or new entrants in the market for pay television services. See "Business--Competition--Wireless Cable" and "--Telephone Companies."

EXPECTED OPERATING LOSSES. Due to the substantial expenditures required to complete development, construction and deployment of the EchoStar DBS System and introduction of its DISH Network service to consumers, EchoStar has sustained significant losses in recent periods. EchoStar's operating losses were \$8.0 million, \$109.3 million and \$87.6 million for the years ended December 31, 1995 and 1996 and the six months ended June 30, 1997, respectively. EchoStar had net losses of \$11.5 million, \$101.0 million and \$126.7 million during those same periods. Improvements in EchoStar's results of operations are largely dependent upon its ability to increase its customer base while maintaining its price structure, controlling subscriber turnover (i.e., the rate at which subscribers terminate service), and effectively managing its costs. No assurance can be given that EchoStar will be effective with regard to these matters. In addition, EchoStar incurs significant acquisition costs to obtain DISH Network subscribers. The high cost of obtaining new subscribers magnifies the negative effects of subscriber turnover. See "--Risk of Inability to Manage Rapidly Expanding Operations; Subscriber Turnover." EchoStar anticipates that it will continue to experience operating losses through at least 1999. There can be no assurance that such operating losses will not continue beyond 1999 or that EchoStar's operations will generate sufficient cash flows to pay its obligations, including its obligations on the 1994 Notes (as defined), the 1996 Notes, the 1997 Notes, its obligation to redeem the Series B Preferred Stock or retire the Series B Exchange Notes, if issued, or to pay cash dividends on the Preferred Stock. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

POTENTIAL NEED FOR ADDITIONAL CAPITAL. EchoStar may require additional funds to acquire DISH Network subscribers. In addition, EchoStar has conditional licenses or applications pending with the FCC for a two satellite Ku-band system, a two satellite Fixed Satellite Service ("FSS") Ka-band system, a two satellite extended Ku-band system and a six satellite low earth orbit ("LEO") satellite system. EchoStar will need to raise additional funds for the foregoing purposes. Further, there are a number of factors, some of which are beyond EchoStar's control or ability to predict, that could require EchoStar to raise additional capital. These factors include slower than expected subscriber acquisition, 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. There can be no assurance that EchoStar will be able to raise additional capital at the time necessary or on terms satisfactory to EchoStar. The inability to raise sufficient capital would have a material adverse effect on the Company. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

LACK OF BRAND-NAME RECOGNITION. The absence of brand-name recognition for the EchoStar DBS System impairs the Company's ability to market its receivers through consumer electronics stores as effectively as it would like. Some of the Company's competitors (such as DirecTv) have arrangements with a larger number of major consumer electronic product manufacturers (such as Sony and RCA), than does EchoStar, which allow those companies to manufacture and sell DBS receivers that bear their own trademark, and allow consumers to receive the programming of the Company's DBS competitors. This type of arrangement between the Company's DBS competitors and major consumer products companies gives the Company's competitors a distinct, significant consumer marketing edge.

At this time, EchoStar Receiver Systems are manufactured by one manufacturer, SCI Systems, Inc. ("SCI"). Unlike DirecTV, the Company does not currently have manufacturing agreements or arrangements with any large consumer products manufacturers other than JVC. As a result, EchoStar's receivers (and consequently its programming services) are less well known to consumers than those of some of its principal competitors, and EchoStar, due in part to the lack of product recognition and demand, has not had as much success in having EchoStar Receiver Systems carried for sale in consumer electronic stores or outlets as EchoStar would like, or as may be necessary for EchoStar's financial success.

POTENTIAL FOR DELAY AND COST OVERRUNS. Significant expenditures are required to complete construction and deployment of the EchoStar DBS System. Funds, in addition to existing cash balances, will be required in the event of delays, cost overruns, increased costs associated with certain potential change orders under the Satellite Contracts (as defined) or the Launch Contracts (as defined), a change in launch provider, material increases in estimated levels of operating cash requirements, if increased subsidization of EchoStar Receiver Systems become necessary to meet competition, or to meet other unanticipated expenses. There can be no assurance that such financing will be available or that, if available, it will be available on terms favorable to EchoStar. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

A significant delay in the delivery or launch of any EchoStar satellite would adversely affect EchoStar's operations and may result in the cancellation of any of the permits of EchoStar Satellite Corporation ("ESC"), DirectSat Corporation ("DirectSat"), DBS Corp and DBSC by the FCC. See "--Risk of Satellite Defect, Loss or Reduced Performance." In addition, any material delay in the delivery of EchoStar Receiver Systems or related components would negatively affect EchoStar's financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

EFFECT OF LOSS OF KEY PERSONNEL. EchoStar believes that its future success will depend to a significant extent upon the performance of certain individuals, particularly Charles W. Ergen, Chairman, Chief Executive Officer and President of EchoStar, and James DeFranco, Executive Vice President. The loss of either of these individuals could have an adverse effect on EchoStar's business. EchoStar does not maintain "key man" insurance with respect to any such individuals. While all executives of the Company have executed agreements limiting their ability to work for or consult with competitors if they leave the Company, the Company does not have any employment agreements with any executive officer of the Company.

DEPENDENCE ON THIRD PARTY PROGRAMMERS. EchoStar is dependent on third parties to provide it with programming services. EchoStar's programming agreements have remaining terms ranging from one to ten years and contain various renewal and cancellation provisions. There can be no assurance that any of these agreements will be renewed or will not be cancelled prior to expiration of their original term. In the event that any such agreements are not renewed or are cancelled, there can be no assurance that EchoStar would be able to obtain or develop substitute programming, or that such substitute programming would be comparable in quality or cost to EchoStar's existing programming. EchoStar's competitors currently offer substantially the same programming as EchoStar. The ability of EchoStar to compete successfully will depend on EchoStar's ability to continue to obtain desirable programming and attractively package it to its customers at competitive prices. See "Business--Programming."

Pursuant to the Cable Act and the FCC's rules, programming developed by vertically integrated cable-affiliated programmers generally must be offered to all multi-channel video programming distributors on non-discriminatory terms and conditions. The Cable Act and the FCC's rules also prohibit certain exclusive programming contracts. EchoStar anticipates purchasing a substantial percentage of its programming from cable-affiliated programmers. Certain of the restrictions on cable-affiliated programmers will expire in 2002 unless extended by the FCC. As a result, any expiration of, amendment to, or interpretation of, the Cable Act and the FCC's rules that permits the cable industry or programmers to discriminate in

the sale of programming against competing businesses, such as that of EchoStar, could adversely affect EchoStar's ability to acquire programming or acquire programming on a cost-effective basis. In addition, laws, regulations and the need to obtain certain retransmission consents and copyright licenses may limit the ability of the Company to implement a local programming strategy in multiple markets. See "Business--Government Regulation--Satellite Home Viewer Act."

On October 14, 1997, EchoStar filed a complaint with the FCC against Rainbow Programming Holdings, Inc. and Rainbow Media Holdings, Inc. (collectively "Rainbow") under the Communications Act's program access rules. Rainbow, a cable-affiliated programming vendor, manages several regional sports services. EchoStar's complaint alleges that Rainbow has discriminated against EchoStar in the terms and conditions (including rates, tiering restrictions and advertising availability provisions) that it has demanded to make its regional sports programming available to EchoStar; that Rainbow has effectively refused to deal with EchoStar through dilatory tactics; and that Rainbow has engaged in various unfair practices at EchoStar's expense. The complaint requests several forms of relief. There is no assurance that the complaint will succeed or that the Commission will grant EchoStar any of the requested forms of relief. If the complaint is not successful, this may adversely affect EchoStar's ability to offer Rainbow regional sports programming in its programming packages.

On October 27, 1997, EchoStar filed a program access complaint with the FCC against Fox/Liberty Networks LLC, Fox Sports Net LLC and Fox Sports Direct (collectively "Fox Sports"), which controls certain regional sports programming services currently carried by EchoStar. In that complaint, EchoStar has alleged that Fox Sports has discriminated against EchoStar in the terms that it offered EchoStar, compared to the terms available to certain competing cable operators. There can be no assurance that EchoStar will be successful in its complaint and/or that EchoStar will attain better terms for its carriage of Fox Sports programming than the terms currently available to EchoStar. The inability of EchoStar to secure better terms may adversely affect EchoStar's relationship with Fox Sports.

RISKS OF INFRINGEMENT OF PATENTS AND PROPRIETARY RIGHTS. The ability of EchoStar to obtain patents and other intellectual property rights is material to its business. Many of EchoStar's competitors have obtained, and may be expected to obtain in the future, patents that cover or affect products or services directly or indirectly related to those offered by EchoStar. There can be no assurance that EchoStar is aware of all patents that may potentially be infringed by its products. In addition, patent applications in the U.S. are confidential until a patent is issued and, accordingly, EchoStar cannot evaluate the extent to which its products may infringe claims contained in pending patent applications. In general, if it were determined that one or more of EchoStar's products infringe on patents held by others, EchoStar would be required to cease developing or marketing those products, to obtain licenses to develop and market those products from the holders of the patents or to redesign those products in such a way as to avoid infringing the patent claims. The extent to which EchoStar 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 is currently unknown. A number of third parties have contacted EchoStar claiming patent and other intellectual rights with respect to components within the EchoStar DBS System. There can be no assurance that EchoStar would be able to obtain such licenses on commercially reasonable terms or, if it were unable to obtain such licenses, that it would be able to redesign its products to avoid infringement. See "Business--Legal Proceedings."

DEPENDENCE ON SATELLITES AND SINGLE DIGITAL BROADCAST CENTER. Prior to the expiration of the anticipated useful lives of EchoStar satellites, EchoStar will need to obtain replacement satellites. There can be no assurance that replacements will be available when required or, if available, that they will be available at prices, and on other terms, acceptable to EchoStar. Various FCC approvals would be required with respect to replacement satellites, including but not limited to renewal of EchoStar's ten year DBS licenses. There can be no assurance that the FCC will grant the required approvals.

EchoStar also relies upon a single digital broadcast center located in Cheyenne, Wyoming for key operations such as reception of programming signals, encryption and compression. If a natural or other

disaster damaged the digital broadcast center, there can be no assurance that EchoStar would be able to continue to provide programming services to its customers.

IMPEDIMENTS TO RETRANSMIT LOCAL BROADCAST SIGNALS. EchoStar intends to offer programming telecast by local affiliates of national television networks to major population centers within the continental U.S. via DBS satellite. In order to retransmit this programming to any DISH Network subscriber in a particular local market, EchoStar generally must obtain the retransmission consent of the local affiliate, except for direct to home retransmissions to "unserved households," as that term is defined in the Satellite Home Viewer Act (see below). There can be no assurance that the Company will obtain retransmission consents from any local affiliate, and one of the networks (Fox) has stated it is not willing to consider EchoStar's request for retransmission consent at this time. The inability to transmit such programming into the local markets from which the programming is generated could have an adverse effect on the Company.

The Satellite Home Viewer Act ("SHVA") establishes a "statutory" (or compulsory) copyright license that generally allows a DBS operator, for a statutorily-established fee, to retransmit local affiliate programming to subscribers for private home viewing so long as that retransmission is limited to those persons in "unserved households." An "unserved household", with respect to a particular television network, is defined as one that cannot receive an over-the-air network signal of "grade B" intensity (a predictive standard of signal intensity employed by the FCC) of a primary network station affiliated with that network through the use of a conventional outdoor rooftop antenna and has not, within the 90 days prior to subscribing to the DBS service, subscribed to a cable service that provides the signal of an affiliate of that network. While management believes the SHVA could be read to allow the Company to retransmit this programming to certain local markets via DBS satellite, management also believes that the compulsory copyright license under the SHVA may not be sufficient to permit the Company to implement its strategy to retransmit such programming in the most efficient and comprehensive manner. On August 28, 1997, a Copyright Arbitration Royalty Panel ("CARP"), appointed to recommend royalties for satellite retransmission of network-affiliated television and superstation signals pursuant to the compulsory license of Section 119 of the Copyright Act, delivered its Report to the Librarian of Congress. In the CARP's recommendation, which must be either adopted or changed by the Copyright Office within 60 days from August 28, 1997, the CARP held it has no jurisdiction to set royalties for local satellite retransmissions of the signals of network-affiliated television stations, on the ground that the compulsory license of the Copyright Act does not extend to such retransmissions. While EchoStar has petitioned the Librarian to modify the CARP report, the CARP also recommended setting at zero the royalty rate for local retransmissions of superstation signals.

The final ruling of the Librarian of Congress, reviewing the CARP's recommendation, was published in the Federal Register on October 28, 1997. With respect to "local-into-local" retransmissions, the Librarian affirmed the zero rate recommended by the CARP for secondary transmission of a superstation signal within the station's local market--a recommendation that EchoStar had supported.

The Librarian modified the CARP's recommendation, by also establishing a zero rate for secondary transmissions of a network station's signal to "unserved households" within the station's local market. The Librarian of Congress also reviewed the CARP's recommendation on the meaning of "unserved households" (i.e., whether the statutory license covers retransmissions to a household in a network station's local market receiving a signal of Grade B intensity from that station but not from any other affiliate of the same network and satisfying all other elements of the "unserved household" definition). The CARP had determined that the statutory license does not cover such retransmissions and the CARP did not have jurisdiction to recommend a rate for them. The Librarian decided that the law is silent on the issue, and accordingly, he cannot unequivocally say that the CARP's decision is arbitrary or contrary to law. Nonetheless, the Librarian determined that the Copyright Office retains the authority to conduct a rule-making proceeding despite the CARP's determination, on the permissibility of secondary transmissions of a network station's signal to households within the station's local market that are served by that station but

unserved by any other station affiliated with the same network under the "unserved household" provisions of the satellite compulsory license.

While the modifications to the CARP's recommendations effected by the final ruling are generally favorable to EchoStar, the ruling is subject to judicial review, and there can be no assurance that these modifications will not be set aside. Moreover, there can be no assurance that the rulemaking referenced in the final ruling will be conducted or that it will result in an outcome favorable to EchoStar. Further, while EchoStar is continuing its effort to secure passage of legislation that will clarify and extend the scope of the compulsory license with respect to local network signals, to protect against the possibility the Copyright Office will not conduct a rule making or that any such rule making may not provide a favorable result to EchoStar, there can be no assurance that EchoStar will be successful in this effort. If a court or administrative agency were to reject the interpretation of "unserved household" supported by EchoStar, and legislation does not pass which clarifies and extends the scope of the compulsory license, EchoStar may have to engage in the relatively cumbersome process of obtaining copyright licenses from all individual copyright holders instead. In the absence of the legislation sought by EchoStar and/or a favorable outcome in the rulemaking referenced in the Librarian's final ruling, and failing successful negotiation of individual copyright licenses and retransmission consent agreements to the extent necessary, there can be no assurance that EchoStar would be successful in any copyright infringement or FCC litigation with copyright owners and/or broadcasters regarding the legality of certain local-into-local network retransmissions.

INCREASED COSTS FOR RETRANSMISSION OF DISTANT BROADCAST SIGNALS. In its August 28, 1997 report, the CARP recommended that the royalty rate for satellite retransmissions of distant network-affiliated station and distant superstation signals be set at 27 cents per subscriber per month -- a substantial increase compared to the previously applicable rates, which ranged from 6 to 17.5 cents. The Satellite Broadcasting & Communications Association, of which EchoStar is a member, requested modifications to the CARP's report.

The final ruling of the Librarian of Congress, reviewing the CARP's recommendation, was published in the FEDERAL REGISTER on October 28, 1997. The Librarian, among other things, affirmed the CARP's recommendation of a 27 cent per subscriber per month royalty rate for retransmissions of distant superstation and network station signals, but delayed the effective date for the increase to January 1, 1998, (instead of making the increase retroactive, as the Panel had recommended).

EchoStar believes but can provide no assurances that it may be able to pass through the increases to its customers by separately tiering the channels involved, so that its operating margins are not substantially affected. However, the increases may adversely affect the competitiveness of EchoStar vis-a-vis cable operators, which pay lower rates to copyright holders.

DEPENDENCE ON SINGLE RECEIVER MANUFACTURER. EchoStar Receiver Systems are currently manufactured exclusively by SCI Technology ("SCI"), a high-volume contract electronics manufacturer, and only JVC manufactures other consumer electronics products incorporating EchoStar Receiver Systems. SCI is currently EchoStar's only source of stand-alone receivers. EchoStar is currently negotiating with several brand-name consumer electronics manufacturers to produce receivers for use with the DISH Network. No assurances can be provided regarding the ultimate success of those negotiations. If SCI is unable for any reason to produce receivers in a quantity sufficient to meet EchoStar's requirements, EchoStar's ability to add additional subscribers would be materially impaired and its results of operations would be adversely affected.

RISK THAT INITIAL EQUIPMENT COSTS WILL LIMIT CONSUMER DEMAND FOR DISH NETWORK PROGRAMMING. Currently, the suggested retail price of a standard EchoStar Receiver System is \$199. The initial equipment cost required to receive DISH Network programming may reduce the demand for EchoStar Receiver Systems, since EchoStar Receiver Systems generally must be purchased, while cable and certain of EchoStar's satellite competitors lease their equipment to the consumer with little if any initial hardware payment required.

POLITICAL RISKS PERTAINING TO LAUNCH PROVIDERS AND RESTRICTIONS ON EXPORT OF TECHNOLOGY. EchoStar has contracted with Lockheed-Khrunichev-Energia-International, Inc. ("LKE") for the launch of EchoStar IV during the first quarter of 1998 from the Baikonur Cosmodrome in the Republic of Kazakhstan (the "LKE Contract"). EchoStar will launch EchoStar IV on a Proton K/Block DM four stage launch vehicle. Astra 1F, the first commercial launch on a Proton K/Block DM, was successfully launched on April 9, 1996 and Inmarsat 3 F2, the second such commercial launch, was successfully launched on September 6, 1996. LKE now markets commercial Proton launches under a new organization called International Launch Services ("ILS"), a joint venture between LKE and Lockheed Services. ILS has contracts providing for the launch of at least six non-EchoStar western satellites throughout 1997.

The first commercial Proton launch in 1997 was successfully accomplished on May 24, carrying the Telestar 5 payload. However, two of the launches of the Proton four stage launch vehicle have failed in the last twelve months. In February 1996, a Proton Block DM failed during launch when its main engine did not start properly. Additionally, in November 1996, the main engine of a Proton Block D-2 failed to properly start a planned second burn during the launch of the Mars 96 spacecraft.

In order for EchoStar IV to be launched from Kazakhstan, the satellite contractor will need to obtain a technical data exchange license and a satellite export license from the U.S. government. There can be no assurance those licenses can be obtained in a timely manner to avoid a launch delay. Any political or social instability, such as that recently experienced in the former Soviet bloc countries, could affect the cost, timing and overall advisability of utilizing LKE as a launch provider for EchoStar's satellites. See "Business--Satellite Launches."

NEWS CORPORATION LITIGATION. On February 24, 1997, EchoStar and News announced an agreement (the "News Agreement") pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS permit for 28 frequencies at 110 DEG. WL purchased by MCI for over \$682 million following a 1996 FCC auction. During late April 1997, substantial disagreements arose between the parties regarding their obligations under the News Agreement.

On May 8, 1997, EchoStar filed a Complaint in the U.S. District Court for the District of Colorado (the "Court"), Civil Action No. 97-960, requesting that the Court confirm EchoStar's position and declare that News is obligated pursuant to the News Agreement to lend \$200 million to EchoStar without interest and upon such other terms as the Court orders.

On May 9, 1997, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation to include breach of contract, failure to act in good faith, and other causes of action. EchoStar seeks specific performance of the News Agreement and damages, including lost profits based on, among other things, a jointly prepared ten-year business plan showing expected profits for EchoStar in excess of \$10 billion based on consummation of the transactions contemplated by the News Agreement.

On June 9, 1997, News filed an answer and counterclaims seeking unspecified damages. News' answer denies all of the material allegations in the First Amended Complaint and asserts twenty defenses, including bad faith, misconduct and failure to disclose material information on the part of EchoStar and its Chairman and Chief Executive Officer, Charles W. Ergen. The counterclaims, in which News is joined by its subsidiary ASkyB assert that EchoStar and Ergen breached their agreements with News and failed to act and negotiate with News in good faith. EchoStar has responded to News' answer and denied the allegations in their counterclaims. EchoStar also has asserted various affirmative defenses. EchoStar intends to diligently defend against the counterclaims. The parties are now in discovery. The case has been set for a five week trial commencing June 15, 1998, but that date could be postponed. The litigation process could continue for many years and there can be no assurance concerning the outcome of the litigation. An adverse decision could have a material adverse effect on EchoStar's financial position and results of operations.

RISKS OF ADVERSE EFFECTS OF GOVERNMENT REGULATION. EchoStar is subject to the regulatory authority of the U.S. Government and the national communications authorities of the countries in which it operates. The business prospects of EchoStar could be adversely affected by the adoption of new laws, policies or regulations, or changes in the interpretation or application of existing laws, policies and regulations, that modify the present regulatory environment, as well as its failure to comply with existing laws, policies and regulations. EchoStar must comply with all applicable Communications Act requirements and FCC regulations and policies, including, among other things, proceeding with diligence to construct satellites and commence operations within prescribed milestones and in accordance with required filings of periodic progress reports.

EchoStar believes that it remains free to set prices and serve customers according to its business judgment, without rate regulation or the statutory obligation under Title II of the Communications Act to avoid undue discrimination among customers. There can be no assurances that the FCC would not find that EchoStar is subject to the requirements of Title II. If the FCC made such a finding, EchoStar would be required to comply with the applicable portions of Title II.

The Communications Act of 1934, as amended, and the FCC's implementing regulations provide that, where subsidiaries of a holding company hold certain types of FCC licenses, foreign nationals or their representatives may not own in excess of 25% of the total equity of the holding company, considered on a fully-diluted basis, except upon an FCC public interest determination. While the FCC's International Bureau has ruled that these limitations do not apply to DBS authorizations, the ruling has been challenged and the question remains open. Furthermore, the limitations will apply to EchoStar's FSS authorizations if EchoStar holds itself out as a common carrier or if the FCC decides to treat it as such a carrier. The FCC has noted that EchoStar proposes to operate some of its proposed fixed satellite services on a common carrier as well as a non-common carrier basis.

A recent survey of EchoStar's equity owners discloses that EchoStar's foreign ownership in May of this year was under 5%, well below these limitations if they were to apply. However, if the purchase by foreigners or their representatives of EchoStar's existing or new equity securities or exercise of any right to convert existing or new securities into equity securities, including the shares subject to the Offerings, would cause the foreign ownership limitations to be exceeded, a separate FCC determination that such ownership was consistent with the public interest would be required in order to avoid a violation of the Act and/or the FCC's rules.

The Communications Act of 1934, as amended, also requires prior FCC approval of transfers of control over, or assignments of, Title III licenses. If the purchase of the securities in the Offerings (or exercise of the right to convert the Preferred Stock into shares of Common Stock) would result in a transfer of control over the FCC licenses and permits, such transfer would require the prior approval of the FCC.

EchoStar believes that, because it is engaged in a subscription programming service, it is not subject to many of the regulatory obligations imposed upon broadcast licensees. However, there can be no assurances that the FCC will not find in the future that EchoStar should be treated as a broadcast licensee with respect to its current and future operations. If the FCC were to determine that EchoStar is, in fact, a broadcast licensee, EchoStar could be required to comply with all regulatory obligations imposed upon broadcast licensees.

The Cable Act requires the FCC to conduct a rulemaking proceeding to impose public interest requirements for DBS licensees. The FCC's rules must, at a minimum, mandate reasonable and non-discriminatory access to qualified candidates for election to public office and require DBS licensees to reserve between four and seven percent of the DBS licensees' channel capacity exclusively for noncommercial programming of an educational or informational nature. Within this set-aside requirement, DBS providers must make capacity available to "national educational programming suppliers" at below-cost rates. The FCC is presently conducting a rulemaking proceeding in order to determine how to implement

the 4-7% set-aside requirement. The Company cannot predict at this time the extent or nature of the public interest programming requirements that will be imposed by the FCC, or when the FCC will issue these rules. There can be no assurance that these public interest requirements will not have an adverse effect on the quantity and mix of programming that EchoStar is able to offer its subscribers. See "Business--Government Regulation."

Pursuant to the 1996 Act, the FCC has established regulations that prohibit (with certain exceptions) governmental and non-governmental restrictions, such as private covenants and homeowners' association rules, that impair a viewer's ability to receive video programming through devices designed for DBS Service, MMDS, or over-the-air reception of television broadcast service. These rules apply to property within the exclusive control of the antenna user where the user has an ownership interest in the property. In an ongoing proceeding, the FCC is examining whether the rules should apply to the placement of antennas on common areas or rental properties where the antenna user does not own or control the property. While the Company cannot predict the outcome of this proceeding, a decision not to extend these rules to such properties or other adverse decision potentially could limit the growth of DBS subscribers. See "Business--Government Regulation."

While DBS operators like EchoStar currently are not subject to the "must carry" requirements of the Cable Act, the cable industry has argued that DBS operators should be subject to these requirements. In the event the "must carry" requirements of the Cable Act are revised to include DBS operators, or to the extent that new legislation or regulation of a similar nature is promulgated, EchoStar's future plans to provide local programming may be adversely affected, and such must carry requirements could cause the displacement of possibly more attractive programming.

OPPOSITION TO, AND RISK OF LOSS OF, CERTAIN ECHOSTAR AUTHORIZATIONS. Many aspects of EchoStar's operations require the retention or renewal of existing FCC authorizations, or the procurement of additional authorizations. The FCC has granted EchoStar conditional authority to use C-band frequencies for telemetry, tracking and control ("TT&C") functions for EchoStar I, stating that the required coordination process with Canada and Mexico had been completed. In January 1996, however, the FCC received a communication from an official of the Ministry of Communications and Transportation of Mexico stating that EchoStar I's TT&C operations could cause unacceptable interference to Mexican satellites. There can be no assurance that such objections will not subsequently require EchoStar to relinquish the use of such C-band frequencies for TT&C purposes. This could result in the inability to control EchoStar I and a total loss of the satellite. Further, the FCC has granted EchoStar conditional authority to use "extended" C-band frequencies for TT&C functions for EchoStar II, but only until January 1, 1999, at which time the FCC will review the suitability of those frequencies for TT&C operations. There can be no assurance that the FCC will extend the authorization to use these C-band frequencies for TT&C purposes beyond that date. Such failure to extend the authorization could result in the inability to control EchoStar II and a total loss of the satellite. Also, there can be no assurance that the rights of EchoStar under the Dominion Agreement will be given effect in the absence of FCC approval, which has not yet been received and may not be forthcoming. In addition, certain of EchoStar's pending and future requests to the FCC for extensions, waivers and approvals have been, and are expected to continue to be, opposed by third parties. Among other things, the precise location of ESC's and DirectSat's licensed EchoStar I and EchoStar II satellites may be outside the parameters set forth in their licenses. EchoStar has requested temporary authority to operate, for 180 days, EchoStar I and EchoStar II closer together (at 119.05 DEG. WL and 118.95 DEG. WL instead of at their authorized locations at 119.2 DEG. WL and 118.8 DEG. WL), which would improve signal quality and facilitate better customer service. The FCC has raised concerns about this request, and the request has been opposed by Tempo. See "Business--Government Regulation--FCC Permits and Licenses." Failure of the FCC to grant or renew EchoStar's request would require EchoStar to take steps to ensure that EchoStar I and EchoStar II are positioned consistent with present FCC authorizations, or to reposition the satellites, and could have an adverse effect on the operation of these satellites. If EchoStar I and EchoStar II were found to have been operated outside their authorized parameters, the FCC could

impose monetary forfeitures or other penalties on EchoStar. There can be no assurance that EchoStar's requests will be granted or, if granted, that they will be granted on a timely basis or on terms favorable to EchoStar. EchoStar will also require further FCC authorizations to operate EchoStar III and launch and operate EchoStar IV. The loss of any of EchoStar's FCC authorizations, the failure to obtain requested extensions or waivers or the imposition of conditions would adversely affect EchoStar's plan of operations, and its current business plan could not be fully implemented. See "Business--Other Components of DBS Service" and "--Government Regulation--FCC Permits and Licenses."

By order released January 11, 1996, the FCC's International Bureau extended the DBS permit of DirectSat for 11 channels at the 175 DEG. WL orbital slot to 1999, subject to the condition that the FCC may reconsider the extension and modify or cancel it, in whole or in part, if DirectSat fails to make progress toward construction and operation of its DBS system substantially in compliance with its promised timetable, or with any more expedited timetable ordered by the FCC. In the same order, the FCC's staff denied reconsideration of its earlier decision to assign channels and orbital locations to DirectSat at 119 DEG. WL and 175 DEG. WL for its DBS system. PrimeStar has applied for full FCC review of this order and other parties may seek reconsideration and/or judicial review of the eventual FCC order. There can be no assurance that the full FCC will affirm the International Bureau's decision or render a decision favorable to EchoStar. Failure of the full FCC to affirm the decision would have a substantial adverse effect upon EchoStar's operations and may result in a loss of authorizations. In addition, in the event that EchoStar loses the DirectSat frequencies at 119 DEG.WL, EchoStar would be required under certain circumstances to offer to repurchase all or a portion of the 1994 Notes, the 1996 Notes, the 1997 Notes and, if issued, the Series B Exchange Notes, under certain conditions. In the event that a substantial number of holders of the 1994 Notes, the 1996 Notes, the 1997 Notes, or, if issued, the Series B Exchange Notes, accepted that offer, EchoStar's plan of operations, including its liquidity, would be adversely affected and it might not be possible to implement EchoStar's current business plan without obtaining additional financing. See "Business--Legal Proceedings."

DBSC's authorization to construct and operate two DBS satellites at 61.5 DEG. WL and 175 DEG. WL initially expired on August 15, 1995. Prior to that date, DBSC applied for an extension of time, based upon a variety of factors. DBSC indicated that it had signed an amendment to the DBSC Satellite Contract, by which DBSC ordered a 32 transponder satellite in lieu of the previously contracted for 16 transponder satellite. DBSC filed an application for FCC approval of this minor modification in design. In December 1995, the FCC staff approved DBSC's request for an extension of time, giving it until 1998 to complete construction and launch of its satellites subject to continued compliance with the FCC's due diligence requirements. PrimeStar has sought full FCC review of this order, and other parties may seek reconsideration and/or judicial review of the eventual FCC order. There can be no assurance that the full FCC will affirm the International Bureau's decision or render a decision favorable to EchoStar. Failure of the full FCC to affirm the decision would have a substantial adverse effect upon EchoStar's operations, and may result in loss of the authorization. The FCC has not yet ruled on PrimeStar's petition, and no assurances can be given that the FCC will sustain the staff's determination. DBSC's minor modification request was opposed by Tempo. The FCC's staff has declined to rule on DBSC's request for minor modification of its authorization pending the submission to the FCC of interference data based on the proposed new satellite design. DBSC has submitted relevant data; and by order released September 29, 1997, the FCC's International Bureau conditionally approved the requested modification application.

EchoStar III was launched on October 5, 1997 pursuant to FCC authority which was conditionally granted by the September 29, 1997 order of the FCC's International Bureau. The International Bureau's September 29, 1997 order also conditionally granted DBSC an STA to test all transponders on EchoStar III for the earlier of eight weeks after launch or seven days prior to the launch of a satellite to that orbital location by an authorized entity. The International Bureau's order is subject to review by the full Commission and ultimately the Court of Appeals, and there can be no assurance that the order will not be challenged, or that any such challenges will not be successful. EchoStar also expects to file applications for

authority to operate the satellite as well as feeder link earth stations and antennas for TT&C communications with EchoStar III. On October 3, 1997 EchoStar filed an application for authority to operate one of the earth station antennas that it plans to deploy for TT&C and feeder link communications with EchoStar III. On October 27, 1997, EchoStar filed a request for a 180 day STA to operate the satellite after testing, and expects to file an application for a license to operate the satellite. There can be no assurance that any of these current or future requests will be granted. Also on October 3, 1997, EchoStar filed a request for an STA to allow it to begin testing that antenna immediately upon the launch of EchoStar III. On the same date, the FCC staff verbally gave EchoStar a 90-day STA to conduct such testing subject to certain power restrictions.

In the event EchoStar at any time fails to comply with applicable Communications Act requirements and FCC regulations, including the FCC's required schedule for construction and launch of any of EchoStar's satellites, the FCC has the authority to revoke, condition, or decline to extend or renew the authorizations for that and any subsequent satellites and, in connection with that action, could exercise its authority to rescind these authorizations. The FCC has, in fact, indicated it may revoke DBS permits if there are delays in the satellite construction schedule submitted by the permittee to the FCC or if the permittee fails to meet other due diligence construction and operation obligations. The schedule submitted to the FCC by DBSC called for the completion of construction at 61.5 DEG. WL of EchoStar III by July 31, 1997, and that milestone was met. DBSC and DirectSat also must have operational satellites at 175 DEG. WL by 1998 and 1999, respectively, and DirectSat must have an operational satellite at 110 DEG. WL by 1999. Both DBSC and DirectSat must comply with other intermediate milestones. Any delay in this schedule may cause total or partial revocation of DBSC's or DirectSat's permits. The FCC also has declared that it will carefully monitor the semi-annual reports required to be filed by DBS permittees. Failure of EchoStar to file adequate semi-annual reports or to demonstrate progress in the construction of its DBS systems may result in cancellation of its permits. EchoStar has not filed all required progress reports with the FCC. There is a risk that the FCC may find that EchoStar has not complied fully with the FCC's due diligence requirements, including without limitation the filing of semi-annual progress reports and satisfaction of construction and payment obligations consistent with the FCC's rules and the semi-annual progress reports filed by EchoStar.

Further, the FCC has not yet completed its review to determine whether EchoStar's contract for the construction of the western satellite of its system meets the FCC's requirements and has deferred a decision on whether to extend EchoStar Satellite Corporation's ("ESC") permit for western assignments. Therefore, the FCC has not yet assigned to EchoStar frequencies for that satellite. While it is possible that DBSC, DirectSat and ESC may construct a satellite for joint use by all three at 175 DEG. WL (provided that ESC is found to have a firm contract and receives frequency assignments at 175 DEG. WL), EchoStar will still be required to construct and launch two or more satellites in addition to EchoStar I, EchoStar II, EchoStar III and EchoStar IV in order to preserve all of its DBS permits (plus additional satellites for the single frequencies at each of the 110 DEG. WL and 166 DEG. WL orbital slots in order to avoid loss of those frequencies). Finally, with respect to the 24 orbital assignments at the 148 DEG. WL orbital slot, EchoStar must complete contracting for a satellite by December 20, 1997, must complete construction by December 20, 2000, and must launch and operate a satellite by December 20, 2002. Absent infusion of additional significant capital, EchoStar will not be able to retain all of its assigned frequencies and orbital slots. There can be no assurance that EchoStar will be able to comply with the FCC's due diligence requirements or that the FCC will determine that EchoStar has complied with such due diligence requirements.

In addition, ESC recently received from the FCC's International Bureau a conditional license for two FSS satellites in the Ka-band. That license was based on an orbital plan agreed upon by applicants in EchoStar's processing round. Certain of these applicants have now requested changes to that orbital plan. One company (Norris) has filed a request to stay the plan, and petitions for reconsideration are also pending against certain of the licenses covered by the plan. There can be no assurance that review of the

recently granted Ka-band licenses and orbital plan by the International Bureau and the full FCC will not eliminate the basis for EchoStar's conditional license and result in loss of that license.

On October 15, 1997, the FCC released service rules applicable to Ka-band licensees. Among other things, the rules impose various technical requirements and restrictions, including the obligation to protect or coordinate with certain types of services and power control requirements. The FCC also imposed implementation milestones, including commencement of construction within one year of grant, commencement of construction of second satellite within two years of grant, launch of first satellite within five years of grant, and launch of all satellites by the dates required by the ITU--generally six years from filing of the ITU "Appendix 4" information (which was filed in November 1995), with the possibility of a three-year extension. The FCC noted that EchoStar proposes to operate its system on a common carrier basis. Further, the FCC prohibited trafficking in "bare" Ka-band licenses. The FCC also imposed annual reporting requirements. There can be no assurance that these new rules will not adversely affect EchoStar's plans with respect to its licensed Ka-band system.

In November 1996, ESC also received a conditional license for two Ku-band FSS satellites, subject, among other things, to submitting additional proof of its financial qualifications. While ESC has submitted such proof, GE Americom and PrimeStar have challenged it and have requested cancellation of ESC's license. GE Americom and PrimeStar have also requested reconsideration of ESC's license and reassignment of one EchoStar satellite to a different orbital slot, on the ground that the satellite will interfere with the GE Americom satellite used by PrimeStar for its medium-power Ku-band service. Finally, GE Americom and PrimeStar have opposed ESC's request to add C-band capabilities to one satellite of its Ku-band system, and EchoStar Ku-X Corporation's pending application for an extended Ku-band system has also been opposed. There can be no assurance as to how the FCC will rule with respect to any of these challenges. Rulings in favor of these challengers would adversely affect EchoStar's ability to use these FSS satellites.

EchoStar also must comply with certain construction and launch milestones imposed or expected to be imposed with respect to its conditionally authorized operations in the Ku and Ka-bands. Failure to comply with such requirements may result in termination of the authorizations.

RISK OF INABILITY TO MANAGE RAPIDLY EXPANDING OPERATIONS. EchoStar must expand its operations rapidly to achieve its business objectives. Several of EchoStar's key activities, including satellite in-orbit control, satellite receiver manufacturing, billing and subscriber management are out-sourced to third party vendors. To manage its growth effectively, EchoStar must continue to develop its internal and external sales force, installation capability, customer service operations, and information systems, and maintain its relationships with third party vendors. EchoStar will also need to continue to expand, train and manage its employee base, and its management personnel will be required to assume even greater levels of responsibility. If EchoStar is unable to manage its growth effectively, EchoStar's business and results of operations could be materially adversely affected.

SUBSCRIBER TURNOVER. Since commencing operation of the DISH Network in March 1996, EchoStar's monthly subscriber turnover (which represents the number of subscriber disconnects during the period divided by the weighted-average number of subscribers during the period) has averaged less than 1.25%. To date, a majority of EchoStar's subscribers have purchased annual subscriptions. EchoStar expects that subscriber turnover may increase as annual subscribers renew and convert to month-to-month subscriptions, as the number of overall DISH Network subscribers increases, and as a result of certain other factors. If EchoStar is unable to control subscriber turnover, its financial condition and results of operations would be adversely affected.

LIMITED MARKETING EXPERIENCE. EchoStar began marketing the EchoStar DBS System in March 1996. The Company markets EchoStar Receiver Systems throughout the U.S. through its own sales and

marketing organization using national and regional broadcast and print advertising, independent distributors and retailers and consumer electronics stores and outlets. The Company's success will ultimately depend in large part upon its ability to successfully demonstrate to consumers the ease of use, reliability and cost-effectiveness of the EchoStar DBS System, and upon its ability to have EchoStar Receiver Systems distributed in consumer mass marketing channels, such as consumer electronics stores and outlets.

EchoStar is presently selling EchoStar Receiver Systems through a limited number of consumer electronics stores. Some of EchoStar's competitors, including DirecTV, began selling their products through consumer electronics stores before EchoStar and, as a result, are carried by a greater number of retailers and have a competitive advantage in the consumer electronics distribution channel. Further, some of EchoStar's competitors have maintained this competitive advantage through extensive monetary support of consumer electronics advertising campaigns. This is particularly true in the case of those consumer electronics outlet chains that have chosen, for the time being, to sell only one or a limited number of DBS receiver products. Consequently, there can be no assurance that EchoStar will be able to effectively market its EchoStar Receiver Systems.

RISK OF SATELLITE DEFECT, LOSS OR REDUCED PERFORMANCE. Satellites are subject to significant risks, including satellite defects, launch failure, destruction and damage that may result in incorrect orbital placement or prevent proper commercial operation. Approximately 15% of all commercial geosynchronous satellite launches have resulted in a total or constructive total loss. The failure rate varies by launch vehicle and manufacturer. While the FCC granted EchoStar authority in 1995 to construct a satellite to serve as a ground spare for EchoStar I and EchoStar II, EchoStar has not constructed ground spares for its DBS system, and therefore may not have satellites immediately available to use as replacements in the event of a serious in-orbit problem which could cause a substantial delay in the restoration of EchoStar's DBS service.

In the event of a failure or loss of any of EchoStar I, EchoStar II, or EchoStar III, and subject to FCC consent, EchoStar may relocate EchoStar IV and utilize the satellite as a replacement for the failed or lost satellite. Such a relocation would require prior FCC approval and, among other things, a showing to the FCC that EchoStar IV would not cause additional interference compared to EchoStar I, EchoStar II, or EchoStar III. Should EchoStar choose to utilize EchoStar IV in this manner, there can be no assurance that such use would not adversely affect EchoStar's ability to meet the construction, launch and operation deadlines associated with its permits. Failure to meet such deadlines could result in the loss of such permits and would have an adverse effect on EchoStar's planned operations.

In the event of an in-orbit failure of EchoStar III, under the 1996 Notes Indenture EchoStar would be required to use the proceeds from any launch insurance to purchase satellites or, at ESBC's option, to make an offer to repurchase the maximum amount of 1996 Notes that can be purchased with those proceeds. Similarly, in the event of a launch failure of EchoStar IV, under the 1997 Notes Indenture DBS Corp would be required to use the proceeds from any launch insurance to purchase satellites or, at DBS Corp's option, to make an offer to repurchase the maximum amount of 1997 Notes that can be purchased with those proceeds.

EchoStar III was launched on October 5, 1997 on an Atlas IAS launch vehicle. Although all tests to date have been successful, EchoStar III has not yet achieved geostationary orbit. The ultimate success of the launch of EchoStar III will not be determinable until up to 60 days after its October 5 launch date.

A number of satellites constructed by Lockheed Martin Corporation ("Lockheed Martin") over the past three years have experienced defects resulting in total or partial loss following launch. The type of failures experienced have varied widely. Lockheed Martin constructed EchoStar I, EchoStar II and EchoStar III and is constructing EchoStar IV. No assurances can be given that EchoStar I, EchoStar II, EchoStar III or EchoStar IV will perform according to specifications.

Launch delays could result from weather conditions or technical problems with any EchoStar satellite or any launch vehicle utilized by the launch provider for EchoStar IV, or from other factors beyond EchoStar's control. If the launch of any of EchoStar's satellites, including EchoStar IV, is delayed, EchoStar's strategy to provide additional programming to DISH Network subscribers using transponders on these satellites would be adversely affected.

RISK OF SIGNAL THEFT. The delivery of subscription programming requires the use of encryption technology. Signal theft or "piracy" in the C-band DTH, cable television and European DBS industries has been widely reported. There can be no assurance that the encryption technology used by the EchoStar DBS System will remain totally effective. If EchoStar's encryption technology is compromised in a manner which is not promptly corrected, EchoStar's revenue and its ability to contract for video and audio services provided by programmers would be adversely affected. Recent published reports indicate that the DirecTV and USSB encryption systems have been compromised. There can be no assurance that continued theft of DirecTV programming will not adversely affect EchoStar's operations. A Canadian court recently ruled that pirating of DirecTV programming is not illegal in Canada. This ruling may encourage the attempted piracy of EchoStar programming in Canada, resulting in lost revenue for EchoStar and increased piracy of DirecTV programming. Piracy of DirecTV programming could result in increased sales of DirecTV receivers at the expense of loss of potential DISH Network subscribers.

RISKS OF FAILURE OF COMPLEX TECHNOLOGY. The EchoStar DBS System is highly complex. New applications and adaptations of existing and new technology (including compression, conditional access, on screen guides and other matters), and significant software development, are integral to the EchoStar DBS System. As a result of the introduction of such new applications and adaptations from time to time, the EchoStar DBS System may, at times, not function as expected.

Technology in the satellite television industry is in a rapid and continuing state of change as new technologies develop. Although the digital compression technology utilized in connection with the EchoStar DBS System is the world standard, the integration and implementation of that technology is also undergoing rapid change. There can be no assurance that EchoStar and its suppliers will be able to keep pace with technological developments. In addition, delays in the delivery of components or other unforeseen problems in the EchoStar DBS System may occur that could adversely affect performance, cost or timely deployment and operation of the EchoStar DBS System and could have an adverse effect on EchoStar. Further, in the event that a competitive satellite receiver technology becomes commonly accepted as the standard for satellite receivers in the U.S., EchoStar would be at a significant technological disadvantage. See "Business--Programming."

CONTROL OF ECHOSTAR BY PRINCIPAL STOCKHOLDER. Although Charles W. Ergen, the Chairman, Chief Executive Officer and President of EchoStar, currently owns 73% of the total equity securities of EchoStar (assuming exercise of employee stock options), he currently possesses approximately 96% of the total voting power. Thus, Mr. Ergen has the ability to elect a majority of the directors of EchoStar and to control all other matters requiring the approval of EchoStar's stockholders. See "Security Ownership of Certain Beneficial Owners and Management." For Mr. Ergen's total voting power in EchoStar to be reduced to below 51%, his percentage ownership of the equity securities of EchoStar would have to be reduced to below 10%. Following consummation of the Common Offering, Mr. Ergen will own approximately 65% of the total equity securities of EchoStar and would possess approximately 95% of the total voting power. Assuming conversion of all of the shares of Preferred Stock and following consummation of the Common Offering, Mr. Ergen would own approximately 61% of the total equity securities of EchoStar and would possess approximately 94% of the total voting power.

The holders of the Preferred Stock, upon the occurrence of certain events, may elect two directors. See "Description of Preferred Stock--Voting Rights." These directors, however, will not have the ability, acting alone, to control Board decisions, nor will there exist any prohibition which would prevent the Board from increasing its size to reduce the influence of any Board members so elected by the holders of Preferred Stock.

LIMITATIONS ON WARRANTIES AND INSURANCE. Pursuant to satellite construction contracts between Lockheed Martin and EchoStar and certain of its subsidiaries (collectively, the "Satellite Contracts"), and EchoStar's launch services contracts (the "Launch Contracts"), EchoStar and certain of its subsidiaries are the beneficiaries of limited warranties on their satellites and launch vehicles. However, the limited warranties do not cover a substantial portion of the risk inherent in satellite launches or satellite operations.

EchoStar is required under the 1994 Notes Indenture to maintain in-orbit insurance for EchoStar I and EchoStar II. EchoStar is required under the 1996 Notes Indenture to maintain in-orbit insurance for EchoStar III and is required under the 1997 Notes Indenture to obtain launch and in-orbit insurance for EchoStar IV. EchoStar has procured the required in-orbit insurance for EchoStar I, EchoStar II and EchoStar III. The launch insurance policies contain (or are expected to contain), and the insurance policies with respect to in-orbit operation contain (or are expected to contain), standard commercial satellite insurance provisions, including a material change condition, that, if successfully invoked, will give insurance carriers the ability to increase the cost of the insurance (potentially to a commercially impracticable level), require exclusions from coverage that would leave the risk uninsured or rescind their coverage commitment entirely. The in-orbit insurance policies for EchoStar I, EchoStar II and EchoStar III also are

subject to annual renewal provisions. There can be no assurance that such renewals will be at rates or on terms favorable to EchoStar. If renewal is not possible, there can be no assurance that EchoStar will be able to obtain replacement insurance policies on terms favorable to EchoStar. For example, if EchoStar I, EchoStar II, EchoStar III or other similar satellites experience anomalies while in orbit, the cost to renew in-orbit insurance could increase significantly or coverage exclusions for similar anomalies could be required. Further, although EchoStar has obtained binders for the launch insurance required for EchoStar IV (including in-orbit insurance for 365 days after launch), there can be no assurance that EchoStar will be able to obtain or maintain insurance for EchoStar IV. See "Business--Insurance."

If the launch of any EchoStar satellite is a full or partial failure or if, following launch, any EchoStar satellite does not perform to specifications, there may be circumstances in which insurance will not fully reimburse EchoStar for any loss. In addition, insurance will not reimburse EchoStar for business interruption, loss of business and similar losses that might arise from delay in the launch of any EchoStar satellite. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

LIMITED LIFE OF SATELLITES. Each EchoStar satellite has a limited useful life. A number of factors affect the useful lives of the satellites, including the quality of their construction, the durability of their component parts, the longevity of their orbits and the launch vehicle used. The minimum design life of each of EchoStar I, EchoStar II, EchoStar III and EchoStar IV is 12 years. There can be no assurance, however, as to the useful lives of the satellites. EchoStar's operating results would be adversely affected if the useful life of any of these satellites were significantly shorter than 12 years. The Satellite Contracts contain no warranties in the event of a failure of EchoStar I, EchoStar II, EchoStar III or EchoStar IV following launch. Additionally, a move of any of these satellites, either temporarily or permanently, to another orbital location, would result in a decrease in the orbital life of the satellite of up to six months per movement.

RISK OF SATELLITE DAMAGE OR LOSS FROM ACTS OF WAR, ELECTROSTATIC STORM AND SPACE DEBRIS. The loss, damage or destruction of any EchoStar satellites as a result of military actions or acts of war, anti-satellite devices, electrostatic storm or collision with space debris would have a material adverse effect on EchoStar. EchoStar's insurance policies include customary exclusions including: (i) military or similar actions; (ii) laser, directed energy or nuclear anti-satellite devices; and (iii) insurrection and similar acts or governmental action.

STATE TAXES. In addition to being subject to FCC regulation, operators of satellite broadcast systems in the U.S. may be affected by imposition of state and/or local sales taxes on satellite-delivered programming. According to the Satellite Broadcasting and Communications Association, several states, including Maryland, Missouri, North Dakota, New York and Washington, have either adopted or proposed such taxes. Other states are in various stages of considering proposals that would tax providers of satellite-delivered programming and other communications providers. The adoption of state imposed sales taxes could have adverse consequences to EchoStar's business.

POSSIBLE VOLATILITY OF STOCK PRICE. There may be significant volatility in the market price for the Common Stock. Quarterly operating results of the Company, changes in general conditions in the economy, the financial markets, competition and changes in the subscription television industry, regulatory changes, launch and satellite failures, operating results below expectations or other developments affecting EchoStar and its competitors could cause the market price of the Common Stock and the Preferred Stock to fluctuate substantially. In addition, price and volume fluctuations in the stock markets may affect the market price of the Common Stock and the Preferred Stock for reasons unrelated to EchoStar's operating performance.

NO PRIOR PUBLIC MARKET FOR PREFERRED STOCK. Prior to the Preferred Offering, there has been no public market for the Preferred Stock. The Underwriters have informed the Company that they currently intend

to make a market in the Preferred Stock. However, they are not obligated to do so, and any market making with respect to the Preferred Stock may be discontinued at any time without notice. There can be no assurance that an active trading market for the Preferred Stock will develop or that the Preferred Stock will trade subsequent to this Offering at or above the initial public offering price. See "Underwriting."

CONSEQUENCE OF ORIGINAL ISSUE DISCOUNT. As a result of the deposit of \$ million of the net proceeds from the Preferred Offering in the Deposit Account, and, in light of the fact that dividends will not accrue on the Preferred Stock until , 1999, the shares of Preferred Stock will be considered as having been issued, for Federal tax purposes, at a substantial discount from their liquidation preference amount. Consequently, purchasers of the Preferred Stock generally will be required to include amounts in gross income for federal income tax purposes in advance of receipt of the cash payments to which the income is attributable. See "Certain Federal Income Tax Considerations" for a more detailed discussion of the federal income tax consequences to purchasers of the Preferred Stock.

If a bankruptcy petition is filed by or against EchoStar under the United States Bankruptcy Code after the issuance of the Preferred Stock, the claim of a holder of Preferred Stock with respect to the liquidation preference thereof may be limited to an amount equal to the sum of: (i) the liquidation preference for the Preferred Stock less the discount at which such shares of Preferred Stock are deemed to have been issued; and (ii) that portion of the original discount that is not deemed to constitute "unmatured interest" or accretion within the meaning of the United States Bankruptcy Code. Any original issue discount that was not amortized as of any such bankruptcy filing could constitute "unmatured interest."

USE OF PROCEEDS

The net proceeds to EchoStar from the Preferred Offering are estimated to be approximately \$ million (approximately \$ million if the Underwriters' over-allotment option is exercised in full) after deducting underwriting discounts and commissions and the estimated expenses of the Preferred Offering and excluding approximately \$ million to be deposited by the purchasers of the Preferred Stock into the Deposit Account. The net proceeds to EchoStar from the Common Offering are estimated to be approximately \$109.8 million (approximately \$126.4 million if the Underwriters' over-allotment option is exercised in full), based on a closing market price of \$23 1/8 per share on October 9, 1997, after deducting underwriting discounts and commissions and the estimated expenses of the Common Offering. EchoStar presently intends to use the net proceeds of the Offerings to fund subscriber acquisition and marketing expenses and for other general corporate purposes.

PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

EchoStar's Class A Common Stock is quoted on the Nasdaq National Market under the symbol "DISH." Prior to June 21, 1995, there was no established trading market for EchoStar's Class A Common Stock. The high and low closing sale prices of the Class A Common Stock for 1995, 1996 and 1997 on the Nasdaq National Market (as reported by Nasdaq) are set forth below:

1995	HIGH	LOW
-----	-----	-----
Second Quarter (beginning June 21, 1995).....	17	14 3/4
Third Quarter.....	17	13 1/2
Fourth Quarter.....	24 1/4	12 1/4
1996		

First Quarter.....	38 3/4	21 9/16
Second Quarter.....	36	27 3/4
Third Quarter.....	28 1/2	24
Fourth Quarter.....	32 1/4	21 3/4
1997		

First Quarter.....	26 3/4	15
Second Quarter.....	21 3/8	11 3/8
Third Quarter.....	24 1/4	13 1/2
Fourth Quarter (through October 9, 1997).....	25 15/16	23 1/8

On October 9, 1997, the last reported sale price for the Common Stock on the Nasdaq National Market was \$23 1/8 per share.

As of October 7, 1997, there were approximately 2,334 record holders of the EchoStar's Class A Common Stock, not including stockholders who beneficially own Class A Common Stock held in nominee or street name. As of October 7, 1997, all 29,804,401 outstanding shares of EchoStar's Class B Common Stock were held by Charles W. Ergen, EchoStar's Chief Executive Officer. There is currently no trading market for EchoStar's Class B Common Stock.

EchoStar has never declared or paid any cash dividends on any class of its common stock and does not expect to declare dividends in the foreseeable future. Furthermore, under the terms of the 1996 Notes Indenture and the Certificate of Designation related to the Series B Preferred Stock, EchoStar may only pay cash dividends on its equity securities in limited circumstances. See "Risk Factors--Substantial Leverage", "Description of Certain Indebtedness--1996 Notes" and "Description of EchoStar Capital Stock." Payment of any future dividends will depend upon the earnings and capital requirements of EchoStar, EchoStar's debt facilities, and other factors the Board of Directors considers appropriate. EchoStar currently intends to retain its earnings, if any, to support future growth and expansion. EchoStar's ability to declare dividends is affected by covenants in its financing agreements that prohibit it from declaring dividends and EchoStar's subsidiaries from transferring funds in the form of cash dividends, loans or advances to EchoStar. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources."

CAPITALIZATION

The following table sets forth: (i) the consolidated capitalization of EchoStar, on a historical basis as of June 30, 1997; (ii) the pro forma consolidated capitalization of EchoStar as of June 30, 1997, which gives effect to the Series B Preferred Offering; and (iii) as adjusted to give effect to the Offerings and the application of the net proceeds thereof. The historical information in this table is derived from the Consolidated Financial Statements of EchoStar, and should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and the Notes thereto included elsewhere in this Prospectus.

AS OF JUNE 30, 1997 (UNAUDITED)					
ACTUAL	PRO FORMA	AS ADJUSTED	AS ADJUSTED	AS ADJUSTED	
		FOR THE PREFERRED OFFERING(1)	FOR THE COMMON OFFERING	FOR THE OFFERINGS(1)	
(IN THOUSANDS)					
Cash, cash equivalents, and marketable investment securities (2).....	\$ 187,804	\$ 380,804	\$ 465,004	\$ 490,637	\$ 574,837
Long-term debt (net of current portion):					
Mortgages and notes payable.....	45,379	45,379	45,379	45,379	45,379
1994 Notes.....	467,210	467,210	467,210	467,210	467,210
1996 Notes.....	411,256	411,256	411,256	411,256	411,256
1997 Notes.....	375,000	375,000	375,000	375,000	375,000
Total long-term debt.....	1,298,845	1,298,845	1,298,845	1,298,845	1,298,845
Series B Preferred Stock.....	-	193,000	193,000	193,000	193,000
Stockholders' Equity (Deficit):					
Preferred Stock, \$.01 par value, 20,000,000 shares authorized, the following series issued and outstanding:					
Series A Preferred Stock, 1,616,681 shares issued and outstanding, including accrued dividends of \$3,949,000.....	19,001	19,001	19,001	19,001	19,001
Preferred Stock.....	-	-	87,700	--	87,700
Class A Common Stock, \$.01 par value, 200,000,000 shares authorized, 11,821,513 shares issued and outstanding, actual and pro forma; 16,821,513 shares issued and outstanding, as adjusted.....	118	118	118	168	168
Class B Common Stock, \$.01 par value, 100,000,000 shares authorized, 29,804,401 shares issued and outstanding.....	298	298	298	298	298
Class C Common Stock, \$.01 par value, 100,000,000 shares authorized, none outstanding.....	-	-	-	-	-
Common Stock Warrants.....	11	11	11	11	11
Additional paid-in capital.....	170,701	170,701	167,201	280,484	276,984
Unrealized holding losses on available-for-sale securities, net of deferred taxes.....	(11)	(11)	(11)	(11)	(11)
Accumulated deficit.....	(242,986)	(242,986)	(242,986)	(242,986)	(242,986)
Total stockholders' equity (deficit).....	(52,868)	(52,868)	31,332	56,965	141,165
Total capitalization.....	\$1,245,977	\$1,438,977	\$ 1,523,177	\$1,548,810	\$1,633,010

(1) Excludes approximately \$12.3 million to be deposited by purchasers of the Preferred Stock into the Deposit Account.

(2) Excludes restricted cash and marketable investment securities which totaled \$229.6 million as of June 30, 1997.

SELECTED FINANCIAL DATA

The following selected financial data as of, and for the five years ended December 31, 1996, are derived from the consolidated financial statements of EchoStar, audited by Arthur Andersen LLP, independent public accountants. The following selected financial data at June 30, 1997 and with respect to the six months ended June 30, 1996 and 1997 are unaudited; however, in the opinion of management, such data reflect all adjustments (consisting only of normal recurring adjustments) necessary to fairly present the data for such interim periods. Operating results for interim periods are not necessarily indicative of the results that may be expected for a full year. The data set forth in this table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," EchoStar's Consolidated Financial Statements and the Notes thereto and the other financial information included elsewhere in this Prospectus.

	YEARS ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992 (1)	1993 (1)	1994	1995	1996	1996	1997
(IN THOUSANDS, EXCEPT PER SHARE DATA, RATIOS, SUBSCRIBERS AND SATELLITE RECEIVERS SOLD)							
(UNAUDITED)							
STATEMENTS OF OPERATIONS DATA:							
Revenue:							
DTH products and technical services.....	\$ 157,473	\$ 206,311	\$ 172,753	\$ 146,910	\$ 135,812	\$ 97,199	\$ 33,649
DISH Network subscription television services....	-	-	-	-	37,898	6,046	57,588
DISH Network promotions--subscription television services and products (2).....	-	-	-	-	22,746	-	76,251
C-band programming.....	6,436	10,770	14,540	15,232	11,921	6,643	4,079
Loan origination and participation income.....	1,179	3,860	3,690	1,748	3,034	5,103	1,278
Total revenue.....	165,088	220,941	190,983	163,890	211,411	114,991	172,845
Expenses:							
DTH products and technical services.....	120,826	161,447	133,635	116,758	123,790	90,278	27,718
Subscriber promotion subsidies (2).....	-	-	-	-	33,591	-	31,013
DISH Network programming.....	-	-	-	-	19,079	1,769	45,259
C-band programming.....	6,225	9,378	11,670	13,520	10,510	6,058	3,308
Selling, general and administrative.....	25,708	30,235	30,219	38,525	90,372	29,816	66,389
Amortization of subscriber acquisition costs (2).....	-	-	-	-	15,991	92	61,418
Depreciation and amortization.....	1,043	1,677	2,243	3,114	27,423	9,664	25,357
Total expenses.....	153,802	202,737	177,767	171,917	320,756	137,677	260,462
Operating income (loss).....	\$ 11,286	\$ 18,204	\$ 13,216	\$ (8,027)	\$(109,345)	\$(22,686)	\$(87,617)
Net income (loss).....	\$ 7,529	\$ 12,272	\$ 90	\$ (11,486)	\$(100,986)	\$(29,775)	\$(126,655)
Net income (loss) attributable to common shares....	\$ 7,529	\$ 12,272	\$ (849)	\$ (12,690)	\$(102,190)	\$(30,377)	\$(127,257)
Weighted-average common shares outstanding.....	32,221	32,221	32,442	35,562	40,548	40,404	41,265
Net income (loss) per common and common-equivalent share.....	\$ 0.23	\$ 0.38	\$ (0.03)	\$ (0.36)	\$(2.52)	\$(0.75)	\$(3.08)
OTHER DATA:							
EBITDA (3).....	\$ 12,329	\$ 19,881	\$ 15,459	\$ (4,913)	\$(65,931)	\$(12,930)	\$(842)
Ratio of earnings to combined fixed charges and preferred stock dividends (4).....	15.0x	18.0x	-	-	-	-	-
Deficiency of earnings to combined fixed charges and preferred stock dividends (4).....	-	-	\$ (6,145)	\$(44,198)	\$(188,701)	\$(61,657)	\$(143,845)
DBS subscribers (end of period).....					350,000	70,000	590,000
Satellite receivers sold (in units):							
Domestic.....	116,000	132,000	114,000	131,000	518,000	155,000	348,000
International.....	85,000	203,000	289,000	331,000	239,000	126,000	91,000
Total.....	201,000	335,000	403,000	462,000	757,000	281,000	439,000

AS OF DECEMBER 31,

AS OF JUNE 30, 1997

	1992	1993	1994	1995	1996	ACTUAL	PRO FORMA(5)	AS ADJUSTED FOR THE PREFERRED OFFERING(6)	AS ADJUSTED FOR THE COMMON OFFERING
(UNAUDITED)									
BALANCE SHEETS DATA:									
Cash, cash equivalents and marketable investment securities (7).....	\$ 22,031	\$ 27,232	\$ 233,975	\$ 37,424	\$ 58,038	\$ 187,804	\$ 380,804	\$ 465,004	\$ 490,637
Total assets.....	88,529	106,476	472,492	623,091	1,141,380	1,534,480	1,727,480	1,811,680	1,837,313
Long-term obligations (less current portion):									
1994 Notes.....	-	-	334,206	382,218	437,127	467,210	467,210	467,210	467,210
1996 Notes.....	-	-	-	-	386,165	411,256	411,256	411,256	411,256
1997 Notes.....	-	-	-	-	-	375,000	375,000	375,000	375,000
Notes payable to stockholder.....	2,274	14,725	-	-	-	-	-	-	--
Other long-term obligations.....	4,876	4,702	5,393	33,444	58,580	58,436	58,436	58,436	58,436
Series B Preferred Stock (8).....	-	-	-	-	-	-	193,000	193,000	193,000
Preferred Stock.....	-	-	-	-	-	-	-	87,700	--
Total stockholders' equity (deficit).....	52,328	49,700	103,808	156,686	61,197	(52,868)	(52,868)	31,332	56,965

AS ADJUSTED
FOR THE
OFFERINGS(6)

BALANCE SHEETS DATA:

Cash, cash equivalents and marketable investment securities (7).....	\$ 574,837
Total assets.....	1,921,513
Long-term obligations (less current portion):	
1994 Notes.....	467,210
1996 Notes.....	411,256
1997 Notes.....	375,000
Notes payable to stockholder.....	--
Other long-term obligations.....	58,436
Series B Preferred Stock (8).....	193,000
Preferred Stock.....	87,700
Total stockholders' equity (deficit).....	141,165

(1) Certain of EchoStar's subsidiaries operated under Subchapter S of the Internal Revenue Code of 1986, as amended (the "Code"), and comparable provisions of applicable state income tax laws, until December 31, 1993. The net income for 1992 and 1993 presented above is net of pro forma income taxes of \$3,304 and \$7,846, respectively, determined as if EchoStar had been subject to corporate Federal and state income taxes for those years. Earnings per share has been calculated and presented on a pro forma basis as if the shares of EchoStar issued to reflect the December 31, 1993 reorganization were outstanding for the years ended December 31, 1992 and 1993, respectively. See Notes 1 and 7 of Notes to EchoStar's Consolidated Financial Statements.

(2) For accounting and financial purposes, the excess of EchoStar's aggregate costs over related transaction proceeds associated with the 1996 Promotion are expensed upon shipment of the equipment and reflected in the Company's consolidated statements of operations as subscriber promotion subsidies. Remaining transaction costs (excluding programming) are capitalized as subscriber acquisition costs and amortized over the initial prepaid subscription period. Programming costs are accrued and expensed as the service is provided. Excluding expected incremental revenues from premium and pay-per-view programming, the accounting treatment described above results in revenue recognition over the initial period of service equal to the sum of programming costs and amortization costs. The excess of transaction costs over related proceeds associated with the 1997 Promotion (which commenced June 1, 1997) will be recognized as subscriber promotion subsidies in the Company's statements of operations. EBITDA in future periods will be negatively affected to the extent that a larger portion of future subscriber additions result from the 1997 Promotion rather than from the 1996 Promotion. This adverse EBITDA impact will result from the

immediate recognition of all transaction costs at activation under the 1997 Promotion.

- (3) EBITDA represents earnings before interest (net), taxes, depreciation and amortization (including amortization of subscriber acquisition costs of \$16.0 million for the year ended December 31, 1996 and \$92,000 and \$61.4 million for the six months ended June 30, 1996 and 1997, respectively). EBITDA is commonly used in the communications industry to analyze companies on the basis of operating performance, leverage and liquidity. EBITDA is not intended to represent cash flows for the period, nor has it been presented as an alternative to operating income as an indicator of operating performance and should not be considered in isolation or as a substitute for measures of performance determined in accordance with generally accepted accounting principles. See EchoStar's Consolidated Financial Statements contained elsewhere in this Prospectus.
- (4) For purposes of computing the ratio of earnings to combined fixed charges and preferred stock dividends and the deficiency of earnings to combined fixed charges and preferred stock dividends, earnings consist of earnings from continuing operations before income taxes, plus fixed charges, excluding capitalized interest. Fixed charges consist of interest incurred on all indebtedness and the computed interest components of rental expense under noncancelable operating leases. Preferred stock dividends consist of the dividends accrued on the Company's Series A Preferred Stock. For the years ended December 31, 1994, 1995 and 1996 and the six months ended June 30, 1996 and 1997, earnings were insufficient to cover fixed charges.
- (5) Gives effect to the Series B Preferred Stock Offering and the application of the net proceeds thereof.
- (6) Excludes approximately \$12.3 million to be deposited by purchasers of the Preferred Stock into the Deposit Account.
- (7) Excludes restricted cash and marketable investment securities which totaled \$229.6 million as of June 30, 1997.
- (8) Net of estimated discounts and commissions and offering costs of \$7.0 million.

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

ALL STATEMENTS CONTAINED HEREIN, AS WELL AS STATEMENTS MADE IN PRESS RELEASES AND ORAL STATEMENTS THAT MAY BE MADE BY ECHOSTAR OR BY OFFICERS, DIRECTORS OR EMPLOYEES OF ECHOSTAR ACTING ON ITS BEHALF, THAT ARE NOT STATEMENTS OF HISTORICAL FACT CONSTITUTE "FORWARD-LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT COULD CAUSE THE ACTUAL RESULTS OF ECHOSTAR TO BE MATERIALLY DIFFERENT FROM HISTORICAL RESULTS OR FROM ANY FUTURE RESULTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. AMONG THE FACTORS THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY ARE THE FOLLOWING: THE UNAVAILABILITY OF SUFFICIENT CAPITAL ON SATISFACTORY TERMS TO FINANCE ECHOSTAR'S BUSINESS PLAN; INCREASED COMPETITION FROM CABLE, DBS, OTHER SATELLITE SYSTEM OPERATORS AND OTHER PROVIDERS OF SUBSCRIPTION TELEVISION SERVICES; CONTINUED MARKET ACCEPTANCE FOR DBS IN ITS CURRENT BROADCASTING FORMAT AND PRICING STRUCTURE, THE INTRODUCTION OF NEW TECHNOLOGIES AND COMPETITORS INTO THE SUBSCRIPTION TELEVISION BUSINESS; INCREASED SUBSCRIBER ACQUISITION COSTS AND SUBSCRIBER PROMOTION SUBSIDIES; THE INABILITY OF ECHOSTAR TO CONTINUE TO HOLD AND TO OBTAIN ADDITIONAL NECESSARY SHAREHOLDER AND BONDHOLDER APPROVAL OF ANY STRATEGIC TRANSACTIONS; THE INABILITY OF ECHOSTAR TO OBTAIN AND HOLD NECESSARY AUTHORIZATIONS FROM THE FEDERAL COMMUNICATION COMMISSION ("FCC"); THE OUTCOME OF ANY LITIGATION IN WHICH ECHOSTAR MAY BE INVOLVED; GENERAL BUSINESS AND ECONOMIC CONDITIONS; THOSE FACTORS DESCRIBED UNDER THE CAPTION "RISK FACTORS"; AND OTHER RISK FACTORS DESCRIBED FROM TIME TO TIME IN ECHOSTAR'S REPORTS FILED WITH THE COMMISSION. IN ADDITION TO STATEMENTS THAT EXPLICITLY DESCRIBE SUCH RISKS AND UNCERTAINTIES, READERS ARE URGED TO CONSIDER STATEMENTS THAT INCLUDE THE TERMS "BELIEVES," "BELIEF," "EXPECTS," "PLANS," "ANTICIPATES," "INTENDS" OR THE LIKE TO BE UNCERTAIN AND FORWARD-LOOKING. 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.

OVERVIEW

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

ECHOSTAR MARKETING PROMOTIONS. Since August 1996, EchoStar has introduced several marketing promotions, the most significant of which is the 1996 Promotion, which allows independent retailers to offer a standard EchoStar Receiver System to consumers for a suggested retail price of \$199 (as compared to the original average retail price in March 1996 of approximately \$499), conditioned upon the consumer's prepaid one-year subscription to the DISH Network's America's Top 50 CD programming package for approximately \$300. Total transaction proceeds to EchoStar are less than its aggregate costs (equipment, programming and other) for the initial prepaid subscription period for DISH Network service.

NEW MARKETING PROMOTION. Beginning June 1, 1997, EchoStar implemented a new marketing program in which independent retailers are permitted to offer standard EchoStar Receiver Systems to consumers for a suggested retail price of \$199 (the "1997 Promotion"). Previously, consumers could purchase EchoStar Receiver Systems for approximately \$199, but were also required to purchase a prepaid one-year subscription to the DISH Network's America's Top 50 CD programming package for \$300. The

1997 Promotion allows consumers to subscribe to the DISH Network's various programming offerings on a month-to-month basis without an extended subscription commitment. While there can be no assurance, EchoStar believes that by reducing the "up front" cost to the consumer significantly and eliminating extended subscription commitments, the 1997 Promotion may significantly increase consumer demand for DISH Network services.

RESULTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30, 1997 COMPARED TO THE SIX MONTHS ENDED JUNE 30, 1996.

REVENUE. Total revenue for the six months ended June 30, 1997 was \$172.8 million, an increase of \$57.8 million, or 50%, as compared to total revenue for the six months ended June 30, 1996 of \$115.0 million. The increase in total revenue in 1997 was primarily attributable to the introduction of EchoStar's DISH Network service during March 1996, combined with significant DISH Network subscriber growth since the launch of service. As of June 30, 1997, EchoStar had approximately 590,000 DISH Network subscribers compared to approximately 70,000 at June 30, 1996 and 350,000 at December 31, 1996.

The increase in total revenue for the six months ended June 30, 1997 was partially offset by a decrease in international and domestic sales of C-band satellite receivers and equipment. The domestic and international demand for C-band DTH products continued to decline during the first half of 1997.

Revenue from domestic sales of DTH products and technical services decreased \$66.2 million, or 88%, to \$8.7 million for the six months ended June 30, 1997. Domestically, EchoStar sold approximately 348,000 satellite receivers during the six months ended June 30, 1997, as compared to approximately 155,000 receivers sold during the comparable period of 1996. Of the total number of satellite receivers sold during the six months ended June 30, 1997, approximately 345,000 were EchoStar Receiver Systems. Although there was a significant increase in the number of satellite receivers sold during the six months ended June 30, 1997 as compared to same period in 1996, overall revenue from domestic sales of DTH products decreased as a result of decreased prices charged for DBS satellite receivers combined with the revenue recognition policy applied to DBS satellite receivers sold under EchoStar's promotions.

Revenue from international sales of analog DTH products for the six months ended June 30, 1997 totaled \$13.0 million, a decrease of \$9.2 million, or 42%, as compared to the same period in 1996. This decrease was directly attributable to a decrease in the number of analog satellite receivers sold, combined with decreased prices on products sold. Internationally, EchoStar sold approximately 91,000 analog satellite receivers during the six months ended June 30, 1997, a decrease of 28%, compared to approximately 126,000 units sold in the comparable period in 1996. As more fully described below, EchoStar expects to focus its future international efforts on the sale of digital set-top boxes and the provision of consulting services to other DBS operators. As a result, during the remainder of 1997, EchoStar expects to streamline its international operations, including selected personnel reductions and the eventual elimination of all sales of analog DTH products.

To expand its presence in international digital and DBS markets, EchoStar has entered into distribution and consulting agreements with international digital service providers. In January 1997, EchoStar entered into an agreement (the "ExpressVu Agreement") with ExpressVu, Inc. ("ExpressVu") a majority owned subsidiary of BCE, Inc. ("Bell Canada"). The first phase of this agreement includes an initial order for 62,000 satellite receivers, and primary uplink integration payments, which combined are expected to exceed \$40.0 million. Pursuant to the ExpressVu Agreement, EchoStar is assisting ExpressVu with the construction of a digital broadcast center for use in conjunction with ExpressVu's DTH service, which commenced operations in September 1997, and will act as a distributor of satellite receivers and related equipment for ExpressVu's Canadian DTH service. Among other things, EchoStar has agreed not to provide DTH service in Canada and ExpressVu has agreed not to provide DTH service, including DBS

service, in the U.S. EchoStar recognized revenues of approximately \$11.9 million related to the ExpressVu Agreement during the six months ended June 30, 1997 (included within the "DTH products and technical services" caption in the Company's statements of operations).

Additionally, in June 1997, Distribuidora de Television Digital S.A. ("Telefonica"), a DBS joint venture in Spain, selected EchoStar to supply digital set-top boxes for its satellite television service which commenced operations in September 1997. Revenues from Telefonica's initial order of 100,000 digital set-top boxes are expected to approximate \$40.0 million. EchoStar began delivery of set-top boxes to Telefonica and expects to fulfill approximately one-half of the contract during the remainder of 1997. EchoStar expects to fulfill the remainder of the contract during early 1998 and while there can be no assurance, hopes to receive further orders during 1998.

While EchoStar continues to actively pursue other similar distribution opportunities, no assurance can be given that any such additional negotiations will be successful. Further, EchoStar's future revenue from the sale of DBS equipment and receivers in international markets depends largely on the success of the DBS operator in that country, which, in turn, depends on other factors, such as the level of consumer acceptance of DBS products and the intensity of competition for international subscription television subscribers. No assurance can be given regarding the level of expected future revenues which could be generated from EchoStar's alliances with these, and potentially other, foreign DBS operators.

C-band programming revenue totaled \$4.1 million for the six months ended June 30, 1997, a decrease of \$2.6 million, or 39%, compared to the six months ended June 30, 1996. This decrease was primarily attributable to the industry-wide decline in demand for domestic C-band programming services.

DTH AND DISH NETWORK EXPENSES. DTH and DISH Network expenses for the six months ended June 30, 1997 aggregated \$107.3 million, an increase of \$9.2 million, or 9% compared to the same period in 1996. DTH products and technical services expense decreased \$62.6 million, or 69%, to \$27.7 million during the six months ended June 30, 1997. These expenses include the costs of C-band systems and the costs of EchoStar Receiver Systems and related components sold prior to commencement of EchoStar's promotions. Subscriber promotion subsidies aggregated \$31.0 million for the six months ended June 30, 1997. DISH Network programming expenses totaled \$45.3 million for the six months ended June 30, 1997 as compared to \$1.8 million for the comparable period in 1996. The increase is directly attributable to the increase in DISH Network subscribers at June 30, 1997 compared to June 30, 1996.

C-band programming expenses totaled \$3.3 million for the six months ended June 30, 1997, a decrease of \$2.8 million, or 45%, as compared to the same period in 1996. This decrease is consistent with the decrease in C-band programming revenue.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. Selling, General and Administrative ("SG&A") expenses totaled \$66.4 million for the six months ended June 30, 1997, an increase of \$36.6 million as compared to the same period in 1996. SG&A expenses as a percentage of total revenue increased to 38% for the six months ended June 30, 1997 as compared to 26% for the same period in 1996. The increase in SG&A expenses was principally attributable to increased personnel expenses to support the growth of DISH Network service and increased expenses associated with the operation of the EchoStar DBS System. In future periods, EchoStar expects that SG&A expenses as a percentage of total revenue will decrease as subscribers are added.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. Earnings before interest, taxes, depreciation and amortization (including amortization of subscriber acquisition costs) ("EBITDA") was negative \$842,000 for the six months ended June 30, 1997, an improvement of \$12.1 million, compared to negative EBITDA of \$12.9 million for the same period in 1996. This improvement in negative EBITDA resulted from the factors affecting revenue and expenses discussed above.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expenses for the six months ended June 30, 1997 (including amortization of subscriber acquisition costs of \$92,000 and \$61.4 million for the six months ended June 30, 1996 and June 30, 1997, respectively) aggregated \$86.8 million, an increase of \$77.0 million, as compared to the same period 1996. The increase in depreciation and amortization expenses primarily was attributable to amortization of subscriber acquisition costs and depreciation expense associated with its second DBS satellite ("EchoStar II") (placed in service during the fourth quarter of 1996).

OTHER INCOME AND EXPENSE. Other expense, net totaled \$39.0 million for the six months ended June 30, 1997, an increase of \$15.1 million, as compared to the same period 1996. The increase in other expense in the first half of 1997 resulted primarily from an increase in interest expense associated with the March 1996 issuance of the 1996 Notes combined with the continued accretion of the 1994 Notes. Additionally, interest income decreased approximately \$6.0 million as a result of a decrease in invested balances. EchoStar capitalized \$16.6 million and \$14.4 million of interest in the six months ended June 30, 1997 and 1996, respectively.

INCOME TAX BENEFIT. The decrease in the income tax benefit of \$16.9 million (from \$16.8 million for the six months ended June 30, 1996 to an income tax provision of \$44,000 for the six months ended June 30, 1997) principally resulted from EchoStar's decision to fully reserve the 1997 additions to its net deferred tax asset.

YEAR ENDED DECEMBER 31, 1996 COMPARED TO YEAR ENDED DECEMBER 31, 1995.

REVENUE. Total revenue for 1996 was \$211.4 million, an increase of \$47.5 million, or 29%, as compared to total revenue for 1995 of \$163.9 million. The increase in total revenue in 1996 was primarily attributable to the introduction of EchoStar's DISH Network service during March 1996. In the future, EchoStar expects to derive its revenue principally from DISH Network subscription television services. As of December 31, 1996, EchoStar had approximately 350,000 DISH Network subscribers.

The increase in total revenue in 1996 was partially offset by a decrease in international and domestic sales of C-band satellite receivers and equipment. The domestic and international markets for C-band DTH products continued to decline during 1996. Consistent with the increases in total revenue during 1996, EchoStar experienced a corresponding increase in trade accounts receivable at December 31, 1996.

Revenue from domestic sales of DTH products and technical services increased \$4.7 million, or 5%, to \$98.3 million during 1996. Domestically, EchoStar sold approximately 518,000 satellite receivers in 1996, an increase of 295% as compared to approximately 131,000 receivers sold in 1995. Of the total number of satellite receivers sold during 1996, approximately 474,000 were EchoStar Receiver Systems. Although there was a significant increase in the number of satellite receivers sold in 1996 as compared to 1995, overall revenue did not increase proportionately as a result of the revenue recognition policy applied to DBS satellite receivers sold under the 1996 Promotion, combined with decreasing sales of, and lower prices charged for, C-band products. Included in the number of DTH satellite receivers sold are sales of a competitor's DBS receiver manufactured and supplied by a third-party manufacturer. Such sales, which ceased during the second quarter of 1996 coincident with the launch of the DISH Network service, totaled approximately 19,000 units during 1996, as compared to 67,000 units sold in 1995. Revenues generated from the sale of competitor DBS receivers aggregated \$8.0 million during 1996, compared to \$34.0 million in 1995. No revenue will be generated from the sale of competitor DBS receivers in 1997.

Revenue from international sales of DTH products for the year ended December 31, 1996 was \$37.5 million, a decrease of \$15.8 million, or 30%, as compared to 1995. This decrease was directly attributable to a decrease in the number of analog satellite receivers sold, combined with decreased prices on products

sold. Internationally, EchoStar sold approximately 239,000 analog satellite receivers in 1996, a decrease of 28%, compared to approximately 331,000 units sold in 1995.

C-band programming service revenue totaled \$11.9 million in 1996, a decrease of \$3.3 million, or 22%, compared to 1995. This decrease was primarily attributable to the industry-wide decline in demand for domestic C-band programming services. C-band programming revenue is expected to continue to decrease for the foreseeable future.

Loan origination and participation income in 1996 was \$3.0 million, an increase of \$1.3 million or 74%, as compared to 1995. The increase in loan origination and participation income during 1996 was primarily due to an increase in the number of consumer loans and leases funded.

DTH AND DISH NETWORK EXPENSES. DTH and DISH Network expenses in 1996 aggregated \$187.0 million, an increase of \$56.7 million, or 44%, as compared to 1995. This increase is directly attributable to the introduction of DISH Network service in March 1996, partially offset by decreases in other DTH expenses. DTH products and technical services expense increased \$7.0 million, or 6%, to \$123.8 million during 1996. These expenses include the costs of EchoStar Receiver Systems and related components sold prior to commencement of the 1996 Promotion. Subscriber promotion subsidies aggregated \$33.6 million during 1996 and represent expenses associated with the 1996 Promotion. DISH Network programming expenses totaled \$19.1 million for the year ended December 31, 1996.

C-band programming expenses totaled \$10.5 million during the year ended December 31, 1996, a decrease of \$3.0 million, or 22%, as compared to 1995. This decrease is consistent with the decrease in C-band programming revenue. Gross margins realized on C-band programming sales remained relatively constant.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses totaled \$90.4 million in 1996, an increase of \$51.8 million or 135%, as compared to 1995. Such expenses as a percentage of total revenue increased to 43% in 1996 as compared to 24% in 1995. The increase in SG&A expenses was principally attributable to: (i) increased personnel expenses as a result of introduction of DISH Network service in March 1996 (EchoStar's number of employees doubled during 1996 as compared to 1995); (ii) marketing and advertising expenses associated with the launch and ongoing operation of the DISH Network; (iii) increased expenses related to the Digital Broadcast Center, which commenced operations in the third quarter of 1995; and (iv) increased expenses associated with operation of DISH Network call centers and subscription management related services.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. EBITDA (including amortization of subscriber acquisition costs of \$16.0 million for the year ended December 31, 1996) for 1996 was a negative \$65.9 million, a decrease of \$61.0 million compared to 1995. This decrease resulted from the factors affecting revenue and expenses described above.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expense for the year ended December 31, 1996, including the amortization of subscriber acquisition costs, aggregated \$43.4 million, an increase of \$40.3 million, as compared to 1995. The increase in depreciation and amortization expenses resulted from depreciation expenses associated with the Digital Broadcast Center, EchoStar I and EchoStar II (placed in service during the fourth quarter of 1995, the first quarter of 1996, and the fourth quarter of 1996, respectively), and amortization of subscriber acquisition costs.

OTHER INCOME AND EXPENSE. Other expense, net totaled \$46.3 million in 1996, an increase of \$37.1 million, as compared to 1995. The increase in other expense in 1996 resulted primarily from an increase in interest expense associated with the issuance of the 1996 Notes. This increase in interest expense was partially offset by an increase in interest income attributable to increases in invested balances as a result of

the investment of proceeds received from the issuance of the 1996 Notes. Interest capitalized relating to development of the EchoStar DBS System during 1996 was \$31.8 million (compared to \$27.1 million during 1995).

INCOME TAX BENEFIT. The increase in the income tax benefit of \$48.9 million (from \$5.7 million in 1995 to \$54.7 million in 1996) principally resulted from the increase in EchoStar's loss before income taxes. EchoStar's net deferred tax assets (approximately \$66.8 million at December 31, 1996) relate to temporary differences for amortization of original issue discount on the 1994 and 1996 Notes, net operating loss carryforwards, and various accrued expenses which are not deductible until paid. No valuation allowance was provided because EchoStar believed it was more likely than not that these deferred tax assets would ultimately be realized.

YEAR ENDED DECEMBER 31, 1995 COMPARED TO YEAR ENDED DECEMBER 31, 1994.

REVENUE. Total revenue for 1995 was \$163.9 million, a decrease of \$27.1 million, or 14%, as compared to total revenue for 1994 of \$191.0 million. Revenue from domestic sales of DTH products for 1995 was \$93.6 million, a decrease of \$25.4 million, or 21%, as compared to 1994. This decrease in domestic revenues was primarily due to an expected decline of \$26.9 million, or 23%, in revenue from sales of satellite receivers and related accessories, during 1995, as compared to 1994. The decrease in domestic revenues for 1995 was partially offset by \$12.5 million in sales of non-proprietary descrambler modules compared to \$11.0 million in 1994. The domestic market for C-band DTH products continued to decline during 1995. EchoStar also decreased its emphasis on relatively high cost, low margin descrambler modules beginning in the second quarter of 1994.

Domestically, EchoStar sold approximately 131,000 satellite receivers in 1995, an increase of 15% as compared to approximately 114,000 receivers sold in 1994. Although there was an increase in the number of satellite receivers sold in 1995 as compared to 1994, overall revenues declined as a result of a change in product mix resulting from the introduction of lower priced DBS receivers and related accessories, and an approximate 23% reduction in the average selling price of C-band receivers. Included in the number of satellite receivers sold are those sold for a competitor's DBS system ("Competitor DBS Receivers") manufactured and supplied by a third party manufacturer ("Competing DBS Manufacturer") which totaled approximately 67,000 for 1995, as compared to 21,000 for 1994. Competitor DBS Receiver revenues were \$34.0 million for 1995, as compared to \$15.0 million for 1994. Competitor DBS Receiver revenues were 21% of total revenues for 1995.

Revenue from international sales of DTH products for 1995 was \$53.3 million, a decrease of approximately \$500,000, or 1%, as compared to 1994. The decrease for 1995 resulted principally from reduced sales to the Middle East where EchoStar's largest international DTH customer is based. This decline was partially offset by increased sales in Africa. Revenue from sales of DTH products in the Middle East suffered beginning in August 1995 as a result of restrictions implemented against imports. Historic sales levels may not be reached because of new digital service planned for the Middle East beginning in the first quarter of 1996. Internationally, EchoStar sold approximately 331,000 satellite receivers in 1995, an increase of 15%, compared to approximately 289,000 units sold during 1994. The increase was primarily due to a continued emphasis by EchoStar on lower priced products in 1995 to meet marketplace demands. For 1995, the effects of volume increases were offset by a 17% decrease in the average selling price as compared to 1994.

In the second half of 1994 and throughout 1995, an increasing percentage of domestic DTH satellite retailers relied on attractive financing packages to generate sales. During most of 1994, certain of EchoStar's competitors offered consumer financing that retailers considered more attractive than financing offered by EchoStar. This competitive financing advantage resulted in retailers selling competing

products rather than EchoStar products and was partially responsible for the decline in C-band DTH unit sales and revenue.

Commencing in 1995, EchoStar stopped receiving monthly participation payments from Household Retail Services, Inc. ("HRSI") on its loan portfolio, contributing to a decrease in loan origination and participation income from 1994. Loan origination and participation income for 1995 was \$1.7 million, a decrease of \$1.9 million, or 53%, compared to 1994.

EchoStar aggressively marketed its C-band DTH products by offering competitive pricing and financing in order to minimize the decline in domestic C-band DTH sales resulting from the increased popularity of "small dish" equipment. Additionally, EchoStar sold competitor DBS Receivers for reception of programming offered by other service providers. Competitor DBS Receiver sales partially offset the decline in domestic C-band sales in 1995.

Programming revenue for 1995 was \$15.2 million, an increase of \$692,000, or 5%, as compared to 1994. The increase was primarily due to additional sales of programming packages through retailers and, to a lesser extent, the renewal and retention of existing customers as a result of more attractive pricing and more effective marketing.

DTH EXPENSES. Costs of DTH products sold were \$116.8 million for 1995, a decrease of \$16.9 million, or 13%, as compared to 1994. The decrease in DTH operating expenses for 1995 resulted primarily from the decrease in sales of DTH products. DTH product expenses as a percentage of DTH product revenue were 79% for 1995, as compared to 77% for 1994. The increase was principally the result of declining sales prices of C-band DTH products as described above, during 1995 as compared to 1994.

C-band programming expenses were \$13.5 million for 1995, an increase of \$1.9 million, or 16%, as compared to 1994. Programming expenses as a percentage of programming revenue were 89% for 1995 as compared to 80% for 1994. Programming expenses increased at a greater rate than revenues from programming principally because the prior periods included the flow through of certain volume discounts.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES. SG&A expenses totaled \$38.5 million for 1995, an increase of \$8.3 million, or 27%, as compared to 1994. Such expenses as a percentage of total revenue increased to 24% for 1995 as compared to 16% for 1994. The change was principally the result of the reduction of revenues from domestic sales of DTH products and increased costs to support, among other things, expansion of the EchoStar DTH product installation network and administrative costs associated with development of the DISH Network. In addition, \$1.1 million of compensation expense was recorded with regard to 55,000 shares of Class A Common Stock contributed by EchoStar to EchoStar's 401(k) plan.

Research and development costs totaled \$5.0 million during 1995 as compared to \$5.9 million during 1994. The decrease was principally due to the reduction in research necessary to provide C-band receivers to domestic and international markets. EchoStar expenses such costs as incurred and includes such costs in selling, general and administration expenses.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION. EBITDA for 1995 was a negative \$4.9 million, a decrease of \$20.4 million, or 132%, as compared to 1994. The decrease resulted from the factors affecting revenue and expenses discussed above.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization expenses totaled \$3.1 million during 1995, an increase of \$871,000, or 39%, as compared to 1994. The overall increase primarily resulted from depreciation on assets placed in service during the third and fourth quarters of 1995.

OTHER INCOME AND EXPENSE. Other expense for 1995 was \$9.2 million, a decrease of \$3.5 million, or 28%, as compared to 1994. The difference in other income and expense for 1995 compared to 1994 resulted primarily from the amortization of original issue discount and deferred debt issuance costs of \$23.5 million in 1995, and \$20.7 million in 1994, net of capitalized interest, on the 1994 Notes, which were issued on June 7, 1994. Other expense was reduced by investment income on monies deposited in an escrow account of \$8.8 million for 1995, and \$6.5 million for 1994. Interest capitalized relating to development of the EchoStar DBS System for 1995 totaled \$27.1 million as compared to \$5.7 million for 1994.

BENEFIT FROM/PROVISION FOR INCOME TAXES. An income tax benefit of \$5.7 million was recognized during 1995 as compared to the income tax provision for 1994 of \$399,000. This change was principally the result of changes in components of income and expenses discussed above during 1995 and 1994, respectively. EchoStar's deferred tax assets (approximately \$13.9 million at December 31, 1995) relate principally to temporary differences for amortization of original issue discount on the 1994 Notes and various accrued expenses which are not deductible until paid. No valuation allowance was provided because EchoStar believed it was more likely than not that these assets would be realized.

LIQUIDITY AND CAPITAL RESOURCES

EchoStar's working capital and capital expenditure requirements were substantial during the three-year period ended December 31, 1996. Those expenditures principally resulted from the construction of EchoStar's DBS system during 1994, 1995 and 1996, and the commercial launch of DISH Network service in March 1996. Capital expenditures, including expenditures for satellite systems under construction, totaled \$119.3 million, \$133.6 million and \$221.9 million during the years ended December 31, 1994, 1995 and 1996, respectively, and \$81.5 million and \$67.1 million during the six-month periods ended June 30, 1996 and 1997, respectively. Additionally, during 1996, EchoStar expended \$55.4 million for DBS authorizations obtained from the FCC, principally relating to its acquisition of 24 DBS frequencies at the 148 DEG. WL orbital slot. Those frequencies were acquired at the FCC's January 1996 auction of certain DBS frequencies.

During 1994, 1995 and 1996 and the six months ended June 30, 1997, EchoStar's capital expenditure and working capital requirements principally were funded from proceeds of the 1994 Notes offering, the 1995 initial public offering of EchoStar's Class A Common Stock (the "IPO"), and the 1996 Notes offering. In June 1994, EchoStar issued 624,000 units consisting of \$624.0 million principal amount at stated maturity of the 1994 Notes and 3,744,000 Warrants (representing 2,808,000 shares of EchoStar Class A Common Stock) for aggregate net proceeds to the Company of approximately \$323.3 million. In June 1995, EchoStar completed the IPO of 4.0 million shares of its Class A Common Stock, resulting in net proceeds to EchoStar of approximately \$62.9 million. In March 1996, ESBC consummated the 1996 Notes Offering. In connection therewith, ESBC issued \$580.0 million principal amount at stated maturity of 1996 Notes, resulting in aggregate net proceeds to the Company of approximately \$337.0 million. As of June 30, 1997, substantially all of the Warrants issued in connection with the 1994 Notes Offering had been exercised. In June 1997, DBS Corp consummated the 1997 Notes offering resulting in net proceeds of approximately \$362.5 million, including approximately \$109.0 million restricted to fund interest payments on the 1997 Notes through January 1, 2000 (the "Interest Escrow"). In October 1997, EchoStar consummated the Series B Preferred Offering resulting in net proceeds of approximately \$193.0 million.

During the years ended December 31, 1995 and 1996, net cash flows used in operations totaled \$20.3 million and \$27.4 million, respectively. Net cash flows used in operations totaled \$9.2 million for the six months ended June 30, 1997, compared to \$20.1 million used by operations for the six months ended June 30, 1996. EchoStar anticipates that its capital expenditure and working capital requirements, including subscriber acquisition costs, will increase substantially throughout 1997 as it aggressively builds its DISH Network subscriber base. Such working capital requirements could vary if any of the following, among other factors, occur: (i) subscriptions to DISH Network programming differ from anticipated levels;

(ii) actual expenses differ from present estimates; or (iii) the investment in subscriber acquisition costs increases from planned levels. EchoStar had anticipated meeting its 1997 capital requirements with \$200.0 million of interim financing which was to be provided by News pursuant to the News Agreement (the "News Funding"). As a result of the litigation between News and EchoStar, EchoStar's receipt of all or any portion of the News Funding, and the timing thereof, is subject to significant uncertainty at this time. Accordingly, EchoStar consummated the 1997 Notes Offering and plans to consummate this Offering to fund its short- and medium-term capital requirements.

EFFECTS OF CAMPAIGNS TO ACQUIRE SUBSCRIBERS

The 1997 Promotion will significantly increase EchoStar's working capital requirements. Transaction proceeds associated with the 1997 Promotion, which commenced in June, vary dependent on the type of EchoStar Receiver System and the number of additional outlet receivers purchased, but are expected to approximate \$225 to \$275 per new subscriber. Transaction costs, consisting of costs of goods sold, activation fees paid to dealers and distributors, and other promotional costs, are expected to range from \$425 to \$500 per new subscriber. Thus, each subscriber initially added pursuant to the 1997 Promotion will result in a net use of cash of approximately \$200 to \$275. Comparatively, EchoStar's prior promotion (which requires an annual prepaid DISH Network subscription) (the "1996 Promotion"), which will continue to be available to consumers, results in approximately breakeven net cash flows at the time of subscriber activation. EchoStar expects that transaction costs associated with both the 1996 and 1997 Promotions will decrease during the remainder of 1997 as additional manufacturing cost reductions for EchoStar Receiver Systems are realized, thereby reducing the initial net cash outflow per new subscriber. From time to time, EchoStar offers other promotions and incentives to attract additional DISH Network subscribers. Costs associated with these additional promotions and incentives are expensed as incurred (reported as a component of subscriber promotion subsidies). After giving effect to these other promotions and incentives, EchoStar expects that its aggregate net use of cash (i.e., subscriber acquisition costs) will approximate \$300 per activation.

The excess of transaction costs over related proceeds from the 1996 Promotion and net transaction costs resulting from the 1997 Promotion are recognized as subscriber promotion subsidies in EchoStar's statements of operations. EBITDA in future periods will be negatively affected to the extent that a larger portion of future subscriber additions result from the 1997 Promotion rather than from the 1996 Promotion. Since the 1997 Promotion was not commenced until June 1997, the majority of EchoStar's second quarter subscriber additions resulted from consumers who purchased EchoStar Receiver Systems pursuant to the 1996 Promotion rather than the 1997 Promotion. EchoStar expects that a significant percentage of its future subscriber additions will result from the 1997 Promotion. The adverse EBITDA impact of the 1997 Promotion (relative to the 1996 Promotion) results from the immediate recognition of all transaction costs at the time of subscriber activation. Comparatively, a portion of 1996 Promotion transaction costs are deferred and amortized over the initial prepaid subscription period.

On August 1, 1997, EchoStar began offering an internally-financed lease program to consumers. The lease provides for an 18 month lease term at competitive rates to qualified consumers. At the end of the lease term, the consumer has the option of purchasing the equipment. Each subscriber activation under the lease program is expected to result in a net use of cash to EchoStar of approximately \$400 to \$600 (depending on the number of outlets). Accordingly, the lease program will result in a greater investment per customer than either the 1997 Promotion or the 1996 Promotion. While there can be no assurance, EchoStar believes that its investment per lease customer will significantly improve at the end of the lease term when the subscriber either continues on a month-to-month basis, purchases the equipment from EchoStar or returns the equipment to the retailer. EchoStar believes the lease program will be attractive to consumers who would otherwise subscribe to a DBS service but for the initial "up front" costs associated with DBS service. The lease program allows the consumer (for less than \$100) to receive an upgraded EchoStar Receiver System, including a professional installation. Upon activation of service, the consumer

is charged a low monthly equipment rental fee in addition to charges associated with programming services purchased.

Historically, EchoStar has maintained agreements with third-party finance companies to make consumer credit available to EchoStar customers. These financing plans provide consumers the opportunity to lease or finance EchoStar Receiver Systems, including installation costs and certain DISH Network programming packages, on competitive terms. Consumer financing provided by third parties is generally non-recourse to EchoStar. EchoStar currently maintains one such agreement which expires in the near future. The third-party finance company with which EchoStar maintains the above mentioned agreement has notified the Company that it does not intend to renew the agreement. EchoStar is currently negotiating similar agreements with other third-party finance companies and expects to consummate at least one such agreement prior to the expiration of its existing consumer financing agreement. There can be no assurance that EchoStar will be successful in these negotiations, or if successful, that any such new agreements will commence prior to the termination of the existing agreement. If EchoStar is unsuccessful in executing a new agreement with a third-party finance company during 1997, growth of the DISH Network subscriber base may be negatively impacted.

1997 CAPITAL REQUIREMENTS

As of June 30, 1997, in addition to the working capital requirements discussed above, during the remainder of 1997 EchoStar expects to expend approximately \$128.1 million in connection with the construction launch, insurance and deployment of EchoStar III (\$83.6 million) and EchoStar IV (\$44.5 million). Additionally, EchoStar will expend approximately \$1.3 million per month to meet debt service requirements relative to deferred satellite construction payments for EchoStar I and EchoStar II. EchoStar's debt service requirements on the deferred satellite construction payments will increase to approximately \$1.6 million per month during the fourth quarter of 1997 as a result of the launch of EchoStar III on October 5, 1997. Capital expenditures related to EchoStar IV may increase in the event of delays, cost overruns, increased costs associated with certain potential change orders under the Company's satellite or launch contracts, or a change in launch provider.

EchoStar's 1997 working capital, capital expenditure and debt service requirements are expected to be funded from existing unrestricted cash and investment balances, the satellite escrow established in connection with the 1997 Notes offering (the "Satellite Escrow"), cash generated from operations, and the proceeds from the Series B Preferred Stock Offering, and the Offerings. Increases in subscriber acquisition costs, inadequate supplies of DBS receivers, or significant launch delays or failures would significantly and adversely affect EchoStar's operating results and financial condition.

FUTURE CAPITAL REQUIREMENTS

During 1998, EchoStar will expend approximately \$64.5 million to construct, launch and support EchoStar IV, which is scheduled to be launched during the first quarter of 1998. These expenditures will be funded from the Satellite Escrow. EchoStar's debt service requirements relative to the deferred satellite construction payments will increase to approximately \$1.9 million per month upon the successful launch of EchoStar IV (currently scheduled for launch in the first quarter of 1998). Additionally, beginning in January 1998, EchoStar will be required to make semi-annual interest payments of \$23.4 million on the 1997 Notes. The first five such semi-annual interest payments will be funded from the Interest Escrow.

EchoStar may require additional funds to acquire DISH Network subscribers. In addition, EchoStar has applications pending with the FCC for a two satellite Ku-band system, a two satellite FSS Ka-band system, a two satellite extended Ku-band system and a six satellite low earth orbit ("LEO") satellite system. EchoStar will need to raise additional funds for the foregoing purposes. Further, there are a number of factors, some of which are beyond EchoStar's control or ability to predict, that could require EchoStar 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. There can be no assurance that additional debt, equity or other financing will be available on terms acceptable to EchoStar, or at all.

As of June 30, 1997, EchoStar had approximately \$1.3 billion of outstanding long-term debt (including the 1994 Notes, the 1996 Notes, the 1997 Notes, Deferred Payments on EchoStar I and EchoStar II, and mortgage notes payable). Interest on the 1994 Notes and the 1996 Notes accrues, but currently is not payable in cash. Semi-annual cash interest payments of approximately \$40.2 million on the 1994 Notes commence December 1, 1999. The 1994 Notes Indenture requires principal reductions of \$156.0 million on each of June 1, 2002 and 2003. These principal reductions will result in decreases in semi-annual cash interest payments to \$30.1 million and \$20.1 million, effective December 1, 2002 and December 1, 2003, respectively. Semi-annual cash interest payments of \$38.1 million on the 1996 Notes commence on September 15, 2000. Semi-annual cash interest payments of \$23.4 million on the 1997 Notes commence January 1, 1998. The first five such semi-annual interest payments will be funded from the Interest Escrow Account. Gross Deferred Payments totaled \$64.0 million for EchoStar I and EchoStar II. As of June 30, 1997, approximately \$52.2 million of such Deferred Payments was outstanding. The Deferred Payments bear interest at 8.25% and are payable in equal monthly installments over five years following launch of the respective satellites. Deferred Payments of \$15.0 million will be used for each of EchoStar III and EchoStar IV. The terms of such Deferred Payments for EchoStar III and EchoStar IV will be similar to the terms associated with EchoStar I and EchoStar II.

AVAILABILITY OF OPERATING CASH FLOW TO ECHOSTAR

Since all of EchoStar's, DBS Corp's, ESBC's and Dish's operations are conducted through subsidiaries, the cash flow of EchoStar, DBS Corp, ESBC and Dish and their ability to service debt, including the 1994 Notes, the 1996 Notes and the 1997 Notes are dependent upon the earnings of their respective subsidiaries and, in general, the payment of funds by such subsidiaries to Dish, by the payment of funds by Dish to ESBC, by the payment of funds by ESBC to DBS Corp and by the payment of funds by DBS Corp to EchoStar in the form of loans, dividends or other payments.

The cash flow generated by subsidiaries of Dish will only be available if and to the extent that Dish is able to make such cash available to ESBC in the form of dividends, loans or other payments. The indentures related to the 1994 Notes, 1996 Notes and the 1997 Notes impose various restrictions on the transfer of funds among EchoStar and its subsidiaries. The 1994 Notes Indenture contains restrictive covenants that, among other things, impose limitations on Dish and its subsidiaries with respect to their ability to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to Dish's subsidiaries; (vi) merge, consolidate or sell substantially all of its assets; and (vii) enter into transactions with affiliates. In addition, Dish, may pay dividends on its equity securities only if (1) no default exists under the 1994 Notes Indenture; and (2) after giving effect to such dividends, Dish's ratio of total indebtedness to cash flow (calculated in accordance with the 1994 Notes Indenture) would not exceed 4.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of 50% of Dish's consolidated net income (less 100% of consolidated net losses) from April 1, 1994, plus 100% of the aggregate net proceeds to Dish from the sale and issuance of certain equity interests of Dish (including common stock).

The 1996 Notes Indenture contains restrictive covenants that, among other things, impose limitations on ESBC with respect to its ability to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to ESBC's subsidiaries; (vi) merge, consolidate or sell substantially all of its assets; and (vii) enter into transactions with affiliates. The 1996 Notes Indenture permits ESBC to pay dividends and make other distributions to DBS Corp without restrictions.

The 1997 Notes Indenture and the Certificate of Designation for the Series B Preferred contain restrictive covenants that, among other things, impose limitations on DBS Corp with respect to its ability to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to EchoStar's subsidiaries; (vi) merge, consolidate or sell substantially all of its assets; (vii) enter into transactions with affiliates; and (viii) pay dividends. In general, DBS Corp may pay dividends on its equity securities only if: (i) no default exists under the 1997 Notes Indenture; and (ii) after giving effect to such dividends, DBS Corp's ratio of total indebtedness to cash flow would not exceed 6.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of (A) the difference of consolidated cash flow (less 100% of such deficit) minus 150% of consolidated interest expense, in each case from July 1, 1997, plus (B) 100% of the aggregate net proceeds to DBS Corp and its subsidiaries from the sale of certain equity interests of DBS Corp or EchoStar.

The Exchange Indenture for the Series B Exchange Notes (as defined) issuable upon the exchange of the Series B Preferred Stock contains restrictive covenants that, among other things, restricts the ability of EchoStar and certain of its subsidiaries to (i) pay dividends with the proceeds from the Series B Preferred Offering, (ii) pay cash dividends on any junior or parity securities and (iii) incur indebtedness or pledge the stock of certain subsidiaries as collateral. The certificate of designation associated with the Series B Preferred Stock also restricts the ability of DBS Corp and its subsidiaries to (i) make restricted payments, (ii) incur certain indebtedness or issue disqualified stock or preferred equity interests, (iii) create payment restrictions affecting subsidiaries, (iv) engage in transactions with affiliates or (v) engage in certain asset sales. A majority of the covenants contained in the certificate of designation associated with the Series B Preferred Stock and the indenture related to the Series B Exchange Notes are applicable solely to DBS Corp and its subsidiaries and do not impose restrictions or limitations on EchoStar or any of EchoStar's subsidiaries which are not also subsidiaries of DBS Corp.

If cash generated from operation of the DISH Network is not sufficient to meet the debt service requirements of the 1994 Notes, the 1996 Notes and the 1997 Notes, EchoStar would be required to obtain cash from other financing sources. There can be no assurance that such financing would be available on terms acceptable to EchoStar, or if available, that the proceeds of such financing would be sufficient to enable EchoStar to meet all of its obligations. See "Description of Certain Indebtedness--1994 Notes," "--1996 Notes" and "--1997 Notes" for other restrictions associated with the 1994 Notes, the 1996 Notes and the 1997 Notes. See "Description of Capital Stock."

EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income," ("SFAS No. 130"), which establishes standards for reporting and display of comprehensive income and its components (revenues, expenses, gains and losses) in a full set of general-purpose financial statements. SFAS No. 130 requires that all items that are required to be recognized under accounting standards as components of comprehensive income be reported in a financial statement that is displayed with the same prominence as other financial statements. SFAS No. 130 does not require a specific format for that financial statement but requires that the enterprise display an amount representing total comprehensive income for the period in that financial statement. SFAS No. 130 is effective for fiscal years beginning after December 15, 1997. The adoption of SFAS No. 130 will require additional disclosure in EchoStar's financial statements.

In June 1997, the FASB issued Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of an Enterprise and Related Information," ("SFAS No. 131"), which establishes standards for the way that public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in interim financial reports issued to shareholders. It also establishes standards for related disclosures about products and services, geographic areas, and major customers. SFAS No. 131 supersedes Statement of Financial Accounting Standards No. 14, "Financial Reporting for Segments of a Business Enterprise," but retains the requirement to report information about major customers. SFAS No. 131 requires that a public business enterprise report financial and descriptive information about its reportable operating statements. Operating segments are components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, financial information is required to be reported on the basis that it is used internally for evaluating segment performance and deciding how to allocate resources to segments. SFAS No. 131 is effective for financial statements for periods beginning after December 15, 1997. The adoption of SFAS No. 131 will require additional disclosure in EchoStar's financial statements.

INFLATION

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

GENERAL

EchoStar is a leading provider of DBS programming services in the United States. The Company commenced its DISH Network in March 1996, after the successful launch of EchoStar I in December 1995. The Company launched EchoStar II in September 1996 and EchoStar III in October 1997. Since December 31, 1996, EchoStar has increased its DISH Network subscriber base from 350,000 to approximately 820,000 subscribers on September 30, 1997. During the third quarter of 1997, EchoStar believes that it captured approximately 40% of all new DBS satellite subscribers in the U.S. Average monthly programming revenue during 1997 has been approximately \$39 per subscriber.

The introduction of DBS receivers is widely regarded as the most successful introduction of a consumer electronics product in U.S. history, surpassing the rollout of color televisions, VCRs and compact disc players. As of September 30, 1997, approximately 5.6 million U.S. households subscribed to DBS and other digital DTH satellite service. Industry sources project that the market could grow to as many as 19 million subscribers by the year 2002.

EchoStar believes that there is significant unsatisfied demand for high-quality, reasonably-priced television programming. Of the approximately 96 million television households in the U.S., it is estimated that more than 60 million subscribers pay an average of \$34 per month for multichannel programming services. EchoStar's primary target market for the DISH Network includes cable subscribers in urban and suburban areas who are dissatisfied with the quality or price of their cable programming, or who want niche programming services not available from most cable operators. Other target markets for the DISH Network include the approximately 7 million households not passed by cable television systems and the approximately 21 million households currently passed by cable television systems with relatively limited channel capacity.

EchoStar has rights to more U.S. licensed DBS frequencies than any of its competitors, and currently controls 90 frequencies, including 21 frequencies at an orbital slot capable of providing nationwide DBS service. The Company currently provides approximately 120 channels of digital television programming and over 30 channels of CD quality audio programming to the entire continental U.S. DISH Network subscribers can choose from a variety of programming packages that EchoStar believes have a better price-to-value relationship than packages currently offered by most pay television providers.

DISH Network programming is available to any subscriber who purchases or leases an EchoStar Receiver System. EchoStar Receiver Systems are fully compatible with MPEG-2, the world digital standard for computers and consumer electronics products, and provide image and sound quality superior to current analog cable or wireless cable service. EchoStar Receiver Systems are designed and engineered by the Company's wholly-owned subsidiary, HTS. Satellite receivers designed by HTS have won numerous awards from dealers, retailers and industry trade publications.

The Company's primary objective is to become the leading provider of subscription television services in the U.S. To achieve this objective, the Company will seek to:

EXPAND PROGRAMMING OFFERINGS. The Company launched EchoStar III on October 5, 1997, and expects to launch EchoStar IV in the first quarter of 1998. EchoStar III, which will serve the eastern half of the U.S. from 61.5 DEG. WL and EchoStar IV, which is expected to serve the western half of the U.S. from 148 DEG. WL, should enable EchoStar to retransmit local broadcast signals in 20 of the largest U.S. television markets (assuming receipt of all required retransmission consents and copyright licenses and/or congressional or regulatory actions necessary to extend and clarify the scope of the statutory compulsory license to cover local satellite-retransmission of network-affiliated station signals) and to provide subscribers with additional sports, foreign language, cultural, business, educational and other niche programming. EchoStar III and EchoStar IV will also enable EchoStar to offer subscribers HDTV and popular Internet and other computer data at high transmission speeds. By expanding its programming services EchoStar believes it may be able to differentiate itself from other

providers of subscription television services, which may not be able to cost-effectively, or do not have the capacity to, offer similar services.

CONTINUE TO EXPAND DISTRIBUTION CHANNELS. The Company continues to strengthen its sales and distribution channels, which include consumer retail outlets, consumer electronics retailers and direct sales representatives. For example, the Company recently announced an agreement with JVC, under which JVC will purchase EchoStar Receiver Systems for distribution through existing JVC channels under the JVC and DISH Network brand names. All consumers who purchase JVC branded satellite receiver systems will subscribe to DISH Network programming. In addition, on September 15, 1997, EchoStar announced that Sears will begin to carry JVC branded EchoStar Receiver Systems. Beginning in October, 1997 JVC branded EchoStar Receiver Systems are available in more than 800 full-line, mall-based Sears stores.

PROVIDE ATTRACTIVELY PRICED PROGRAMMING AND SYSTEMS. EchoStar's entry level America's Top 40 programming package is priced at \$19.99 per month, as compared to, on average, over \$30 per month for comparable cable service. Consumers can add six premium movie channels for an additional \$10 per month, the same amount cable subscribers typically pay for one movie channel. On June 1, 1997, the Company announced a new marketing program, offering subscribers a standard EchoStar Receiver System for \$199 (as compared to an average retail price in March 1996 of \$499), without requiring an extended subscription commitment or significant up front programming payments.

EMPHASIZE ONE-STOP SHOPPING. The Company believes that providing outstanding service, convenience and value are essential to developing long-term customer relationships. The Company offers consumers a "one-stop shopping" service which includes programming, installation, maintenance, reliable customer service and satellite reception equipment. To enhance the Company's responsiveness to its customers, the Company has established a single telephone number (1-800-333-DISH), which customers can call 24 hours a day, seven days a week, to order EchoStar Receiver Systems, activate programming services, schedule installation and obtain technical support. The Company believes it is the only DBS provider to offer a comprehensive single-point customer service function.

DBS INDUSTRY OVERVIEW

DBS, as used in this Prospectus, describes a high power satellite broadcast service in the Ku frequency band that, by international agreement, contemplates unique wide orbital spacing among satellites, permitting higher powered transmissions that can be received on an 18-inch satellite dish. Other DTH services include FSS, which describes low power (C-band) and medium power (Ku-band) satellite services. Small dish size generally increases consumer acceptance and provides a substantial competitive advantage over other DTH services.

Although the concept of DBS was introduced in 1982, it did not become commercially viable until the last several years because available satellite technology did not allow for the power required to transmit to small dishes and digital compression technology had not been adequately developed. Today, DBS provides the most cost efficient national point to multi-point transport of video, audio and data services.

DBS satellites operate in geosynchronous orbit above the equator, from orbital positions or "slots." Orbital slots are designated by their longitude and comprise both a physical location and an assignment of broadcast spectrum in the applicable frequency band, divided into 32 frequency channels, each with a useable bandwidth of 24 MHz. With digital compression technology, each frequency channel can be converted on average into six or more digital channels of programming. The ITU has allotted to the U.S. eight DBS orbital slots, each with 32 frequency channels, for use by U.S. licensed DBS providers. The FCC has indicated its belief that only the 101 DEG. WL, 110 DEG. WL and 119 DEG. WL slots provide full-CONUS coverage and, therefore, these three slots are considered the most strategic. With respect to a fourth orbital position, 61.5 DEG. WL, coverage of a majority of the continental U.S. is commercially possible.

The FCC has issued or, EchoStar believes, may issue licenses or construction permits for DBS orbital locations as follows:

FREQUENCY ASSIGNMENTS FOR U.S. DBS ORBITAL SLOTS

	TOTAL FREQUENCIES	61.5 DEG.	101 DEG.	110 DEG.	119 DEG.
EchoStar (1).....	90	11		1	21
DirectTV.....	54		27		
MCI/News Corp. (2).....	28			28	
Continental (3).....	22	11			
Tempo (2).....	22				11
Dominion.....	16	8			
USSB.....	16		5	3	
Unassigned.....	8	2			
	---	--	--	--	--
Totals.....	256	32	32	32	32
	---	--	--	--	--
	---	--	--	--	--
		148 DEG.	157 DEG.	166 DEG.	175 DEG.
		---	---	---	---
EchoStar (1).....	24			1	32
DirectTV.....		27			
MCI/News Corp. (2).....					
Continental (3).....			11		
Tempo (2).....			11		
Dominion.....			8		
USSB.....	8				
Unassigned.....		5	1		
	--	--	--	--	--
Totals.....	32	32	32	32	
	--	--	--	--	--
	--	--	--	--	--

- (1) Includes 10 frequencies at 175 DEG. WL and one frequency at 166 DEG. WL that EchoStar may be assigned if the FCC finds that EchoStar has a firm satellite construction contract. There can be no assurance in this regard. EchoStar has not yet developed a business plan for the 175 DEG. WL orbital slot, which has limited utility for service to the continental U.S.
- (2) Does not take into account the recently announced proposed combination of the MCI and the Tempo licenses under PrimeStar. See "Risk Factors--Competition from DBS and Other Satellite System Operators."
- (3) On May 14, 1997, the FCC granted its consent to the transfer of Continental's permit (the "Permit") for 11 frequencies at each of 61.5 DEG. WL and 166 DEG. WL to R/L DBS Company L.L.C. (a subsidiary of Loral) ("R/L") subject to certain conditions.

The operator of a digital satellite television service typically enters into agreements with programmers, who deliver their programming content to the digital satellite service operator via commercial satellite, fiber optics or microwave transmissions. The digital satellite service operator generally monitors such signals for quality, and may add promotional messages, public service programming or other system-specific content. The signals are then digitized, compressed, encrypted and combined with other programming sharing a given transponder and other necessary data streams (such as conditional access information). Each transponder's signal is then uplinked, or transmitted, to the transponder owned or leased by the service operator on the service's satellite, which receives and transmits the signal to consumers.

In order to receive the programming, a subscriber requires: (i) a dish, a low noise block converter and related equipment; (ii) an integrated receiver/decoder ("IRD," sometimes referred to herein as the "satellite receiver" or "set-top box"), which receives the data stream from each broadcasting transponder, separates it into separate digital programming signals, decrypts and decompresses those signals that the subscriber is authorized to receive and converts such digital signals into analog radio frequency signals; and (iii) a television set, to view and listen to the programming contained in such analog signals. A subscriber's IRD is generally connected to the digital satellite service operator's authorization center by telephone to report the purchase of premium and pay-per-view channels.

The Cable Act and the FCC's rules, subject to certain exceptions, require programmers affiliated with cable companies to offer programming to all multi-channel video programming distributors on non-discriminatory terms and conditions. The Cable Act and the FCC rules also prohibit certain exclusive programming contracts. EchoStar anticipates purchasing a substantial percentage of its programming from cable-affiliated programmers. Certain of the restrictions on cable-affiliated programmers will expire in 2002 unless extended by the FCC. As a result, any expiration of, amendment to, or interpretation of, the Cable Act or the FCC's rules that permits the cable industry or programmers to discriminate in the sale of programming against competing businesses, such as that of EchoStar, could adversely affect EchoStar's ability to acquire

programming or to acquire programming on a cost-effective basis. Additionally,
although

not required by law, in EchoStar's experience substantially all unaffiliated programmers have made their programming available on fair and reasonable terms. Pay-per-view programming has also generally been made available to DBS providers on substantially the same terms and conditions as are available to cable operators. On October 14, 1997, EchoStar filed a complaint with the FCC against Rainbow Programming Holdings, Inc. and Rainbow Media Holdings, Inc. (collectively "Rainbow") under the Communications Act's program access rules. Rainbow, a cable-affiliated programming vendor, manages several regional sports services. EchoStar's complaint alleges that Rainbow has discriminated against EchoStar in the terms and conditions (including rates, tiering restrictions and advertising availability provisions) that it has demanded to make its regional sports programming available to EchoStar; that Rainbow has effectively refused to deal with EchoStar through dilatory tactics; and that Rainbow has engaged in various unfair practices at EchoStar's expense. The complaint requests several forms of relief. There is no assurance that the complaint will succeed or that the FCC will grant EchoStar any of the requested forms of relief. If the complaint is not successful, this may adversely affect EchoStar's ability to offer Rainbow regional sports programming in its programming packages. See "Risk Factors--Risks of Adverse Effects of Government Regulation."

On October 27, 1997, EchoStar filed a program access complaint with the FCC against Fox/Liberty Networks LLC, Fox Sports Net LLC and Fox Sports Direct (collectively, "Fox Sports"), which controls certain regional sports programming services currently carried by EchoStar has alleged that Fox Sports has discriminated against EchoStar in the terms that it offered EchoStar. In that complaint, EchoStar has alleged that Fox Sports has discriminated against EchoStar in the terms that it offered EchoStar compared to the terms available to certain competing cable operators. There can be no assurance that EchoStar will be successful in its complaint and/or that EchoStar will attain better terms for its carriage of Fox Sports programming than the terms currently available to EchoStar. The inability of EchoStar to secure better terms may adversely affect EchoStar's relationship with Fox Sports.

MARKET FOR DIGITAL SATELLITE SERVICES

DBS SERVICES. Digital satellite television has been one of the fastest selling consumer electronics products in U.S. history. As of September 30, 1997, approximately 5.6 million U.S. households subscribed to DBS and other digital DTH satellite services. This installed base represents a greater than 100% increase from the approximately 2.2 million DBS subscribers as of the end of 1995 and more than ten times the approximately 500,000 DBS subscribers as of the end of 1994. The Company believes that the market for digital satellite products and services is growing and that there is significant unsatisfied demand for high quality, reasonably priced television programming. Of the approximately 96 million television households in the U.S., it is estimated that more than 60 million subscribers pay an average of \$34 per month for multichannel programming services. The Company believes, therefore, that the potential market in the U.S. for video, audio and data programming services consists of: (i) existing cable subscribers who desire a greater variety of programming, improved video and audio quality, better customer service and fewer transmission interruptions; (ii) the approximately 7 million households not passed by cable and the approximately 21 million households currently underserved by cable; (iii) the approximately 8 million households headed by persons of foreign nationality living in the U.S. who demand international, cultural and niche programming typically not provided by cable television; (iv) the U.S. households which are seeking an alternative provider of high-speed Internet and other data services; (v) the mobile, commercial and institutional markets; (vi) businesses; and (vii) the approximately 2.2 million C-band subscribers who may desire to migrate to digital services. The large base of potential subscribers enhances the Company's opportunity to significantly increase its DISH Network subscriber base.

HOUSEHOLDS PASSED BY CABLE. EchoStar has specifically targeted the approximately 85 million households that are passed by cable television. Management believes that over 60% of the Company's DISH Network subscriber base consists of households that are passed by cable. Although programming offerings of cable systems in major metropolitan areas are significant, most cable systems have a typical analog capacity of 30 to 80 channels. In order to expand their service offering to one comparable to that offered

by the DISH Network, the Company believes that cable systems would have to upgrade their analog networks to fiber-based digital service. Fiber upgrade implementation is in progress in a few cable systems in select metropolitan markets, with a resultant increase of channel capacity anticipated to be available in five to ten years. Due to the substantial capital investment required for widescale deployment of fiber-based services, several cable companies have delayed originally-announced deployment schedules. The Company believes that the cost of such upgrades, when undertaken, will ultimately be passed on to the consumer, which may further enhance the attractiveness of the service offerings of the DISH Network to the consumer. The Company believes that consumers will continue to demand the improved audio and video quality, and expanded programming offerings, that are currently available with DBS technology, but not available from over-the-air VHF and UHF broadcasters or from cable. The Company believes that the quality and variety of its DISH Network service offerings relative to even the most advanced cable television systems makes it an attractive alternative to traditional cable.

HOUSEHOLDS UNSERVED OR UNDERSERVED BY CABLE. The Company is also targeting the approximately 7 million households which are not passed by cable and the approximately 21 million households that are in areas served by cable systems with fewer than 40 channels. Even the largest cable systems with sufficient channel capacity (generally 54 or more channels) and good quality cable plant will require costly upgrades to add bandwidth or incur significant maintenance costs in order to offer digital programming services. The Company believes however, that based on current compression technology, the number of channels that a cable system would have to remove from its existing service offerings in order to use them for digital services may, in the case of cable systems with limited channel capacity, result in the value of their analog programming offering being degraded and their subscribers alienated. Accordingly, pending the availability of advanced digital compression technology now under development, such smaller cable systems will be required to incur substantial costs to upgrade their plant and distribution systems to expand their channel capacity before they can introduce digital services. Due to the limited number of subscribers across which any plant upgrades would be spread, the smaller cable systems may find that the cost of such upgrades cannot be justified economically. The Company believes areas served by cable systems which have not been fully upgraded currently provide a prime market for digital satellite services.

INTERNATIONAL, CULTURAL AND NICHE MARKETS. The Company believes that there are approximately 8 million households headed by persons of foreign nationality living in the U.S. encompassing approximately 23 million foreign-born persons living in the U.S. who demand international, cultural and other niche programming typically not provided by cable television, and who represent a prime market for its DISH Network service offerings. Generally, it is not cost effective for traditional broadcast television or cable companies to provide targeted programming to these households due to the relatively low number of such niche customers in any particular local market. These customers, along with other customers interested in receiving international and other cultural programming, are an important target market for the Company. The Company's incremental cost to provide multicultural and niche programming is relatively insignificant given the ability of digital DBS service to utilize a national delivery system for all programming offerings. The Company believes that, by directly marketing international programming to these potential customers, it will also sell more of its most popular programming.

HIGH-SPEED INTERNET AND OTHER DATA SERVICES. The Company currently intends to make space available on EchoStar III to begin test-marketing its high-speed Internet and other related data services. The Company believes that there is significant unsatisfied demand for alternative providers of such services and believes that if it can provide a comparable product at a reasonable price, many of its current DISH Network subscribers would also subscribe to the Company's Internet and data services, thus leading to an increase in the average recurring revenue per subscriber. Further, the Company believes that by offering Internet and other high-speed data services, it may be able to attract additional subscribers to the DISH Network who would otherwise not have subscribed.

MOBILE, COMMERCIAL AND INSTITUTIONAL MARKETS. Other target markets for DBS services include mobile, commercial and institutional markets. Historically, many owners of recreational vehicles own C-band

satellite dishes. Management believes that the lower equipment prices and the smaller dish size will attract many more recreational vehicle owners to DBS service. The Company also believes that digital satellite services are well suited for hotels, motels, bars, multiple-dwelling units ("MDUs"), schools and other organizations within the commercial markets. In addition to the wide variety of entertainment, sports, news and other general programming desired by such commercial organizations, the Company expects that some commercial organizations will in the future provide a market for educational, foreign language, and other niche video and audio programming.

BUSINESS COMMUNICATION NETWORKS. The Company has had success in providing its programming services to business and commercial subscribers, such as multi-level marketing organizations and legal, medical and real estate professionals. A number of large corporations are using the Company's DBS business communication services, and over 1,000 EchoStar Receiver Systems are in use for these services. The Company is in advanced discussions with numerous business and trade organizations regarding its business communications services and intends to continue the aggressive marketing of its services to business users.

C-BAND SUBSCRIBERS. The Company believes that the lower equipment prices combined with the higher-quality digital video and audio output provided by DBS and the smaller dish size will attract many more current C-band subscribers to DBS. The Company believes that its historical presence in the C-band satellite industry has enhanced its ability to persuade current C-band subscribers to migrate to DISH Network service.

ECHOSTAR'S EXPERIENCE IN THE DBS MARKET

The Company commenced commercial operations of the DISH Network in March 1996 and since that time has experienced rapid subscriber growth. As of September 30, 1997, the Company had approximately 820,000 subscribers to its DISH Network programming services. During the third quarter of 1997, the Company believes that it captured approximately 40% of all new DBS subscribers in the U.S. The Company also has had a significant amount of success in marketing its services to its primary target market--existing cable television subscribers. Management believes that more than 60% of current DISH Network subscribers have come from homes that are passed by cable. The DISH Network has been marketed to consumers as an alternative to traditional cable services and the Company has had much success in differentiating itself from cable providers based on its superior quality video and audio programming relative to cable, combined with a better price-to-value relationship of its programming offerings. For example, the Company's America's Top 50 CD programming package is priced at \$26.99 per month. Comparatively, on a national average, a similar package of cable programming costs the consumer approximately \$42 per month. Additionally, according to industry estimates, more than 75% of subscribers are satisfied with the DBS picture quality. Further, approximately 94% of those same consumers said they would recommend satellite television to their friends. This high-level of consumer satisfaction has been evident in the Company's low level of subscriber turnover, which has averaged less than 1.25% per month. EchoStar's first year of operations in the DBS industry also resulted in higher average revenue per subscriber than initial expectations. This is due largely in part to the popularity of the Company's multichannel premium service offerings, which have proven to be very popular among subscribers.

DBS AND RELATED SERVICES

PROGRAMMING. EchoStar now provides approximately 120 channels of digital television programming and over 30 channels of CD-quality audio programming to the entire continental United States. EchoStar's America's Top 40 package is priced at \$19.99 per month and America's Top 50 CD is priced at \$26.99 per month. Multichannel premium services are also available for separate purchase, at prices currently ranging from \$10 to \$25 per month, depending upon the number of services purchased. EchoStar's DISH Network service currently offers ten channels of pay-per-view programming. EchoStar's future plans include, among other things, increasing the number of pay-per-view channels offered to subscribers.

EchoStar's primary programming packages include:

AMERICA'S TOP 40

AMERICA'S TOP 50 CD

PREMIUM SERVICES (1)

A&E	Home & Garden Television	All of America's Top 40	Multichannel Cinemax (3)
Cartoon Network	Home Shopping Network	PLUS:	FLIX
CNBC	The Learning Channel	Animal Planet	Multichannel HBO (6)
CNN	Lifetime	BET	The Movie Channel (2)
Court TV	MTV	CNN-fn	Multichannel Showtime (3)
Comedy Central	NET--Political NewsTalk	CNN International	Sundance Channel
C-SPAN	Network	Game Show Network	
C-SPAN 2	Nickelodeon	KTLA-Los Angeles	
Country Music Television	Nick at Nite Classic TV	MTV2	
The Discovery Channel	QVC	Turner Classic Movies	
Disney (2)	The Sci-Fi Channel	WGN-Chicago	
E!	The Travel Channel	WPIX-New York	
ESPN	TBS	WSBK--Boston	
ESPN 2	TBN	One Regional Sports Network	
ESPNNews	TNN		
EWTN	TNT		
The Family Channel	TV Land		
Food Network	USA		
Headline News	VH-1		
The History Channel	The Weather Channel		

(1) Premium Services are available on an a-la-carte basis. Numbers in parentheses represent the number of channels available through each Premium Service.

EchoStar intends to offer programming telecast by local affiliates of national television networks to certain population centers within the continental U.S. via DBS satellite. In order to retransmit this programming to any DISH Network subscriber in a particular local market, EchoStar must obtain the retransmission consent from the local affiliate, except for direct to home retransmissions to "unserved households," as this term is defined in the SHVA (see below). Furthermore, the compulsory license provided in the SHVA may not extend to EchoStar's retransmission of local network station signals, and any use of the compulsory license is subject to the restrictions of the SHVA as described below. There can be no assurance that the Company will obtain retransmission consents of any local affiliate and one of the networks (Fox) has stated it is not willing to consider EchoStar's request for retransmission consent at this time. The inability to transmit such programming into the local markets from which the programming is generated could have an adverse effect on the Company.

The SHVA establishes a "statutory" (or compulsory) copyright license that generally allows a DBS operator, for a statutorily-established fee, to retransmit local affiliate programming to subscribers for private home viewing so long as that retransmission is limited to those persons in "unserved households." An "unserved household", with respect to a particular television network, is defined as one that cannot receive an over-the-air network signal of "grade B" intensity (a predictive standard of signal intensity employed by the FCC) of a primary network station affiliated with that network through the use of a conventional outdoor rooftop antenna and has not, within the 90 days prior to subscribing to the DBS service, subscribed to a cable service that provides the signal of an affiliate of that network. While management believes the SHVA could be read to allow the Company to retransmit this programming to certain local markets via DBS satellite, management also believes that the compulsory copyright license under the SHVA may not be sufficient to permit the Company to implement its strategy to retransmit such programming in the most efficient and comprehensive manner. On August 28, 1997, a Copyright Arbitration Royalty Panel ("CARP"), appointed to recommend royalties for satellite retransmission of network-affiliated television and superstation signals pursuant to the compulsory license of Section 119 of the Copyright Act, delivered its Report to the Librarian of Congress. In the CARP's recommendation, which the CARP held it has no jurisdiction to set royalties for local satellite retransmissions of the signals of network-affiliated television stations, on the ground that the compulsory license of the Copyright Act does not extend to such retransmissions. EchoStar petitioned the Librarian to modify the CARP report. The CARP also recommended setting at zero the royalty rate for local retransmissions of superstation signals.

The final ruling of the Librarian of Congress, reviewing CARP's recommendation, was published in the Federal Register on October 28, 1997. With respect to "local-into-local" retransmissions, the Librarian affirmed the zero rate recommended by the CARP for secondary transmission of its superstation signal within the station's local market--a recommendation that EchoStar had supported.

The Librarian modified the CARP's recommendation, by also establishing a zero rate for secondary transmissions of a network station's signal to "unserved households" within the station's local market. The Librarian of Congress also reviewed the CARP's recommendation on the meaning of "unserved households" (i.e., whether the statutory license covers retransmissions to a household in a network station's local market receiving a signal of Grade B intensity from that station but not from any other affiliate of the same network and satisfying all other elements of the "unserved household" definition). The CARP had determined that the statutory license does not cover such retransmissions and the CARP did not have jurisdiction to recommend a rate for them. The Librarian decided that the law is silent on the issue, and accordingly, he cannot unequivocally say that the CARP's decision is arbitrary or contrary to law. Nonetheless, the Librarian determined that the Copyright Office retains the authority to conduct a rule-making proceeding despite the CARP's determination, on the permissibility of secondary transmissions of a network station's signal to households within that station's local market that are served by that station but unserved by any other station affiliated with the same network under the "unserved household" provisions of the satellite compulsory license.

While the modifications to the CARP's recommendations effected by the final ruling are generally favorable to EchoStar, the ruling is subject to judicial review, and there can be no assurance that these modifications will not be set aside. Moreover, there can be no assurance that the rulemaking referenced in the final ruling will be conducted or that it will result in an outcome favorable to EchoStar. Further, while EchoStar is continuing its effort to secure passage of legislation that will clarify and extend the scope of the compulsory license with respect to local network signals, to protect against the possibility the Copyright Office will not conduct a rulemaking or that any such rulemaking may not provide a favorable result to EchoStar, there can be no assurance that EchoStar will be successful in this effort. If a court or administrative agency were to reject the interpretation of "unserved household" supported by EchoStar, and legislation does not pass which clarifies and extends the scope of the compulsory license, EchoStar may have to engage in the relatively cumbersome process of obtaining copyright licenses from all individual copyright holders instead. In the absence of the legislation sought by EchoStar and/or a favorable outcome in the rulemaking referenced in the Librarian's final ruling, and failing successful negotiation of individual copyright licenses and retransmission consent agreements to the extent necessary, there can be no assurance that EchoStar would be successful in any copyright infringement or FCC litigation with copyright owners and/or broadcasters regarding the legality of certain local-into-local network retransmissions.

DBS SALES AND MARKETING

EchoStar primarily utilizes its existing nationwide network of over 7,000 independent distribution and retail stores and outlets to market and distribute DISH Network systems and programming services to its target markets. EchoStar intends to enhance consumer awareness of its product relative to other providers of DTH services by forming alliances with nationally recognized distributors of other consumer electronics products. As discussed previously, in May 1997 EchoStar entered into a strategic alliance with JVC, pursuant to which JVC will distribute DISH Network satellite receiver systems under a private label through its JVC national retail network. EchoStar also has expanded its marketing efforts into direct sales. To enhance the Company's responsiveness to its customers, the Company has established a single telephone number (1-800-333-DISH) which customers can call 24 hours a day, seven days a week to order EchoStar Receiver Systems, activate programming services, schedule installation and obtain technical support. The Company believes it is the only DBS provider to offer a comprehensive single-point customer service function. EchoStar also is expanding into other less-traditional means of distribution such as alliances with electric and other utilities, multi-level marketing firms and other non-consumer electronic

retail businesses. Based on its knowledge of these distribution channels from its marketing of C-band DTH products and services domestically over the last 15 years and its marketing of DBS products in Europe and the U.S., EchoStar believes it will be able to optimize the marketing of its DBS products and services to distinguish itself from other DBS suppliers.

EchoStar's marketing strategy includes national and regional broadcast and print advertising, promoting the benefits of the DISH Network. EchoStar has comprehensive dealer guides describing all aspects of the DISH Network and its integrated product lines (programming, hardware, financing and installation). These dealer guides are provided to distributors during nationwide educational seminars. EchoStar expects to continue to offer a high level of retail support and to provide comprehensive point of sale literature, product displays, demonstration kiosks and signage for retail outlets. EchoStar also provides a promotional channel as well as a programming subscription for in-store viewing. EchoStar's mobile sales and marketing team visits retail outlets on a regular basis to reinforce training and ensure point-of-sale needs are quickly fulfilled. A DISH Network merchandise catalogue is also available for distributors to add to their promotional materials. Additionally, one channel of programming on the DISH Network provides information about additional services and promotions offered by the DISH Network. That channel is geared towards educating retailers, satellite dealers and current and potential subscribers.

EchoStar offers a commission program that it believes is competitive with that offered by other DBS operators. The program pays qualified distributors and retailers a percentage of programming revenues generated by subscribers to whom they sell DISH Network systems. Commissions are earned by distributors and retailers over an extended period.

EchoStar's marketing programs and pricing strategies, such as the 1996 Promotion and the 1997 Promotion, have significantly increased the affordability of EchoStar Receiver Systems for consumers. The primary purposes of the 1996 Promotion and the 1997 Promotion are to rapidly build a subscriber base, to expand retail distribution of EchoStar's products, and to build consumer awareness of the DISH Network brand. These promotions are consistent with, and emphasize, EchoStar's long-term business strategy which focuses on generating the majority of its future revenue through the sale of DISH Network programming to a large subscriber base. The 1996 and 1997 Promotions have resulted in, and will continue to result in, EchoStar incurring significant costs to acquire subscribers. EchoStar believes such costs will be fully recouped from future programming revenues expected to be generated from customers obtained as a result of these promotions. DISH Network reception equipment cannot be utilized with competitors' systems. Consequently, subscribers cannot seamlessly migrate to alternative DBS providers. Further, based on high DBS industry consumer satisfaction ratings, initial feedback from consumers and dealers, and low DISH Network subscriber turnover rates (to date less than 1.25% per month), EchoStar anticipates high service renewal rates leading to an expected average minimum subscriber life of at least three years. Furthermore, a majority of DISH Network subscribers have purchased premium and pay-per-view programming for incremental amounts above the prepaid minimum subscription required by the 1996 Promotion. Such incremental revenues reduce the length of time necessary to recoup the average cost of acquiring new subscribers.

EchoStar's present marketing strategy is based on current competitive conditions, which may change; any such changes could be adverse to EchoStar. Future changes in marketing strategy may include additional promotions, including promotions geared toward further increasing the affordability to consumers of EchoStar Receiver Systems and related accessories which, among other things, could increase EchoStar's cost of acquiring new subscribers.

ECHOSTAR RECEIVER SYSTEMS

DISH Network programming is available to consumers in the continental U.S. who purchase or lease an EchoStar Receiver System. A typical EchoStar Receiver System includes an 18-inch satellite dish, an EchoStar digital satellite receiver (which processes and descrambles signals for television viewing), a user-friendly remote control, and related components. EchoStar Receiver Systems are available in a variety of

models. Subscribers can receive local broadcast signals, either through a standard television antenna (a traditional rooftop or set-top antenna) or by subscribing to basic cable. The standard EchoStar Receiver System incorporates infrared remote control technology, an on-screen program guide and the ability to switch between DISH Network and local programming signals using the remote control. In addition to the on-screen program guide and local programming access features of the basic model, the mid-level model features UHF remote control technology (which allows subscribers to control their EchoStar Receiver System from up to 150 feet away through walls), and a high-speed data port. EchoStar's premium receiver system includes UHF remote control technology, a high-speed data port, enhanced on-screen program guide capabilities (including local program information and seamless integration of local and satellite channels), and on-screen caller identification capability.

The EchoStar DBS System integrates digital video and audio compression. Authorization information for subscription programming is stored on microchips placed on a credit card-sized access, or smart card. The smart card, which can easily be updated or replaced periodically at low cost, provides a simple and effective method to adjust a subscriber's level of programming services. If the receiver's smart card is authorized for a particular channel, the data is decrypted and passed on for video and audio decompression.

While EchoStar Receiver Systems are internally designed and engineered, EchoStar does not manufacture EchoStar Receiver Systems directly. Rather, EchoStar has contracted for the manufacture of EchoStar Receiver Systems with a high-volume contract electronics manufacturer. SCI is currently EchoStar's only source of MPEG-2 DBS receivers. JVC also manufactures limited quantities of other consumer electronics products, which incorporate EchoStar Receiver Systems. EchoStar has managed its inventory levels based on its goal of reaching one million subscribers by the end of 1997. There can be no assurance that EchoStar will be successful in achieving this goal. To the extent that EchoStar exceeds this goal, it may experience shortages of certain models of EchoStar Receiver Systems. As previously described, EchoStar is negotiating with several brand-name consumer electronics manufacturers to produce receivers for use with the DISH Network. No assurances can be provided regarding the ultimate success of such negotiations.

FINANCING

Historically, EchoStar has maintained agreements with third-party finance companies to make consumer credit available to its customers. These financing plans provide consumers the opportunity to lease or finance their EchoStar Receiver Systems, including installation costs and certain DISH Network programming packages, on competitive terms. The third-party finance company that provides the program currently utilized by EchoStar has notified EchoStar that it does not intend to renew the agreement, which expires during October 1997. On August 1, 1997, EchoStar began offering an internally-financed consumer lease plan to prospective DISH Network customers. This plan provides for an 18 month lease term at competitive rates to qualified consumers.

INSTALLATION

Currently, a majority of EchoStar Receiver System installations are performed either by third-parties or are self-installed by consumers. A subsidiary of EchoStar also offers installation services. EchoStar anticipates that demand for its installation services may increase as demand for its DISH Network service grows.

OTHER COMPONENTS OF DBS SERVICE

SUBSCRIBER MANAGEMENT. EchoStar outsources its subscriber management, billing and remittance services for DISH Network subscribers. Under the terms of the outsourcing agreement, EchoStar is provided with access to a subscriber management system maintained by the service provider. The provider facilitates the authorization of programming to the subscriber and coordinates billing and renewal functions.

CUSTOMER CARE CALL CENTER. EchoStar currently maintains call centers in Thornton, Colorado and Harrisburg, Pennsylvania. Potential and existing subscribers can call a single phone number to receive assistance for hardware, programming, installation or service. The call center in Thornton, Colorado is owned by the Company. The Pennsylvania facility is operated by a third party.

DIGITAL BROADCAST CENTER. The first step in the delivery of satellite programming to the customer is the uplink of that programming to the satellite. Uplink is the process by which signals are received from either the programming originator or distributor and transmitted to a satellite. EchoStar's Digital Broadcast Center is located in Cheyenne, Wyoming. The Digital Broadcast Center contains fiber optic lines and downlink antennas to receive programming and other data at the center, as well as a number of large uplink antennas and other equipment necessary to modulate and demodulate the programming and data signals. The compression and encryption of the programming signals is also performed at EchoStar's Digital Broadcast Center.

CONDITIONAL ACCESS SYSTEM. EchoStar has contracted with Nagra Plus, SA for the provision of access control systems, including smart cards used with each EchoStar Receiver System. The smart cards contain the authorization codes necessary to receive DISH Network programming. The access control system is central to the security network that prevents unauthorized viewing of programming. Access control systems of other DBS providers have been commercially pirated. To date, the Company is unaware of any compromises of its access control system. While there can be no assurance that breaches of EchoStar's access control system will not occur in the future, the Company believes its access control system will adequately prevent commercially viable unauthorized access to programming. Further, the smart cards have been designed with the flexibility to completely change the access control system in the event of a security breach. In the event that such systems or products fail to operate as intended, EchoStar's business would be adversely affected if the vendor could not rapidly implement corrective measures.

COMPRESSION SYSTEM. EchoStar has entered into an agreement with a third party to provide the necessary equipment to digitize, compress and encrypt the analog signals transmitted by programmers to EchoStar's digital broadcast center. Digitized signals are then multiplexed and modulated into an MPEG-2 transport stream for transmission to EchoStar's satellites. Once a customer has ordered programming from EchoStar, an authorization code is transmitted to the customer's satellite receiver, allowing the customer to receive the programming within minutes after placing the order.

TRACKING, TELEMETRY AND CONTROL OF SATELLITES AFTER LAUNCH. Once a satellite is placed at its orbital location, ground stations control it until the end of its in-orbit lifetime. EchoStar has contracted for TT&C services with respect to EchoStar I, EchoStar II and EchoStar III, including orbital analysis and oversight of the construction phase-related to the satellite. The agreement limits the liability of the contractor if it negligently performs its services under the agreement or otherwise terminates the agreement prior to the expiration of its term. It is expected that such risks will be covered by in-orbit insurance; however, no assurances can be given that such insurance can continue to be obtained on commercially reasonable terms. While TT&C services have not yet been procured for EchoStar IV, EchoStar believes that these services can be timely obtained from a number of providers.

The FCC has granted EchoStar conditional authority to use C-band frequencies for TT&C for EchoStar I, stating that the required coordination process with Canada and Mexico had been completed. In January 1996, however, the FCC received a communication from an official of the Ministry of Communications and Transportation of Mexico stating that EchoStar I's TT&C operations could cause unacceptable interference to Mexican satellites. Although the Company believes it is unlikely, there can be no assurance that such objections will not subsequently require EchoStar to relinquish use of such C-band frequencies for TT&C purposes. This could result in the inability to control EchoStar I, and a total loss of the satellite. Further, the FCC has granted EchoStar conditional authority to use "extended" C-band frequencies for TT&C function for EchoStar II, but only until January 1, 1999, at which time the FCC will review the suitability of those frequencies for TT&C operations. There can be no assurance that the FCC

will extend the authorization to use these C-band frequencies for TT&C purposes beyond that date. Such failure to extend the authorization could result in the inability to control EchoStar II and a total loss of the satellite.

DBS AND OTHER PERMITS

EchoStar's subsidiaries have been assigned 21 DBS frequencies at 119 DEG. WL, a U.S. licensed orbital slot that provides full-CONUS coverage. Of these frequencies, 11 are held by ESC and ten are held by DirectSat. Eleven of the 16 transponders on EchoStar I and ten of the 16 transponders on EchoStar II are being utilized to operate those frequencies.

In addition to its frequencies at 119 DEG. WL, DirectSat has been assigned 11 frequencies at 175 DEG. WL and one frequency at 110 DEG. WL. DBSC holds a conditional satellite construction permit and specific orbital slot assignments for 11 DBS frequencies at each of 61.5 DEG. WL and 175 DEG. WL. ESC has a permit for 11 unassigned western frequencies. While a firm business plan has not yet been completed, DirectSat's, DBSC's and ESC's frequencies at 175 DEG. WL could be used to provide a high power DBS service to the western continental U.S., Hawaii and Alaska. These frequencies also could provide a satellite programming link between the U.S. and the Pacific Rim, if FCC and ITU coordination can be arranged and authorizations in the receiving countries obtained.

The FCC has granted Dominion a conditional construction permit and related rights to eight frequencies at 61.5 DEG. WL, the same orbital location where EchoStar III will be located. Dominion and certain EchoStar subsidiaries are parties to the Dominion Agreement pursuant to which Dominion, subject to appropriate FCC approvals, has the right to use eight transponders on EchoStar III to exploit the Dominion frequencies. Additionally, the Dominion Agreement provides that until EchoStar III is operational, Dominion can use an entire transponder on an EchoStar satellite located at 119 DEG. WL by paying EchoStar \$1 million per month. From December 1996 through April 1997, in consideration of the use of such transponder for a period of five months, Dominion issued five \$1 million promissory notes to EchoStar, each due May 10, 1997. When Dominion did not repay these notes, EchoStar exercised its right under the Dominion Agreement, subject to obtaining any necessary FCC approvals, to use and program, for the expected life of the satellite, six of the eight transponders on EchoStar III that Dominion has the right to use and that would operate on frequency channels assigned to Dominion. Dominion has pending FCC applications to modify its permit to rely on the Dominion Agreement to satisfy its due diligence and to extend its permit. These applications have not yet been approved. The Dominion Agreement may also require further FCC approval. Assuming the necessary FCC approvals are obtained and any further required approvals (including any required transfer of control approvals) are obtained, EchoStar would have the right to use a total of up to 17 transponders on EchoStar III. However, EchoStar's ability to use a total of up to 17 transponders depends on obtaining all necessary FCC approvals, and there can be no assurance that these approvals will be obtained.

Applications to modify the permit for EchoStar III and for a launch authorization for the satellite, which was launched on October 5, 1997, were conditionally granted by International Bureau of the FCC. See "--Government Regulation--FCC Permits and Licenses."

ESC's, DirectSat's, DBSC's and DBS Corp's permits are subject to continuing due diligence requirements imposed by the FCC. See "--Government Regulation--FCC Permits and Licenses" and "--Government Regulation--DBS Rules." Each company's applications to extend their DBS permits have been conditionally approved by the FCC and are subject to further FCC and appellate review (or, in the case of ESC's western assignments, are still pending), but there can be no assurance that the FCC will determine in the future that ESC, DirectSat or DBSC have complied with the due diligence requirements. Failure to comply with due diligence requirements could result in the revocation of EchoStar's DBS permits.

During January 1996, the FCC held an auction for 24 frequencies at the 148 DEG. WL orbital slot. EchoStar acquired a DBS construction permit for the use of the 24 frequencies at the 148 DEG. WL orbital slot for \$52.3 million. EchoStar will be required to complete contracting for the construction of the satellite by

December 20, 1997, to complete construction of that satellite by December 20, 2000, and the satellite must be in operation by December 2002.

EchoStar's DBS system also requires feeder link earth stations, for which EchoStar holds authorizations from the FCC. To EchoStar's knowledge, its earth station authorizations are not subject to any pending regulatory challenges.

EchoStar has been granted a license for a two satellite FSS Ku-band system, which is conditioned on EchoStar making an additional financial showing. EchoStar has also been granted a license for a two-satellite FSS Ka-band system and has an application pending for a two-satellite extended Ku-band satellite system. EchoStar also requested a modification of its proposed Ku-band system to add C-band capabilities to one satellite. GE Americom and PrimeStar have filed petitions for reconsideration or cancellation and petitions to deny against EchoStar's Ku-band conditional license, the additional financial showing made by EchoStar, and EchoStar's C-band modification application. There can be no assurance that the FCC will consider EchoStar's additional showing to be adequate or that it will deny GE Americom's or PrimeStar's petitions. Moreover, EchoStar's Ka-band license was based on an orbital plan agreed upon by applicants in EchoStar's processing round. That plan is subject to several modification requests and a request for a stay. If the pending applications are granted, and EchoStar successfully constructs and launches Ku-band, extended Ku-band, and Ka-band satellites, those satellites might be used to complement the Company's DISH Network business, or for a variety of other uses. It is possible that the unique FSS Ku-band and Ka-band orbital locations requested by EchoStar and others could permit construction of satellites with sufficient power to allow reception of satellite signals by relatively small dishes. All of these projects are in an early stage of development, and there can be no assurance that EchoStar's applications will be granted by the FCC or that, if granted, EchoStar will be able to successfully capitalize on any resulting business opportunities. All of these applications are currently being challenged by several companies with interests adverse to those of EchoStar.

On October 15, 1997, the FCC released service rules applicable to Ka-band licensees. Among other things, the rules impose various technical requirements and restrictions, including the obligation to protect or coordinate with certain types of services and power control requirements. The FCC also imposed implementation milestones, including commencement of construction within one year of grant, commencement of construction of second satellite within two years of grant, launch of first satellite within five years of grant, and launch of all satellites by the dates required by the ITU--generally six years from filing of the ITU "Appendix 4" information (which was filed in November 1995), with the possibility of a three-year extension. The FCC noted that EchoStar proposes to operate its system on a common carrier basis. Further, the FCC prohibited trafficking in "bare" Ka-band licenses. The FCC also imposed annual reporting requirements. There can be no assurance that these new rules will not adversely affect EchoStar's plans with respect to its licensed Ka-band system.

An 80% owned subsidiary of EchoStar, E-Sat, has applied for authority to construct, launch and operate a six-satellite, Little LEO system, and its application has been opposed. While primary applications for the Little LEO system are unrelated to DBS, it is possible that the system could serve as a path for wireless communication with EchoStar's DBS customers, particularly for periodic polling of units for pay-per-view purchases and relatively rapid feedback on viewer pay-per-view buy rates and preferences. This project is in an early stage of development and there can be no assurance that EchoStar's application will be granted by the FCC or that, if granted, EchoStar will be able to successfully capitalize on any resulting business opportunity. In exchange for certain payments to EchoStar, EchoStar and DBSI (the holder of the remaining 20% interest in this subsidiary) have entered into an agreement that contemplates the grant of an option to DBSI to hold an 80.1% interest in the subsidiary, with EchoStar's holding reduced to a carried interest equivalent to approximately 19.9%. The agreement also contemplates an EchoStar right to use approximately 20% of the capacity of the subsidiary's system. Exercise of such an option would be subject to FCC approval.

The FCC has adopted rules and policies to govern the licensing and operation of Little LEO satellite systems in the second processing round, including the system for which E-Sat has requested approval. The FCC has adopted a spectrum sharing plan which will allow licensing of all the systems proposed in that processing round subject to certain modifications to these systems. Significant coordination and technical accommodations are required by the spectrum plan. The rules prohibit Little LEO licensees from entering into exclusive service agreements with foreign countries, and provide that Little LEO licensees seeking to provide global service must first secure authorization or approval from the country to which service is proposed to be provided. The FCC indicated that it will examine transfers or assignments of Little LEO licenses to ensure that they are consistent with the public interest. The rules require all second processing round applicants, including EchoStar's subsidiary, to amend their applications by October 30, 1997 to bring them into conformance with the new rules. The FCC will then evaluate the qualifications of those applicants whose applications have been amended. Any amendments which are deemed by the FCC to be "major," including changes in beneficial ownership or control, will result in the application being deemed "newly-filed" and deferred for processing until a future time. While E-Sat has filed an amendment to its application within the window contemplated by the rules, there can be no assurance that the FCC will accept the application for filing, will find E-Sat qualified to hold a license and will grant E-Sat a license. There can also be no assurance that the restrictions imposed in the rules will not adversely affect E-Sat's plans. The FCC's rules may adversely affect the ability of DBSI to exercise the option contemplated by the agreement between DBSI and EchoStar which is discussed above.

SATELLITES

EchoStar I and EchoStar II are each Lockheed Martin Series 7000 satellites equipped with 16 Ku-band transponders. Each transponder is equipped with 130 Watts of power, approximately eight times the power of typical C-band transponders. EchoStar III is, and EchoStar IV will be, Lockheed Martin Series 2100AX satellites equipped with 32 transponders that will operate at approximately 120 watts per channel (switchable to 16 transponders operating at over 200 watts per channel). Each transponder will be capable of transmitting multiple digital video, audio and data channels. EchoStar's satellites have a minimum design life of 12 years. The majority of the purchase price for the satellites is required to be paid in progress payments, with the remainder payable in the form of Deferred Payments. The Deferred Payments bear interest at rates ranging from 7.75% to 8.25% and are due in equal monthly installments over five years following the launch of the respective satellite. The loss, damage or destruction of any EchoStar satellite as a result of military actions or acts of war, anti-satellite devices, electrostatic storm or collision with space debris would have a material adverse effect on EchoStar.

Lockheed Martin owns each satellite (and the components thereof) it constructs for EchoStar until the launch of the satellite. Lockheed Martin also is required to pay penalties to EchoStar if it fails to deliver EchoStar IV on time.

Satellites are subject to significant risks, including satellite defects, launch failure, destruction and damage that may result in incorrect orbital placement or prevent proper commercial operation. Approximately 15% of all commercial geosynchronous satellite launches have resulted in a total or constructive total loss. The failure rate varies by launch vehicle and manufacturer. A number of satellites constructed by Lockheed Martin over the past three years have experienced defects resulting in total or partial loss following launch. The type of failures experienced have varied widely. Lockheed Martin constructed EchoStar I, EchoStar II and EchoStar III, and is constructing EchoStar IV. Although EchoStar has been informed by Lockheed Martin that it has made changes in its satellites to rectify the defects responsible for past failures, no assurances can be given that EchoStar I, EchoStar II, EchoStar III or EchoStar IV will perform according to specifications.

Launch delays could result from weather conditions or technical problems with any EchoStar satellite or any launch vehicle utilized by the launch provider for EchoStar IV or from other factors beyond EchoStar's control. If the launch of EchoStar IV is delayed, the Company's strategy to provide additional programming to DISH Network subscribers using transponders on these satellites would be adversely affected.

SATELLITE LAUNCHES

EchoStar has contracted with LKE for the launch of EchoStar IV during the first quarter of 1998 from the Baikonur Cosmodrome in the Republic of Kazakhstan. EchoStar will launch EchoStar IV on a Proton K/Block DM four stage launch vehicle. Astra 1F, the first commercial launch on a Proton K/Block DM, was successfully launched on April 9, 1996 and Inmarsat 3 F2, the second such commercial launch was successfully launched on September 6, 1996. LKE now markets commercial Proton launches through ILS, a joint venture between LKE and Lockheed Services. ILS has contracts providing for the launch of at least six non-EchoStar western satellites throughout 1997.

The first commercial Proton launch in 1997 was successfully launched on May 24, carrying the Telestar 5 payload. ILS has a current commercial backlog of 18 satellites to be launched by the end of 1999 on Proton. However, two of the launches of the Proton four stage launch vehicle have failed in the last twelve months. In February 1996, a Proton Block DM failed during launch when its main engine did not start properly. Based on representations made by ILS, the Company believes that corrective actions have been taken that should prevent a recurrence of that failure. In November 1996, the main engine of a Proton Block D-Z failed to properly start a planned second burn during the launch of the Mars 96 spacecraft. According to ILS, an analysis of the November launch failure indicates that the improper start was most likely due to faulty guidance and control system commands from the Mars 96 spacecraft. The Proton Block DM, which will carry EchoStar IV, carries its own fully integrated and system level guidance and control system, unlike the Proton Block D-2 used in the November launch. Based on representations made by ILS, the Company believes that the differences between the Proton Block D-2 and the Proton Block DM make a recurrence of the causes of the Mars 96 launch failure unlikely during the launch of EchoStar IV.

In order for EchoStar IV to be launched from Kazakhstan, the satellite contractor will need to obtain a technical data exchange license and a satellite export license from the U.S. government. There can be no assurance those licenses can be obtained in a timely manner to avoid a launch delay. Any political or social instability, such as that recently experienced in the former Soviet bloc countries could affect the cost, timing and overall advisability of utilizing LKE as a launch provider for EchoStar's satellites.

Either party may request a delay in the launch period, subject to the payment of penalties based on the length of the delay and the proximity of the request to the launch date. EchoStar has the right, in its sole discretion, to terminate the LKE Contract at any time, subject to the forfeiture of certain amounts paid to LKE. In addition, EchoStar has the right to terminate the LKE Contract and receive a full refund of all amounts paid to LKE in certain circumstances, including: (i) a launch delay caused by LKE which exceeds nine months from the last day of the original launch period; (ii) an increase in the price or change in payment or other terms necessitated by compliance with, or implementation of, a trade agreement between the U.S. and Russia; (iii) EchoStar's inability to obtain necessary export licenses; (iv) the failure of Proton launch vehicles; and (v) EchoStar's inability to procure launch insurance on commercially reasonable terms. In the event termination of the LKE Contract is caused by the failure of Proton launch vehicles, however, LKE would be entitled to retain up to \$15.0 million, depending on the number and proximity of Proton failures to EchoStar's scheduled launch.

INSURANCE

Under the terms of the satellite contract for EchoStar IV, Lockheed Martin bears the risk of loss during the construction phase up to launch. At launch, title and risk of loss pass to EchoStar, at which time launch insurance becomes operative; EchoStar contracted for launch insurance coverage for EchoStar II in

the amount of approximately \$220 million and, together with the cash segregated and reserved on its balance sheet, satisfied its insurance obligations under the 1994 Notes Indenture.

The launch insurance policy for EchoStar I and EchoStar II covered the period from launch through completion of testing and commencement of commercial operations. The policy also provided for in-orbit insurance for EchoStar II through September 9, 1997. The policy protected against losses resulting from the failure of the satellite to perform in accordance with its operational performance parameters. The 1994 Notes Indenture also requires in-orbit insurance to be kept in force for EchoStar I and EchoStar II in specified amounts. EchoStar has procured the required in-orbit insurance for EchoStar I through June 25, 1998 and for EchoStar II through September 9, 1998. The in-orbit insurance policies for EchoStar I and EchoStar II include standard commercial satellite insurance provisions, including a material change condition, that, if successfully invoked, will give insurance carriers the ability to increase the cost of the insurance (potentially to a commercially impracticable level), require exclusions from coverage that would leave the risk uninsured or rescind their coverage commitment entirely. The in-orbit insurance policies for EchoStar I and EchoStar II also are subject to annual renewal provisions. While the Company expects it will be able to renew such policies as they expire, there can be no assurance that such renewals will be at rates or on terms favorable to the Company. If renewal is not possible, there can be no assurance that EchoStar will be able to obtain replacement insurance policies on terms favorable to EchoStar. For example, if EchoStar I, EchoStar II or other similar satellites experience anomalies while in orbit, the cost to renew in-orbit insurance could increase significantly or coverage exclusions for similar anomalies could be required. Further, although EchoStar has obtained binders for the launch insurances required for EchoStar III and EchoStar IV (including in-orbit insurance for 365 days after launch), there can be no assurance that EchoStar will be able to obtain or maintain insurance for EchoStar III and EchoStar IV.

The launch insurance policies for EchoStar III and EchoStar IV contain standard commercial satellite insurance provisions, including a material change condition, that would result in the cancellation of insurance or alter the effective rate, depending upon customary exclusions, including: (i) military or similar actions; (ii) laser, directed energy, or nuclear anti-satellite devices; (iii) insurrection and similar acts; (iv) governmental confiscation; (v) nuclear reaction or radiation contamination; and (vi) willful or intentional acts of EchoStar or its contractors. The policies also contain provisions limiting insurance for incidental and consequential damages and third-party claims against EchoStar.

If the launch of any EchoStar satellite is a full or partial failure or if, following launch, any EchoStar satellite does not perform to specifications, there may be circumstances in which insurance will not fully reimburse EchoStar for any loss. In addition, insurance will not reimburse EchoStar for business interruption, loss of business and similar losses that might arise from delay in the launch of any EchoStar satellite.

The 1996 Notes Indenture requires EchoStar to obtain in-orbit insurance for EchoStar III in an amount equal to the cost to construct, launch and insure EchoStar III (in the case of in-orbit insurance with a deductible no greater than 20%). The 1997 Notes Indenture requires the Company to obtain in-orbit insurance for EchoStar IV in an amount equal to the cost to construct, launch and insure EchoStar IV (in the case of in-orbit insurance with a deductible no greater than 20%). EchoStar has bound approximately \$220 million of insurance for the launch of each of EchoStar III and EchoStar IV including in-orbit insurance until 365 days after the launch.

OTHER PRODUCTS AND RELATED SERVICES

EchoStar currently offers a broad range of products, from approximately \$250 DTH systems in Europe that can receive signals from only one or two co-located satellites, to approximately \$3,000 systems at retail that are capable of receiving signals from 20 or more satellites. Principal product lines include EchoStar-Registered Trademark-, HTS Premier-TM- and HTS Tracker-TM- name brands, with good, better and best options typically available for each line and each geographic reception area. EchoStar sold approximately 264,000 C-band satellite receivers worldwide in 1996. EchoStar's sales of DTH products are somewhat seasonal, with

higher domestic sales normally occurring in the late summer and fall months in advance of increased consumer programming demand during the fall and winter months.

DOMESTIC. Satellite retailers have historically sold large C-band satellite receiver systems to consumers in rural areas through store fronts or small home-based businesses. The decline in the number of conventional satellite retailers in the U.S., which form the core of EchoStar's distribution system, was significant during 1995 and continued during 1996 as a result of competition from the sale of DBS systems through consumer electronic outlets. Those satellite retailers who do not market DBS systems or cannot adopt to a high-volume, low-margin market, may be particularly vulnerable. However, new satellite retailers continue to enter the market, which partially offsets the aforementioned decline in the number of satellite retailers.

INTERNATIONAL. EchoStar's international product line includes a broad range of DTH and commercial satellite equipment and accessories, including satellite receivers, integrated receiver decoders, antennas, actuators, feeds and LNBS. During 1996, the equipment was distributed, primarily with the EchoStar-Registered Trademark- brand name, through EchoStar's distribution centers. EchoStar's products are tailored to each country's standard television formats. In addition, on-screen instructions and pre-programmed channels are available in a variety of languages. EchoStar's international receivers can process C-band and Ku-band signals with both 110- and 240-volt power sources and have been designed to withstand the fluctuating power sources often found in developing countries. Prospectively, EchoStar expects to focus its international efforts on the sale of digital set-top boxes and the provision of consulting services to other DBS operators. As a result, during the remainder of 1997, EchoStar expects to streamline its international operations, including selected personnel reductions.

EchoStar Receiver Systems are designed and engineered by HTS, the Company's wholly-owned subsidiary. HTS has entered into an agreement to sell satellite receivers to ExpressVu, Inc. ("ExpressVu") a majority-owned affiliate of BEC, Inc. (Bell Canada). The first phase of this agreement includes an initial order for 62,000 satellite receivers, and primary uplink integration payments, which combined exceed \$40 million. Pursuant to this agreement, EchoStar is assisting ExpressVu with the construction of a digital broadcast center for use in conjunction with ExpressVu's DTH service, which commenced operations in September 1997, and will act as a distributor of satellite receivers and related equipment for ExpressVu's planned DTH service in Canada. Among other things, EchoStar has agreed not to provide DTH service in Canada and ExpressVu has agreed not to provide DTH service, including DBS service, in the U.S. EchoStar recognized revenues of approximately \$11.9 million related to the ExpressVu Agreement during the six months ended June 30, 1997.

On June 2, 1997, the Company announced that Telefonica has selected EchoStar to supply digital set top boxes for its satellite television service in Spain, which commenced operations in September 1997. In addition, EchoStar will license its proprietary electronic programming guide for use in connection with the digital receivers for Telefonica. Revenues from Telefonica's initial order of 100,000 digital set-top boxes are expected to approximate \$40 million. EchoStar expects to fulfill approximately one-half of the contract during the remainder of 1997 and the remainder of the contract during early 1998.

In addition to the orders described above, EchoStar has subsequently received additional purchase orders from ExpressVu and Telefonica totaling \$50 million. These orders are for first quarter 1998 delivery of digital set-top boxes.

Information regarding EchoStar's operations in different geographic areas as of December 31, 1994, 1995 and 1996, and for the years then ended, is presented in Note 13 to EchoStar's consolidated financial statements.

PROGRAMMING. Since 1986, EchoStar has acquired DTH programming directly from programming providers, and packaged and distributed that programming throughout the U.S. to C-band system users through EchoStar's independent retailer network. EchoStar has non-exclusive affiliation agreements for the distribution of many of the most popular programming services available from domestic satellites,

including A&E-Registered Trademark-, CNN-Registered Trademark-, The Discovery Channel-Registered Trademark-, The Disney Channel-Registered Trademark-, ESPN-Registered Trademark-, HBO-Registered Trademark-, MTV-Registered Trademark-, Showtime-Registered Trademark-, TBS-TM-, TNT-TM-, USA-Registered Trademark-, national networks, broadcast superstations, and other "best of cable" programming.

RESEARCH AND DEVELOPMENT AND MANUFACTURING

Satellite receivers designed by EchoStar's research and development group have won numerous awards from dealers, retailers and industry trade publications. EchoStar's research and development personnel focus on shaping the EchoStar and HTS product lines to meet specific consumer needs and to compete effectively against products designed and manufactured by larger consumer electronics companies. EchoStar's quality assurance standards require all EchoStar product models to undergo extensive testing. EchoStar also sets and enforces product design and quality assurance requirements at non-EchoStar manufacturing facilities in the U.S., Taiwan, Hong Kong, Korea, China, Malaysia, India and the Philippines.

COMPETITION

Each of the businesses in which EchoStar operates is highly competitive. EchoStar's existing and potential competitors include a wide range of companies offering video, audio, data, programming and entertainment services. EchoStar also faces competition from companies offering products and services that perform similar functions, including companies that offer hardwire cable television products and services, wireless cable products and services, DTH products and services, as well as DBS and other satellite programming, and companies developing new technologies. Many of EchoStar's competitors have substantially greater financial and marketing resources than EchoStar. EchoStar expects that quality and variety of programming, quality of picture and service, and cost will be the key bases of competition.

Advances in communications technology, as well as changes in the marketplace and the regulatory and legislative environment, are constantly occurring. The Company cannot predict the effect that ongoing or future developments might have on the video programming distribution industry generally or the Company specifically.

CABLE TELEVISION. Cable television service is currently available to the vast majority of U.S. television households. The U.S. cable television industry currently serves over 60 million subscribers, representing approximately 65% of U.S. television households. As an established provider of subscription television services, cable television is a formidable competitor in the overall market for television households. Cable television systems generally offer 30 to 80 analog channels of video programming. Cable television operators currently have an advantage relative to EchoStar with regard to the provision of local programming as well as the provision of service to multiple television sets within the same household. Many cable television operators have either announced their intention to, or are in the process of, upgrading their distribution systems to expand their existing channel capacity for purposes of providing digital product offerings similar to those offered by DBS providers. In addition, such expanded capacity may be used to provide interactive and other new services.

Many of the largest cable systems in the U.S. have announced plans to offer access to telephony services through their existing cable equipment, and have entered into agreements with major telephony providers to further these efforts. In some cases, certain cable systems have actually commenced trial offerings of such services. If such trials are successful, many consumers may find cable service to be more attractive than DBS for the reception of programming.

Since reception of DBS signals requires line of sight to the satellite, it may not be possible for some households served by cable to receive DBS signals. In addition, the DISH Network is not available to households in apartment complexes or other multiple dwelling units that do not facilitate or allow the installation of EchoStar Receiver Systems. Additionally, the initial cost required to receive DISH Network programming may reduce the demand for EchoStar Receiver Systems, since EchoStar Receiver Systems must be purchased, while cable and certain of EchoStar's satellite competitors lease their equipment to the

consumer with little if any initial hardware payment required. The compulsory copyright license granted to satellite providers by the Satellite Home Viewer Act is narrower in scope than the compulsory license granted to cable operators, thus creating another competitive advantage for cable operators.

In addition, TSAT has announced that it currently intends to provide digital programming to TSAT and other cable subscribers from Tempo's DBS satellite launched in March 1997. Tempo's DBS satellite would allow TSAT to provide at least 65 digital video channels to cable subscribers. These subscribers could maintain current cable programming service, including local programming. Through the use of a digital set-top receiver system, a household subscribing to cable programming and Tempo's DBS digital programming could simultaneously view digital video programming on one television and different cable programming on any number of other televisions. Currently, DISH Network subscribers must purchase multiple EchoStar Receiver Systems in order to view different programming on different televisions simultaneously. TSAT's complementary DBS service could make cable a stronger competitor to the DISH Network. As indicated below, the 11 full-CONUS frequencies assigned to Tempo are the subject of an application for FCC consent to assignment to PrimeStar.

OTHER DBS AND HOME SATELLITE OPERATORS. In addition to EchoStar, several other companies have DBS authorizations and are positioned to compete with EchoStar for home satellite subscribers.

DirecTV has channel assignments at a full-CONUS orbital slot. USSB owns and operates five transponders on DirecTV's first satellite and offers a programming service separate from, and complimentary to, DirecTV's service. DirecTV and USSB together offer over 150 channels of combined DBS video programming. EchoStar currently offers approximately 120 channels of digital video programming. DirecTV currently has exclusive distribution rights for out-of-market National Football League telecasts. While EchoStar intends to offer similar services in the future, its current inability to provide such programming places it at a competitive disadvantage. As of September 30, DirecTV had approximately 2.9 million subscribers, approximately one-half of whom subscribe to USSB programming. DirecTV recently filed an application with the FCC to construct, launch and operate six additional DBS satellites. DirecTV requested three orbital slots for these satellites--96.5 DEG. WL, 101 DEG. WL, and 105.5 DEG. WL. These satellites would operate on frequencies that are not currently allocated domestically for this use, and DirecTV has also requested an FCC rulemaking to secure such allocations.

AT&T and DirecTV have entered into an exclusive agreement for AT&T to market and distribute DirecTV's DBS service. As part of the agreement, AT&T made an initial investment of approximately \$137.5 million to acquire 2.5% of the equity of DirecTV with an option to increase its investment to up to 30% over a five-year period. This agreement provides a significant base of potential customers for the DirecTV DBS system and allows AT&T and DirecTV to offer customers a bundled package of digital entertainment and communications services. As a result, EchoStar is at a competitive disadvantage marketing to these customers. The AT&T and DirecTV agreement has increased the competition EchoStar encounters in the overall market for pay television customers. Affiliates of the National Rural Telecommunications Cooperative have acquired territories in rural areas of the U.S. as distributors of DirecTV programming, thereby increasing the distribution capacity of DirecTV.

PrimeStar currently offers medium power Ku-band programming service to customers using dishes approximately three feet in diameter. PrimeStar is owned by a group of multiple-system cable operators and provides nationwide service. As a result of the successful launch and operation of a new satellite in early 1997, PrimeStar increased its medium-power programming services to approximately 150 channels. This new satellite will potentially enable PrimeStar to reduce its dishes to approximately 29 inches for most subscribers within the continental U.S. In addition, PrimeStar is expected to have access to significant DBS capacity via Tempo's DBS satellite, which is capable of providing full-CONUS service. PrimeStar has announced plans to use Tempo's DBS satellite to provide a mix of sports, multichannel movie services, pay-per-view services, and popular cable networks to traditional broadcast television, basic cable and other analog programming customers. As of September 30, 1997, PrimeStar had approximately 1.8 million subscribers.

On June 11, 1997, TSAT announced that a binding letter of intent had been signed for the restructuring of PrimeStar. PrimeStar, which is currently owned by a group of multiple-system cable operators including TCI, has entered into an agreement to combine its assets with ASkyB, a satellite venture formed by News and MCI, into a single DBS provider. Each PrimeStar partner will contribute its PrimeStar customers and partnership interests into the newly formed entity. ASkyB has announced that it will contribute two satellites under construction and 28 full-CONUS frequencies at the 110 DEG. WL orbital location. In addition, Tempo Satellite, Inc., a subsidiary of TSAT, has a license for a satellite using 11 full-CONUS frequencies at the 119 DEG. WL orbital location, and recently launched a satellite to that location. PrimeStar also has agreed to acquire Tempo's license.

On July 18, 1997, PrimeStar and TSAT filed an application with the FCC requesting FCC approval for the assignment of Tempo's authorizations to PrimeStar in connection with the PrimeStar "roll-up" restructuring. On August 15, 1997, MCI and PrimeStar also filed an FCC application requesting approval for the assignment of MCI's DBS authorizations to PrimeStar. The parties to the two transactions have also initiated the antitrust clearance process with the Department of Justice for each transaction, and EchoStar understands that clearance has been obtained for one of the two transactions (the PrimeStar roll-up). The FCC applications have been placed on public notice and have been opposed by EchoStar and others, but there can be no assurance that any of these oppositions will be successful.

The proposed restructuring of PrimeStar, if approved and consummated, would create a significant additional competitor with substantial financial and other resources, including a significantly greater number of channels capable of serving the entire continental U.S., than any other DBS provider. Several of the companies that would own interests in a restructured PrimeStar entity provide programming to cable television operators, other terrestrial systems and DBS system operators, including EchoStar. These content providers, including News, Turner, Time Warner, TCI, Cox, Comcast and US WEST would likely provide a significant amount of programming to the new PrimeStar entity and may decide to provide this programming to PrimeStar on better terms and at a lower cost than to other cable or DBS operators. Additionally, those content providers could raise programming prices to all cable, DBS and other providers (including PrimeStar), thereby increasing the Company's cost of programming to rates that are effectively higher than those borne by PrimeStar's owners. Although the current programming access provisions under the Cable Act and the FCC's rules require cable-affiliated content providers to make programming available to multi-channel video programming distributors on non-discriminatory terms, there are exceptions to these requirements and they are currently set to expire in 2002. Any amendment to, or interpretation of, the Cable Act or the FCC's rules which would revise or eliminate these provisions could adversely affect EchoStar's ability to acquire programming on a cost-effective basis.

The FCC has allocated certain additional U.S. licensed DBS frequencies to DirecTV, USSB and other parties. These frequencies could provide additional capacity for existing DBS operators thereby enhancing their competitive position relative to the Company. Further, such presently unused frequencies could enable new competitors to enter the DBS market.

DirecTV, USSB and PrimeStar have instituted aggressive promotional campaigns marketing their respective DBS and Ku-band services. Their marketing efforts have focused on the breadth of popular programming and cost of service. In the case of DirecTV and USSB, their marketing efforts have been joined by AT&T, RCA, Sony Electronics, Inc., and other manufacturers which market DBS receivers and related components. Several other manufacturers have begun manufacturing such equipment, including Uniden America Corp., Toshiba America Consumer Products, Inc., and Hughes Network Systems, Inc.

Due to their substantially greater resources, earlier market entry, greater number of channels, manufacturing alliances with low-cost, high-volume manufacturers with established retail distribution, possible volume discounts for programming offerings, and, in the case of PrimeStar, relationship with cable programmers, EchoStar is currently at a competitive disadvantage to DirecTV, USSB and PrimeStar.

OTHER POTENTIAL PROVIDERS OF DBS OR SIMILAR SERVICES. In addition to MCI, DirectSat, USSB and Tempo/PrimeStar, two other companies have been granted conditional permits by the FCC for DBS but are not yet operational.

Continental currently has an assignment of 11 frequencies at the 61.5 DEG. WL orbital slot covering the eastern and central U.S. and 11 frequencies at the 166 DEG. WL orbital slot covering the western U.S. On November 21, 1995, the FCC granted Continental an extension of its permit until August 15, 1999. On May 14, 1997 the FCC granted its consent to the assignment of Continental's permit to R/L. The FCC has granted Dominion a conditional construction permit and related rights to eight frequencies at 61.5 DEG. WL, the same orbital location where EchoStar III will be located. Dominion and certain EchoStar subsidiaries are parties to the Dominion Agreement pursuant to which Dominion, subject to appropriate FCC approvals, has the right to use eight transponders on EchoStar III to exploit the Dominion frequencies. Additionally, the Dominion Agreement provides that until EchoStar III is operational, Dominion can use an entire transponder on an EchoStar satellite located at 119 DEG. WL by paying EchoStar \$1 million per month. From December 1996 through April 1997, in consideration of the use of such transponder for a period of five months, Dominion issued five \$1 million promissory notes to EchoStar, each due May 10, 1997. When Dominion did not repay the notes, EchoStar exercised its right under the Dominion Agreement, subject to obtaining any necessary FCC approvals, to use and program, for the expected life of the satellite, six of the eight transponders on EchoStar III that Dominion has the right to use and that would operate on frequency channels assigned to Dominion. Dominion has pending FCC applications to modify its permit to rely on the Dominion Agreement to satisfy its due diligence and to extend its permit. These applications have not yet been approved. The Dominion Agreement may also require further FCC approval. Assuming the necessary FCC approvals are obtained and any further required approvals (including any required transfer of control approvals) are obtained, EchoStar would have the right to use a total of up to 17 transponders on EchoStar III. However, EchoStar's ability to use a total of up to 17 transponders depends on obtaining all necessary FCC approvals, and there can be no assurance that those approvals will be obtained. Dominion also has an assignment of 8 frequencies at the 166 DEG. WL orbital slot covering the western and central U.S.

During March 1996, AlphaStar Television Network, which is owned by Tee-Comm Electronics, Inc., a Canadian company, began offering DTH programming in the U.S. on a limited basis. The service uses MPEG-2/DVB digital compression technology to receive medium power Ku-band signals via 24 to 36 inch dishes. On May 27, 1997, AlphaStar filed for bankruptcy protection under Chapter 11.

Foreign satellite systems also are potential providers of DBS within the U.S. In May 1996, in its DISCO II proceeding, the FCC proposed permitting non-U.S. satellite systems to serve the U.S. if the home country of the foreign-licensed satellite offers open "effective competitive opportunities" ("ECO") in the same satellite service to U.S. licensed satellites. In the February 1997 World Trade Organization Agreement, the U.S. offer contained an exemption from market opening commitments for, among other things, DBS and DTH services. The FCC initiated a proceeding in July 1997 proposing to maintain the ECO test with respect to foreign-licensed satellites seeking to provide DBS and DTH service in the United States.

The FCC has indicated that it may apply to the ITU for allocation of additional DBS orbital locations capable of providing service to the U.S. Further, Canada, Mexico, and other countries have been allocated various DBS orbital locations which are capable of providing service to part or all of the continental U.S. In general, non-U.S. licensed satellites are not allowed to provide domestic DBS or DTH service in the U.S. However, in November 1996, the U.S. and Mexico signed a protocol for cross-border DBS and DTH service, and Mexico has indicated that it will auction one or more of its DBS orbital locations.

Pursuant to the protocol, the FCC already has permitted a company to provide DTH services in the U.S. through a Mexican satellite. Televisa International, LLC ("Televisa") is currently in the process of developing DTH television and related services in Mexico, Latin America, North America, and Europe. Televisa received authorization from the FCC to operate one million receive-only earth stations in the U.S.

which are capable of receiving DTH television services from Mexico's Solidaridad II satellite. The Solidaridad II satellite operates at 113 DEG. WL providing full-CONUS coverage, and is licensed by the Mexican Government.

The FCC authorized Televisa to operate receive dishes that are larger, and possibly less attractive to consumers, than the dishes made available by EchoStar. Further, the FCC authorization for Televisa does not provide Televisa's earth stations with protection from unacceptable radio interference from nearby satellite networks. Nevertheless, the authorization of Televisa to provide service from the 113 DEG. WL orbital slot may produce additional competition to the full-CONUS service by EchoStar from EchoStar I and EchoStar II. In October 1997, the U.S. and Mexico signed a protocol allowing cross-border FSS service from Mexican-licensed satellites to the U.S. and vice versa. The U.S. and Mexico have announced their intention to commence discussion on a third protocol, to address mobile satellite services.

In addition, the U.S. has indicated its willingness to enter into similar agreements with other countries in North, Central, and South America. If the U.S. government moves forward with these initiatives, or if other countries authorize DBS providers to use their orbital slots to serve the U.S., additional competition could be created, and EchoStar's DBS authorizations could become less valuable. At this time, EchoStar cannot predict whether these or other recent developments will ultimately result in any additional service to the U.S.

In addition, it may be possible to utilize extended Ku-band spectrum and mid- and high-power FSS spectrum to serve the U.S. DTH market. A significant amount of available full-CONUS spectrum exists in these bands. Further, it may be possible to utilize Ka-band spectrum for DTH satellite applications, particularly for spot-beam applications. Finally, other potential competitors may provide television programming at any time by leasing transponders from an existing satellite operator.

WIRELESS CABLE. Multichannel, multipoint distribution ("wireless cable") systems typically offer 20 to 40 channels of programming, which may include local programming (a potential advantage over most digital satellite systems). Developments in high compression digital statistical multiplexing technology are expected to increase significantly the number of channels and video and audio quality of wireless cable systems. Wireless cable operators currently provide an analog signal, with limited capacity and inferior image and sound quality compared to DBS. In order to upgrade their systems to implement digital transmission of high-quality video and audio signals, wireless cable operators will be required to install digital decoders in each customer's home at a cost comparable to the cost of an EchoStar Receiver System and make certain modifications to their transmission facilities. The cost of such digital upgrades will be significant and will have to be amortized over a smaller base of potential customers. Wireless cable also requires direct line of sight from the receiver to the transmission tower, which creates the potential for substantial interference from terrain, buildings and foliage in the line of sight. Wireless cable served approximately 1 million subscribers at the end of 1996.

TELEPHONE COMPANIES. Certain telecommunications carriers, including regional bell operating companies and long distance telephone companies, could become significant competitors in the future, as they have expressed an interest in becoming subscription television and information providers. The 1996 Act, which was enacted in February 1996, permits telephone companies to provide a variety of competitive video services, including owning cable systems, with certain regulatory safeguards. It is also possible for telephone companies to provide high-power DBS service, although any telephone company desiring to become a high-power DBS broadcaster must still obtain an FCC license for an available orbital location. The 1996 Act removes barriers to entry which previously inhibited telephone companies from competing in the provision of video programming and information services. Several large telephone companies have announced plans to acquire or merge with existing cable and wireless cable systems. As more telephone companies begin to provide cable programming and other information and communications services to their customers, additional significant competition for subscribers will develop. Among other things, telephone companies have an existing relationship with virtually every household in their service area, substantial economic resources, and an existing infrastructure and may be able to subsidize the delivery of programming through their position as the sole source of telephone service to the home.

VHF/UHF BROADCASTERS. Most areas of the U.S. are covered by traditional terrestrial VHF/UHF television broadcasts that typically include three to ten channels. These broadcasters are often low to medium power operators with a limited coverage area and provide local, network and syndicated programming. The local content nature of the programming may be important to the consumer, and VHF/ UHF programming is typically free of charge. The FCC has allocated additional digital spectrum to licensed broadcasters. During a transition period ending in 2006, each existing television station will be able to transmit programming on a digital channel that may permit multiple programming services per channel.

PRIVATE CABLE. Private cable is a multi-channel subscription television service where the programming is received by a satellite receiver and then transmitted via coaxial cable throughout private property, often MDUs, without crossing public rights of way. Private cable generally operates under an agreement with a private landowner to service a specific MDU, commercial establishment or hotel. These agreements are often exclusive arrangements with lengthy (E.G., ten-year) terms, and private cable systems generally are not subject to substantial federal, state or local regulations. The FCC recently amended its rules to allow the provision of point-to-point delivery of video programming by private cable operators and other video delivery systems in the 18 GHz bandwidth. Private cable operators compete with EchoStar for customers within the general market of consumers of subscription television services.

LOCAL MULTI-POINT DISTRIBUTION SERVICE. In March 1997, the FCC announced its intention to offer two LMDS licenses, one for 1150 MHz and the other for 150 MHz, in each of 493 Basic Trading Areas ("BTAs") pursuant to an auction in the case of mutually exclusive applications. Incumbent local exchange carriers and cable operators will not be allowed to obtain in-region licenses for the larger spectrum block for three years. The LMDS auction is scheduled to occur in December 1997. The broadband 28 GHz LMDS spectrum allocation may enable LMDS providers to offer subscribers a wide variety of audio, video and interactive service options.

UTILITIES. The 1996 Act also authorizes registered utility holding companies and their subsidiaries to provide video programming services, notwithstanding the Public Utility Holding Company Act. Utilities must establish separate subsidiaries and must apply to the FCC for operating authority. Several such utilities have been granted broad authority by the FCC to engage in activities which could include the provision of video programming.

DTH PRODUCTS. EchoStar faces competition in the sale of satellite receivers in North America from other manufacturers and distributors. EchoStar, General Instrument Corporation and Uniden America Corporation comprise the three largest competitors in the North American DTH products market (exclusive of DBS products).

Most major manufacturers of satellite receivers in North America offer a variety of models, from relatively low-priced units to more expensive receivers with a greater number of features. There are few patented components in DTH systems. Competition in the sale of DTH products occurs primarily on the basis of quality, price, service, marketing and features. EchoStar believes that it generally competes effectively in all of these areas. In recent years, EchoStar has consistently been highly rated in most of these categories by polls conducted by industry trade publications.

EchoStar also faces competition in the distribution of DTH systems from approximately 30 distributors in North America. The large number of distributors creates intense competition, primarily with respect to price, marketing and service. EchoStar responds to that competition by offering 24-hour turnaround time on repairs, same day order fulfillment, and what it believes to be one of the top satellite retailer incentive programs in the industry.

In addition, EchoStar competes against DBS technology and medium power Ku-band DTH systems. As a result of the smaller dish size, DBS and medium power Ku-band systems are more widely accepted than C-band systems, particularly in urban areas. DBS and medium power Ku-band competition have

negatively affected, and will continue to negatively affect, C-band sales. However, EchoStar believes that many consumers may continue to choose to purchase C-band systems for the next several years because of the remaining orbital life of existing C-band satellites, the amount and quality of programming available, and the continuing marketing efforts by programmers and others designed to attract and retain C-band subscribers, among other factors.

Internationally, EchoStar competes against a variety of manufacturers and distributors in different countries. In certain regions, EchoStar has a small market share, while in others, such as Africa, EchoStar believes that it has a larger market share than any of its competitors. In some markets, EchoStar cannot effectively compete due to local restrictions on foreign companies and due to the necessity of using proprietary products for which EchoStar does not hold licenses.

DTH PROGRAMMING. EchoStar competes with many large DTH programming packages, some of which are affiliated with well-known, large program originators, and some of which are affiliated with cable operators. EchoStar competes by offering promotional programming packages in conjunction with its sales of DTH systems. Since a significant portion of EchoStar's programming sales are generated through DTH retailers, EchoStar also competes for retailer relationships on the basis of commission rates and quality of service offered to the retailer and its customers. In addition, the programming market faces competition from cable television as well as emerging technologies such as DBS services, wireless cable systems, and others. The largest competitors of EchoStar in programming distribution include NetLink Satellite USA, owned by TCI, SuperStar Satellite Entertainment, National Programming Service, Turner Home Satellite, Inc., HBO Direct, Inc. and Showtime Satellite Networks. These competitors have substantially greater financial resources than EchoStar, have substantially more subscribers, and are therefore able to obtain more favorable pricing from programmers than EchoStar.

GOVERNMENT REGULATION

THE FOLLOWING SUMMARY OF REGULATORY DEVELOPMENTS AND LEGISLATION DOES NOT PURPORT TO DESCRIBE ALL PRESENT AND PROPOSED GOVERNMENT REGULATION AND LEGISLATION AFFECTING THE VIDEO PROGRAMMING DISTRIBUTION INDUSTRY. OTHER EXISTING GOVERNMENT REGULATIONS ARE CURRENTLY THE SUBJECT OF JUDICIAL PROCEEDINGS, LEGISLATIVE HEARINGS OR ADMINISTRATIVE PROPOSALS THAT COULD CHANGE, IN VARYING DEGREES, THE MANNER IN WHICH THIS INDUSTRY OPERATES. NEITHER THE OUTCOME OF THESE PROCEEDINGS NOR THEIR IMPACT UPON THE INDUSTRY OR THE COMPANY CAN BE PREDICTED AT THIS TIME. THIS SECTION SETS FORTH A BRIEF DESCRIPTION OF REGULATORY ISSUES PERTAINING TO OPERATIONS OF THE COMPANY.

Authorizations and permits issued by the FCC and foreign regulatory agencies performing similar functions are required for the construction, launch and operation of satellites and other components of the EchoStar DBS System, and the sale of satellite receivers and other EchoStar products in certain countries. In addition, as the operator of a privately owned U.S. satellite system, EchoStar is subject to the regulatory authority of the FCC and the Radio Regulations promulgated by the ITU. As a distributor of television programming, EchoStar is also affected by numerous laws and regulations, including the Communications Act. EchoStar believes that it remains free to set prices and serve customers according to its business judgment, without rate regulation or the statutory obligation under Title II of the Communications Act to avoid undue discrimination among customers. Even if, under a future interpretation of the 1996 Act, EchoStar were to be classified as a telecommunications carrier subject to Title II, EchoStar believes that such reclassification would not likely increase substantially the regulatory burdens imposed on EchoStar or have an adverse impact on EchoStar's DBS operations, although there can be no assurance in this regard. EchoStar believes that, because it is engaged in a subscription programming service, it is not subject to many of the regulatory obligations imposed upon broadcast licensees. However, there can be no assurances that the FCC will not find in the future that EchoStar should be treated as a broadcast licensee with respect to its current and future operations. If the FCC were to determine that EchoStar is, in fact, a broadcast licensee, EchoStar could be required to comply with all regulatory obligations imposed upon broadcast licensees. EchoStar also requires import and general destination export licenses issued by the

U.S. Department of Commerce for the delivery of its manufactured products to overseas destinations. Finally, because EchoStar has engaged a Russian launch provider for EchoStar IV, U.S. export regulations apply to the delivery of the satellite and to providing related technical information to the launch provider.

FCC PERMITS AND LICENSES. As the operator of a DBS system, EchoStar is subject to FCC jurisdiction and review primarily for: (i) assignment of frequencies and orbital slots; (ii) compliance with the terms and conditions of such assignments and authorizations, including required timetables for construction and operation of satellites; (iii) authorization of individual satellites (I.E., meeting minimum financial, legal and technical standards) and earth stations; (iv) avoiding interference with other radio frequency emitters; (v) compliance with rules the FCC has established specifically for holders of U.S. DBS satellite and earth station authorizations, including construction milestones and due diligence requirements; and (vi) compliance with applicable provisions of the Communications Act. The FCC has granted ESC a license to cover 11 specified frequencies for EchoStar I at 119 DEG. WL. ESC also has a conditional construction permit for 11 unspecified western frequencies. EchoStar's subsidiary DirectSat has a license to cover ten additional frequencies at the 119 DEG. WL orbital location. The FCC also has issued DirectSat a conditional permit for one frequency at 110 DEG. WL and 11 frequencies at 175 DEG. WL. DBSC holds a conditional construction permit and specific orbital slot assignments for 11 DBS frequencies at each of 61.5 DEG. WL and 175 DEG. WL.

During January 1996, the FCC held an auction for 24 frequencies at the 148 DEG. WL orbital slot. EchoStar acquired a DBS construction permit for the use of the 24 frequencies at the 148 DEG. WL orbital slot for \$52.3 million. EchoStar will be required to complete contracting for the construction of the satellite by December 20, 1997, to complete construction of that satellite by December 20, 2000, and the satellite must be in operation by December 20, 2002.

EchoStar's FCC permits are conditioned on satisfaction of ongoing due diligence, construction, reporting and related obligations. There can be no assurance that EchoStar will be able to comply with the FCC's due diligence obligations or that the FCC will determine that it has complied with such due diligence obligations. EchoStar's permits and extension requests have been and may continue to be contested in FCC proceedings and in court by several companies with interests adverse to EchoStar's, including Dominion, PrimeStar, Advanced, Tempo, DirectTV and others.

By an Order released January 11, 1996 in File No. 129-SAT-EXT-95, the International Bureau of the FCC granted an extension of ESC's permit to August 15, 1996 with respect to the 119 DEG. WL orbital location. It deferred decision on ESC's request for an extension of time with respect to ESC's permit for western assignments pending the FCC's analysis of EchoStar's 1992 due diligence showing for these assignments. By separate Order released January 11, 1996, File No. DBS-88-1, the FCC's International Bureau conditionally granted ESC launch and positioning authority for EchoStar I. ESC and DirectSat have licenses to cover their satellites at 119.2 DEG. WL and 118.8 DEG. WL. The precise location of ESC's and DirectSat's licensed EchoStar I and EchoStar II satellites may be outside the parameters set forth in their licenses. Therefore, ESC and DirectSat have filed a joint request for an STA to enable them to operate, for 180 days, EchoStar I at 119.05 DEG. WL and EchoStar II at 118.95 DEG. WL, which also would improve signal quality and facilitate better customer service. That application was not timely opposed. The FCC has not yet ruled on ESC's and DirectSat's request. The 180 day STA, if granted, would commence contemporaneous with an FCC ruling in ESC's and DirectSat's favor. On February 26, 1997, the FCC staff notified EchoStar of its concern that the requested STA might cause interference to the Tempo satellite at 118.8 DEG. WL. The FCC required EchoStar to submit a technical analysis in support of the request. EchoStar has submitted such analysis, and Tempo has submitted its own technical analysis supporting a contrary position. There can be no assurance that the FCC will grant or, if granted, renew EchoStar's request. Failure of the FCC to grant EchoStar's request would require EchoStar to take steps to ensure that EchoStar I and EchoStar II are positioned consistent with present FCC authorizations, or to reposition the satellites, and could have an adverse effect on the operation of these satellites. If EchoStar I and EchoStar II were found to have been operated outside their authorized parameters, the FCC could impose monetary forfeitures or other

penalties on EchoStar. If the FCC denied the STA, EchoStar believes that this event would not have a material impact on the Company.

The FCC has granted EchoStar conditional authority to use C-band frequencies for TT&C functions for EchoStar I, stating that the required coordination process with Canada and Mexico has been completed. In January 1996, the FCC received a communication from an official of the Ministry of Communications and Transportation of Mexico stating that EchoStar I's TT&C operations could cause unacceptable interference to Mexican satellites. While EchoStar believes that it is unlikely that the FCC will subsequently require EchoStar to relinquish the use of such C-band frequencies for TT&C purposes, such relinquishment could result in the inability to control EchoStar I and the total loss of the satellite.

Among other regulatory requirements, all of EchoStar's DBS systems are required to conform to the ITU Region 2 Plan for Broadcast Satellite Service ("BSS Plan"). Any operations that are not consistent with the BSS Plan (including, among other things, the EchoStar system's digital transmissions) can only be authorized on a non-interference basis pending successful modification of the BSS Plan or the agreement of all affected administrations to the non-conforming operations. Accordingly, unless and until the BSS Plan is modified to include the technical parameters of a DBS applicant's operations, non-standard satellites must not cause harmful electrical interference to, and are not entitled to any protection from, interference caused by other assignments that are in conformance with the BSS Plan. The ITU has requested certain technical information in order to process the requested modification of the BSS plan for EchoStar I and EchoStar II, and EchoStar has cooperated, and continues to cooperate, with the FCC in the preparation of its responses to any ITU requests. The Company cannot predict when the ITU will act upon this request for modification or if it will be granted.

By an Order released January 11, 1996 in File No. 131-SAT-EXT-95, the International Bureau extended the construction permit of DirectSat to August 15, 1999. This grant was subject to the condition that DirectSat make significant progress toward construction and operation of its DBS system substantially in compliance with the timetable submitted pursuant to Amendment No. 7 of its satellite construction contract, dated June 17, 1995, or with a more expedited timetable. The International Bureau also urged DirectSat to expedite construction and launch of additional satellites for its DBS system. PrimeStar has filed an application for review requesting that the FCC reverse the International Bureau's decision to extend DirectSat's construction permit. By Order released on September 9, 1996, in File No. DBS-88-02/94-01M, the International Bureau granted DirectSat's request for authority to launch the EchoStar II satellite to 118.8 DEG. WL and for approval of certain modifications made to the design of that satellite. In a separate order issued on the same date in File No. 53-SAT-ML-95, the International Bureau granted DirectSat conditional authority to use extended C-band frequencies to perform TT&C functions for the EchoStar II satellite until January 1, 1999, subject to the condition that it cause no harmful interference to other satellites, at which time the FCC will review the suitability of those frequencies for TT&C operations. There can be no assurance that the FCC will extend the authorization to use these C-band frequencies for TT&C purposes. The FCC's refusal to extend such authorization could result in the inability to control EchoStar II and a total loss of the satellite unless the satellite could be moved to another orbital slot with FCC approval.

By an Order released December 8, 1995, DA 95-2439, in File No. 129-SAT-EXT-95, the FCC has also conditionally granted the request of DBSC for an extension of its permit to November 30, 1998 subject to the condition that the FCC may reconsider the extension and modify or cancel it if DBSC fails to progress towards construction and operation of its system in accordance with the timetable DBSC has submitted to the FCC. PrimeStar has filed an application for review requesting that the FCC reverse the International Bureau's decision to extend DBSC's construction permit. By Order released August 30, 1996, DA-96-1482, in File Nos. DBS 87-01, 55-SAT-AL-96, the FCC consented to the assignment of DBSC's permit to a subsidiary of EchoStar. ESC has a pending application for assignment of western frequencies and an orbital position, which has been opposed. In 1992, the FCC held that ESC had not completed contracting for its western assignments, which is a prerequisite to the grant of specific assignments. The FCC asked

ESC to submit amended contract documentation. While EchoStar has submitted such documentation, the FCC has not yet ruled on whether ESC has completed contracting for that satellite. There are no assurances that the FCC will rule favorably on this issue to enable ESC to receive western assignments. The FCC has also deferred action on whether to extend ESC's permit for the western assignments pending a ruling on completion of contracting. The FCC also has declared that it will carefully monitor the semi-annual reports required to be filed by DBS permittees. Failure of EchoStar to file adequate semi-annual reports or to demonstrate timely progress in the construction of its DBS systems may result in cancellation of its permits. EchoStar has not filed all required progress reports with the FCC, and there is a risk that the filed reports may be found by the FCC not to comply fully with its due diligence requirements.

EchoStar III was launched on October 5, 1997 pursuant to FCC authority which was conditionally granted by the September 29, 1997 order of the FCC's International Bureau. The International Bureau's September 29, 1997 order also conditionally granted DBSC an STA to test all transponders on EchoStar III for the earlier of eight weeks after launch or seven days prior to the launch of a satellite to that orbital location by an authorized entity. The International Bureau's order is subject to review by the full Commission and ultimately the Court of Appeals, and there can be no assurance that the order will not be challenged, or that any such challenges will not be successful. EchoStar also expects to file applications for authority to operate the satellite as well as feeder link earth stations and antennas for TT&C communications with EchoStar III. On October 3, 1997 EchoStar filed an application for authority to operate one of the earth station antennas that it plans to deploy for TT&C and feeder link communications with EchoStar III. On October 27, 1997, EchoStar filed a request for a 180 day STA to operate the satellite after testing, and expects to file an application for a license to operate the satellite. There can be no assurance that any of these current or future requests will be granted. On October 3, 1997, EchoStar filed a request for an STA to allow it to begin testing that antenna immediately upon the launch of EchoStar III. On the same date, the FCC staff verbally gave EchoStar a 90-day STA to conduct such testing subject to certain power restrictions.

In the event of a failure or loss of any of EchoStar I, EchoStar II, or EchoStar III, and subject to FCC consent, EchoStar may relocate EchoStar IV and utilize the satellite as a replacement for the failed or lost satellite. Such a relocation would require prior FCC approval and, among other things, a showing to the FCC that EchoStar IV would not cause additional interference compared to EchoStar I, EchoStar II, or EchoStar III. Should EchoStar choose to utilize EchoStar IV in this manner, there can be no assurances that such use would not adversely affect EchoStar's ability to meet the construction, launch and operation deadlines associated with its permits. Failure to meet such deadlines could result in the loss of such permits and would have an adverse effect on EchoStar's planned operations.

The licenses which the FCC issues for an operational DBS system to use frequencies at a specified orbital location are for a term of ten years. At the expiration of the initial license term, the FCC may renew the satellite operator's license or authorize the operator to operate for a period of time on special authority, but there can be no assurance that the FCC will take such actions. In the event the FCC declines to renew the operator's license, the operator would be required to cease operations and the frequencies would revert to the FCC. EchoStar also requires FCC authority to operate earth stations, including the earth stations necessary to uplink programming to its satellites.

On July 18, 1997, EchoStar filed a request for an STA to use the 11 channels assigned to Tempo at the 119 DEG. WL orbital location, on the ground that Tempo, while it launched a satellite to that location on March 8, 1997, has not yet started providing service. Tempo has opposed this request on several grounds, including that it is currently testing its satellite. There can be no assurance that the FCC will grant EchoStar's request.

On November 21, 1996, EchoStar was granted conditional authorization for two-Ku-band FSS satellites to be located at 83 WL and 121 WL, subject, among other things, to submitting additional proof of its financial qualifications (the "ESC License"). While ESC has submitted such proof, PrimeStar and

GE Americom have challenged it, and on March 10, 1997 and March 12, 1997, respectively, have separately filed petitions to cancel the ESC License on the ground that the supplemental financial information, filed by ESC in response to the condition set forth in the ESC License, is not adequate. If the FCC granted these petitions, ESC would lose the ESC License. On December 23, 1996, PrimeStar and GE Americom separately filed petitions for reconsideration of the ESC License and the reassignment of one EchoStar satellite to a different orbital slot on the ground that the satellite in dispute will interfere with the GE Americom satellite used by PrimeStar for its medium-power Ku-band service. If the FCC granted these petitions, the satellite in dispute may be reassigned to another orbital location or it may become subject to significant limitation on its power. Finally, PrimeStar and GE Americom have opposed ESC's request for authorization to add C-band capabilities to one satellite of its Ku-band system (the "C-band Capabilities") by separately filing petitions to deny ESC's application to add the C-band Capabilities (on March 10, 1997) on similar grounds set forth in their petitions outlined above. If the FCC granted these petitions, ESC will not get the requested authorization to add the C-band Capabilities. There can be no assurances as to how the FCC will rule with respect to any of these challenges. While EchoStar has not finalized a business plan which incorporates use of this spectrum and is not relying on this spectrum for the generation of future revenues, if the FCC were to rule against EchoStar, a potential future business opportunity would be lost.

On October 15, 1997, the FCC released service rules applicable to Ka-band licensees. Among other things, the rules impose various technical requirements and restrictions, including the obligation to protect or coordinate with certain types of services and power control requirements. The FCC also imposed implementation milestones, including commencement of construction within one year of grant, commencement of construction of second satellite within two years of grant, launch of first satellite within five years of grant, and launch of all satellites by the dates required by the ITU--generally six years from filing of the ITU "Appendix 4" information (which was filed in November 1995), with the possibility of a three-year extension. The FCC noted that EchoStar proposes to operate its system on a common carrier basis. Further, the FCC prohibited trafficking in "bare" Ka-band licenses. The FCC also imposed annual reporting requirements. There can be no assurance that these new rules will not adversely affect EchoStar's plans with respect to its licensed Ka-band system.

EchoStar has also been granted a conditional license for a two-satellite FSS Ka-band system. That license was based on an orbital plan agreed upon by applicants in EchoStar's processing round. Certain of these applicants have now requested changes to that orbital plan. One company (Norris) has requested a stay of the plan, and petitions for reconsideration are pending against certain of the licenses covered by the plan. There can be no assurance that review of the recently granted Ka-band licenses and orbital plan by the International Bureau and the full FCC will not eliminate the basis for EchoStar's conditional license and result in loss of that license.

EchoStar also has an application pending with the FCC for two extended Ku-band FSS satellites to be located at 85 DEG. WL and 91 DEG. WL. EchoStar also has requested FCC authorization to modify its proposed Ku-band system to add C-band capabilities to one satellite. These applications and requests for modification have been opposed by various parties. There can be no assurance that the FCC will grant any of these applications or requests for modifications. Any such initial applications that are granted would have a ten-year license term and the same renewal obligations as pertain to DBS licenses.

On August 20, 1997, GE Americom filed an application requesting modification of its license for a C-band/Ku-band satellite currently located at 89 DEG. WL, to allow relocation of that satellite to 83 DEG.WL. In support of that request, GE has argued that the license for that satellite is set to expire before EchoStar's FSS satellite is expected to be launched to that location. EchoStar has opposed the modification application, but has stated that it would not oppose a request for temporary relocation of GE's satellite to that slot on an STA basis.

DBS RULES. Once the FCC grants a conditional construction permit, the permittee must proceed with due diligence in constructing the system. The FCC has adopted specific milestones that must be met in order to retain the permit, unless the FCC determines that an extension or waiver is appropriate, and permittees must file semi-annual reports on the status of their due diligence efforts. The due diligence milestones require holders of conditional permits to complete contracting for construction of their systems within one year of grant of the permit (with no unresolved contingencies that could preclude substantial construction of the satellites), and to place all satellite stations comprising the system in operation within six years of grant of the permit. In addition, holders of permits received after January 19, 1996 must complete construction of the first satellite in their system within four years of grant of the permit. The FCC also may impose other conditions on the grant of the permit. The holders of new DBS authorizations issued on or after January 19, 1996 must also provide DBS service to Alaska and Hawaii where the service is technically feasible from the acquired orbital locations, which includes 148 DEG. WL. Those holding DBS permits as of January 1996 must either provide DBS service to Hawaii or Alaska from at least one of their orbital locations or relinquish their western assignments. Subject to applicable regulations governing non-DBS operations, a licensee may make unrestricted use of its assigned frequencies for non-DBS purposes during the first five years of the ten-year license term. After the first five years, the licensee may continue to provide non-DBS service so long as at least half of its total capacity at a given orbital location is used each day to provide DBS service.

Failure to comply with applicable Communications Act requirements and FCC rules, regulations, policies, and orders may result in the FCC's revoking, conditioning, or declining to review or extend an authorization.

FOREIGN OWNERSHIP LIMITATIONS. The Communications Act of 1934, as amended, and the FCC's implementing regulations provide that, where subsidiaries of a holding company hold certain types of FCC licenses, foreign nationals or their representatives may not own in excess of 25% of the total equity of the holding company, considered on a fully-diluted basis, except upon an FCC public interest determination. While the FCC's International Bureau has ruled that these limitations do not apply to DBS authorizations, the ruling has been challenged and the question remains open. Furthermore, the limitations will apply to EchoStar's FSS authorizations if EchoStar holds itself out as a common carrier or if the FCC decides to treat it as such a carrier. The FCC has noted that EchoStar proposes to operate some of its proposed fixed satellite services on a common carrier as well as a non-common carrier basis.

A recent survey of EchoStar's equity owners discloses that EchoStar's foreign ownership in May of this year was under 5%, well below these limitations, if they were to apply. However, if the purchase by foreigners or their representatives of EchoStar's existing or new equity securities or exercise of any right to convert existing or new securities, including the securities issued in the Offerings, would cause the foreign ownership limitations to be exceeded, a separate FCC determination that such ownership was consistent with the public interest would be required in order to avoid a violation of the Act and/or the FCC's rules.

LIMITATIONS ON TRANSFER OF CONTROL AND ASSIGNMENT OF LICENSES. The Communications Act of 1934, as amended, requires prior FCC approval of transfers of control over, or assignment of Title III licenses. If the purchase of the securities subject to the Offerings (or exercise of the right to convert the Preferred Stock) would result in a transfer of control over the FCC licenses and permits, such transfer would require prior approval of the FCC.

THE 1996 ACT. The 1996 Act clarifies that the FCC has exclusive jurisdiction over DTH satellite services and that criminal penalties may be imposed for piracy of DTH satellite services. The 1996 Act also offers DBS operators relief from private and local government-imposed restrictions on the placement of receiving antennae. In some instances, DBS operators have been unable to serve areas due to laws, zoning ordinances, homeowner association rules, or restrictive property covenants banning the installation of antennae on or near homes. The FCC recently promulgated rules designed to implement Congress' intent by prohibiting any restriction, including zoning, land use or building regulation, or any private covenant, homeowners' association rule, or similar restriction on property within the exclusive use or control of the

antenna user where the user has a direct or indirect ownership interest in the property, to the extent it impairs the installation, maintenance or use of a DBS receiving antenna that is one meter or less in diameter or diagonal measurement, except where such restriction is necessary to accomplish a clearly defined safety objective or to preserve a recognized historic district. Local governments and associations may apply to the FCC for a waiver of this rule based on local concerns of a highly specialized or unusual nature. The FCC also issued a further notice of proposed rulemaking seeking comment on whether the 1996 Act applies to restrictions on property not within the exclusive use or control of the viewer and in which the viewer has no direct or indirect property interest. The 1996 Act also preempted local (but not state) governments from imposing taxes or fees on DTH services, including DBS. Finally, the 1996 Act required that multichannel video programming distributors such as DBS operators fully scramble or block channels providing indecent or sexually explicit adult programming. If a multi-channel video programming distributor cannot fully scramble or block such programming, it must restrict transmission to those hours of the day when children are unlikely to view the programming (as determined by the FCC). On March 24, 1997, the U.S. Supreme Court let stand a lower court ruling that allows enforcement of this provision pending a constitutional challenge. In response to this ruling, the FCC declared that its rules implementing the scrambling provision would become effective on May 18, 1997.

THE CABLE ACT. In addition to regulating pricing practices and competition within the franchise cable television industry, the Cable Act was intended to establish and support existing and new multi-channel video services, such as wireless cable and DBS, to provide subscription television services. EchoStar has benefited from the programming access provisions of the Cable Act and implementing rules, in that it has been able to gain access to previously unavailable programming services and, in some circumstances, has obtained certain programming services at reduced cost. Any amendment to, or interpretation of, the Cable Act or the FCC's rules that would permit cable companies or entities affiliated with cable companies to discriminate against competitors such as EchoStar in making programming available (or to discriminate in the terms and conditions of such availability) could adversely affect EchoStar's ability to acquire programming on a cost-effective basis. Certain of the restrictions on cable-affiliated programmers will expire in 2002 unless the FCC extends such restrictions.

On October 14, 1997, EchoStar filed a complaint with the FCC against Rainbow Programming Holdings, Inc. and Rainbow Media Holdings, Inc. (collectively "Rainbow") under the Communications Act's program access rules. Rainbow, a cable-affiliated programming vendor, manages several regional sports services. EchoStar's complaint alleges that Rainbow has discriminated against EchoStar in the terms and conditions (including rates, tiering restrictions and advertising availability provisions) that it has demanded to make its regional sports programming available to EchoStar; that Rainbow has effectively refused to deal with EchoStar through dilatory tactics; and that Rainbow has engaged in various unfair practices at EchoStar's expense. The complaint requests several forms of relief. There is no assurance that the complaint will succeed or that the Commission will grant EchoStar any of the request forms of relief. If the complaint is not successful, this may adversely affect EchoStar's ability to offer Rainbow regional sports programming in its programming packages.

On October 27, 1997, EchoStar filed a program access complaint with the FCC against Fox/Liberty Networks LLC, Fox Sports Net LLC and Fox Sports Direct (collectively "Fox Sports"), which controls certain regional sports programming services currently carried by EchoStar. In that complaint, EchoStar has alleged that Fox Sports has discriminated against EchoStar in the terms that it offered EchoStar, compared to the terms available to certain competing cable operators. There can be no assurance that EchoStar will be successful in its complaint and/or that EchoStar will attain better terms for its carriage of Fox Sports programming than the terms currently available to EchoStar. The inability of EchoStar to secure better terms may adversely affect EchoStar's relationship with Fox Sports.

The Cable Act also requires the FCC to conduct a rulemaking that will impose public interest requirements for providing video programming by DBS licensees, including, at a minimum, reasonable and non-discriminatory access by qualified candidates for election to public office and the obligation to set aside four to seven percent of the licensee's channel capacity for non-commercial programming of an educational or informational nature. Within this set-aside requirement, DBS providers must make capacity available to "national educational programming suppliers" at below-cost rates. The FCC is conducting a rulemaking to implement this statutory provision.

While DBS operators like EchoStar currently are not subject to the "must carry" requirements of the Cable Act, the cable industry has argued that DBS operators should be subject to these requirements. In the event the "must carry" requirements of the Cable Act are revised to include DBS operators, or to the extent that new legislation of a similar nature is enacted, EchoStar's future plans to provide local programming will be adversely affected, and such must-carry requirements could cause the displacement of possibly more attractive programming.

SATELLITE HOME VIEWER ACT. The SHVA establishes a "statutory" (or compulsory) copyright license that generally allows a DBS operator, for a statutorily-established fee, to retransmit local affiliate programming to subscribers for private home viewing so long as that retransmission is limited to those persons in "unserved households." An "unserved household", with respect to a particular television network, is defined as one that cannot receive an over-the-air network signal of "grade B" intensity (a

predictive standard of signal intensity employed by the FCC) of a primary network station affiliated with that network through the use of a conventional outdoor rooftop antenna and has not, within the 90 days prior to subscribing to the DBS service, subscribed to a cable service that provides the signal of an affiliate of that network. While management believes the SHVA could be read to allow the Company to retransmit this programming to certain local markets via DBS satellite, management also believes that the compulsory copyright license under the SHVA may not be sufficient to permit the Company to implement its strategy to retransmit such programming in the most efficient and comprehensive manner. On August 28, 1997, a Copyright Arbitration Royalty Panel ("CARP"), appointed to recommend royalties for satellite retransmission of network-affiliated television and superstation signals pursuant to the compulsory license of Section 119 of the Copyright Act, delivered its Report to the Librarian of Congress. In the CARP's recommendation, the CARP held it has no jurisdiction to set royalties for local satellite retransmissions of the signals of network-affiliated television stations, on the ground that the compulsory license of the Copyright Act does not extend to such retransmissions. EchoStar petitioned the Librarian to modify the CARP report, The CARP also recommended setting at zero the royalty rate for local retransmissions of superstation signals.

The final ruling of the Librarian of Congress, reviewing CARP's recommendation, was published in the Federal Register on October 28, 1997. With respect to "local-into-local" retransmissions, the Librarian affirmed the zero rate recommended by CARP for secondary transmission of a superstation signal within the station's local market--a recommendation that EchoStar had supported.

The Librarian modified CARP's recommendation, by also establishing a zero rate for secondary transmissions of a network station's signal to "unserved households" within the station's local market. The Librarian of Congress also reviewed CARP's recommendation on the meaning of "unserved households" (i.e., whether the statutory license covers retransmissions to a household in a network station's local market receiving a signal of Grade B intensity from that station but not from any other affiliate of the same network and satisfying all other elements of the "unserved household" definition). CARP had determined that the statutory license does not cover such retransmissions and CARP did not have jurisdiction to recommend a rate for them. The Librarian decided that the law is silent on the issue, and accordingly, he cannot unequivocally say that CARP's decision is arbitrary or contrary to law. Nonetheless, the Librarian determined that the Copyright Office retains the authority to conduct a rule-making proceeding despite CARP's determination, on the permissibility of secondary transmissions of a network station's signal to households within that station's local market that are served by that station but unserved by any other station affiliated with the same network under the "unserved household" provisions of the satellite compulsory license.

While the modifications to CARP's recommendations effected by the final ruling are generally favorable to EchoStar, the ruling is subject to judicial review, and there can be no assurance that these modifications will not be set aside. Moreover, there can be no assurance that the rulemaking referenced in the final ruling will be conducted or that it will result in an outcome favorable to EchoStar. Further, while EchoStar is continuing its effort to secure passage of legislation that will clarify and extend the scope of the compulsory license with respect to local network signals to protect against the possibility the Copyright Office will not conduct a rule making or that any such rule making may not provide a favorable result to EchoStar, there can be no assurance that EchoStar will be successful in this effort. If a court or administrative agency were to reject the interpretation of "unserved household" supported by EchoStar, and legislation does not pass which clarifies and extends the scope of the compulsory license, EchoStar may have to engage in the relatively cumbersome process of obtaining copyright licenses from all individual copyright holders instead. In the absence of the legislation sought by EchoStar and/or a favorable outcome in the rulemaking referenced in the Librarian's final ruling, and failing successful negotiation of individual copyright licenses and retransmission consent agreements to the extent necessary, there can be no assurance that EchoStar would be successful in any copyright infringement or FCC

litigation with copyright owners and/or broadcasters regarding the legality of certain local-into-local network retransmissions.

Subject to the foregoing considerations, EchoStar intends to offer local programming, including local network programming, to certain population centers within the continental U.S. In order to retransmit local programming into a market, EchoStar generally must obtain the retransmission consent of the local stations, except for direct to home retransmissions to "unserved households", as this term is defined in the SHVA (see above), in addition to any requisite copyright licenses. There can be no assurance that EchoStar will obtain the retransmission consents of any local affiliate, and one of the networks (Fox) has stated it is not willing to consider EchoStar's request for retransmission consent at this time. EchoStar's ability to transmit local programming via satellite into the markets from which the programming is generated may attract incremental subscribers who would not otherwise be willing to purchase satellite systems.

In addition, in its August 28, 1997 report, the CARP recommended that the royalty rate for satellite retransmissions of distant network-affiliated station and distant superstation signals be set at 27 cents per subscriber per month--a substantial increase compared to the previously applicable rates, which ranged from 6 to 17.5 cents. The Satellite Broadcasting & Communications Association, of which EchoStar is a member, requested modifications to the CARP report.

The final ruling of the Librarian of Congress, reviewing CARP's recommendation, was published in the FEDERAL REGISTER on October 28, 1997. The Librarian, among other things, affirmed CARP's recommendation of a 27 cent per subscriber per month royalty rate for retransmissions of distant superstation and network station signals, but delayed the effective date for the increase to January 1, 1998 (instead of making the increase retroactive, as CARP had recommended).

EchoStar believes that it may be able to pass through increases to its customers by separately tiering the channels involved, so that its operating margins are not substantially affected. However, the increases may adversely affect the competitiveness of EchoStar vis-a-vis cable operators, which pay lower rates to copyright holders.

EXPORT REGULATION. From time to time, EchoStar requires import licenses and general destination export licenses to receive and deliver components of DTH systems. EchoStar has contracted with LKE for the launch of EchoStar IV from the Republic of Kazakhstan. Export licenses will be required to be obtained from the Department of Commerce for the transport of any satellites to the Republic of Kazakhstan. Lockheed Martin will be required to obtain technical data exchange licenses from the Department of Commerce permitting the exchange between Lockheed Martin and LKE of certain information necessary to prepare the satellites for launch. No assurances can be given that the data exchange or export licenses will be granted, or that implementation of a trade agreement between the U.S. and Russia will not negatively affect EchoStar's ability to launch EchoStar IV. LKE has advised EchoStar, however, that, while no assurances can be given, it believes the necessary technical data and hardware export licenses can be obtained in time for the scheduled launch of EchoStar IV. There can be no assurance those licenses will be obtained in a timely manner to avoid a launch delay.

PATENTS AND TRADEMARKS

EchoStar uses a number of trademarks for its products and services, including "EchoStar-Registered Trademark-," "DISH Network-TM-," "DISH Network," "America's Top 40," "America's Top 50 CD," and others. Certain of these trademarks are registered by EchoStar, and those trademarks that are not registered are generally protected by common law and state unfair competition laws. Although EchoStar believes that these trademarks are not essential to EchoStar's business, EchoStar has taken affirmative legal steps to protect its trademarks in the past and intends to actively protect these trademarks in the future.

EchoStar is the assignee of certain patents for products and product components manufactured and sold by EchoStar, none of which EchoStar considers to be significant to its continuing operations. In addition, EchoStar has obtained and, although no assurances can be given, expects to obtain, licenses for certain patents necessary to the manufacture and sale by EchoStar and others of DBS receivers and related components. EchoStar has been notified that certain features of the EchoStar Receiver System allegedly infringe on patents held by others, and that royalties are therefore required to be paid. EchoStar is investigating allegations of infringement and, if appropriate, intends to vigorously defend against any suit filed by the parties. There can be no assurance that the Company will be able to successfully defend any suit, if brought, or that the Company will be able to obtain a license for any patent that might be required. See "Business--Legal Proceedings."

EMPLOYEES

EchoStar had approximately 1,650 employees at September 30, 1997, of which approximately 1,575 worked in EchoStar's domestic operations and approximately 75 of which worked in EchoStar's international operations. EchoStar is not a party to any collective bargaining agreement and considers its relations with its employees to be good. EchoStar intends to hire additional personnel as required.

PROPERTIES

EchoStar owns its corporate headquarters, its future corporate headquarters, its Digital Broadcast Center in Cheyenne, Wyoming, its customer call center in Thornton, Colorado, and office/warehouse facilities in three additional locations. The following table sets forth certain information concerning EchoStar's properties.

DESCRIPTION/USE	LOCATION	APPROXIMATE SQUARE FOOTAGE	OWNED OR LEASED
Future Corporate Headquarters.....	Littleton, Colorado	156,000	Owned
Corporate Headquarters and Warehouse Distribution Center.....	Englewood, Colorado	155,000	Owned
Office and Distribution Center.....	Sacramento, California	78,500	Owned
Digital Broadcast Center.....	Cheyenne, Wyoming	55,000	Owned
Customer Call Center.....	Thornton, Colorado	55,000	Owned
European Headquarters and Warehouse.....	Almelo, The Netherlands	53,800	Owned
Warehouse Facility.....	Denver, Colorado	40,000	Owned
Office and Distribution Center.....	Bensenville, Illinois	19,000	Leased
Office and Distribution Center.....	Miami, Florida	16,500	Leased
Office and Distribution Center.....	Norcross, Georgia	16,000	Leased
Office and Distribution Center.....	Columbia, Maryland	17,600	Leased
Office and Distribution Center.....	Dallas, Texas	11,200	Leased
Office and Distribution Center.....	Phoenix, Arizona	10,000	Leased
Asian Distribution Center.....	Singapore	7,000	Leased
Office.....	Madrid, Spain	2,100	Leased
Asian Headquarters.....	Singapore	1,900	Leased
Office.....	Bombay, India	1,200	Leased
Office.....	Beijing, China	1,000	Leased
Office.....	Bangalore, India	1,200	Leased

LEGAL PROCEEDINGS

On July 29, 1996, EAC, DNCC, ESC and Echosphere Corporation (collectively, "EchoStar Credit"), filed a civil action against Associates which is currently pending in the U.S. District Court in the District of Colorado. EchoStar Credit alleges that Associates, among other things, breached its contract with EchoStar Credit pursuant to which Associates agreed to finance the purchase of EchoStar Receiver Systems by consumers. EchoStar Credit alleges that Associates' refusal to finance certain prospective consumers has resulted in the loss of prospective customers to EchoStar's competitors. In addition, EchoStar Credit alleges that the loss of sales due to Associate's action forced EchoStar to lower the price on its products. Associates filed counterclaims against EAC for fraud and breach of contract. Associates seeks approximately \$10.0 million by way of its counterclaims. EAC intends to vigorously defend against such counterclaims. A trial date has not yet been set. It is too early in the litigation to make an assessment of the probable outcome.

On April 25, 1997, ESC and Sagem, S.A., ("Sagem"), a French corporation, signed a settlement and release agreement under which Sagem agreed to return a \$10.0 million down payment made to Sagem and agreed to release the \$15.0 million placed in escrow with a bank in connection with a manufacturing agreement entered into in April 1995. ESC and Sagem have released all claims against each other.

Certain purchasers of C-band and DISH Network systems have filed actions in various state courts in Alabama naming EchoStar, EAC or Echosphere Corporation as a defendant and seeking actual and punitive damages. At least ten actions have been filed. EchoStar believes additional actions may be filed. Plaintiffs' attorneys also may attempt to certify a class and/or add additional plaintiffs to the existing actions and seek greater damages. A trial date (March 2, 1998) has been established for only one of the aforementioned actions. The actions filed to date also name as defendants the dealer and its employees who sold the equipment and the EAC financing source, which owns the consumer loans, made to the purchasers. Four of the actions involve EAC and HRSI and six claims involve EAC and Bank One Dayton, N.A. EchoStar denies liability and intends to vigorously defend against the claims, which include allegations of fraud and lending law violations. While the actual damages claimed are not material, EchoStar is aware that juries in Alabama have recently issued a number of verdicts awarding substantial punitive damages on actual damage claims of less than \$10,000.

EAC and HRSI entered into a Merchandise Financing Agreement in 1989 (the "Merchant Agreement") pursuant to which HRSI acted as a consumer financing source for the purchase of, among other things, satellite systems distributed by Echosphere Corporation, a subsidiary of EchoStar, to consumers through EAC dealers. HRSI terminated the Merchant Agreement as of December 31, 1994. During February 1995, EAC and Echosphere (the "EAC Parties") filed suit against HRSI. The case is pending in U.S. District Court in Colorado (the "HRSI Litigation"). The EAC Parties have alleged, among other things, breach of contract, breach of fiduciary duty, fraud and wanton and willful conduct by HRSI in connection with termination of the Merchant Agreement and related matters. The EAC parties are seeking damages in excess of \$10.0 million. HRSI's counterclaims have been dismissed with prejudice. Summary judgment motions have been pending on all remaining issues since May 1996. A trial date has not been set.

On February 24, 1997, EchoStar and News announced the News Agreement pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS permit for 28 frequencies at 110 DEG. WL purchased by MCI for over \$682 million following a 1996 FCC auction. During late April 1997, substantial disagreements arose between the parties regarding their obligations under the News Agreement.

On May 8, 1997, EchoStar filed a Complaint in the Court, Civil Action No. 97-960, requesting that the Court confirm EchoStar's position and declare that News is obligated pursuant to the News Agreement to lend \$200 million to EchoStar without interest and upon such other terms as the Court orders.

On May 9, 1997, EchoStar filed a First Amended Complaint significantly expanding the scope of the litigation, to include breach of contract, failure to act in good faith, and other causes of action. EchoStar seeks specific performance of the News Agreement and damages, including lost profits based on, among other things, a jointly prepared ten-year business plan showing expected profits for EchoStar in excess of \$10 billion based on consummation of the transactions contemplated by the News Agreement.

On June 9, 1997, News filed an answer and counterclaims seeking unspecified damages. News' answer denies all of the material allegations in the First Amended Complaint and asserts numerous defenses, including bad faith, misconduct and failure to disclose material information on the part of EchoStar and its Chairman and Chief Executive Officer, Charles W. Ergen. The counterclaims, in which News is joined by its subsidiary American Sky Broadcasting, L.L.C., assert that EchoStar and Ergen breached their agreements with News and failed to act and negotiate with News in good faith. EchoStar has responded to News' answer and denied the allegations in their counterclaims. EchoStar also has asserted various affirmative defenses. EchoStar intends to diligently defend against the counterclaims. The parties are now in discovery. The case has been set for a five week trial commencing June 1, 1998, but that date could be postponed.

While EchoStar is confident of its position and believes it will ultimately prevail, the litigation process could continue for many years and there can be no assurance concerning the outcome of the litigation.

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

MANAGEMENT

DIRECTORS AND OFFICERS

The following table sets forth information concerning certain officers and directors of EchoStar:

NAME	AGE	POSITION
Charles W. Ergen.....	44	Chairman, Chief Executive Officer, President and Director
Alan M. Angelich.....	53	Director
Raymond L. Friedlob.....	52	Director
James DeFranco.....	44	Executive Vice President and Director
R. Scott Zimmer.....	41	Vice Chairman and Vice President
David K. Moskowitz.....	39	Senior Vice President, General Counsel and Secretary
Michael T. Dugan.....	48	Senior Vice President, Consumer Products Division
Steven B. Schaver.....	43	Chief Financial and Chief Operating Officer
John R. Hager.....	35	Treasurer and Controller

CHARLES W. ERGEN. Mr. Ergen has been Chairman of the Board of Directors, Chief Executive Officer and President of EchoStar since its formation and, during the past five years, has held various positions with EchoStar's subsidiaries, including President and Chief Executive Officer of Echosphere, Echonet Business Network, Inc. ("EBN") and ESC, and Director of Echosphere, HTS, EchoStar International Corporation ("EIC"), ESC and EBN. Mr. Ergen, along with his spouse and James DeFranco, was a co-founder of EchoStar in 1980. Commencing in March 1995, Mr. Ergen also became a director of SSET, a company principally engaged in the manufacture and sale of satellite telecommunications equipment.

ALAN M. ANGELICH. Mr. Angelich has been a director of EchoStar and a member of its Audit and Executive Compensation Committees since October 1995. Mr. Angelich is presently a principal with Janco Partners, Inc., an investment banking firm specializing in the telecommunications industry. From May 1982 to October 1993, Mr. Angelich served in various executive capacities with Jones Intercable, Inc., including Vice Chairman of its Board of Directors from December 1988 to October 1993. From August 1990 to October 1993, Mr. Angelich was also the Chief Executive Officer of Jones Capital Markets, Inc.

RAYMOND L. FRIEDLOB. Mr. Friedlob has been a director of EchoStar and a member of its Audit and Executive Compensation Committees since October 1995. Mr. Friedlob is presently a member of the law firm of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC. Prior to 1995, Mr. Friedlob was a partner of Raskin & Friedlob, where he had practiced since 1970. Mr. Friedlob specializes in federal securities law, corporate law, leveraged acquisitions, mergers and taxation.

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 positions with EchoStar's subsidiaries, including President of HTS, EAC and HT Ventures, Inc. ("HTV"), Executive Vice President of ESC, Senior Vice President of Echosphere and EBN, and Director of SSI, Echosphere, HTS, EAC, EBN and HTV. Mr. DeFranco, along with Mr. Ergen and Mr. Ergen's spouse, was a co-founder of EchoStar in 1980.

R. SCOTT ZIMMER. Mr. Zimmer has been a Vice President and a Director of EchoStar since its formation. For the past five years, Mr. Zimmer has managed the international operations of EchoStar and its subsidiaries.

DAVID K. MOSKOWITZ. Mr. Moskowitz is the Senior Vice President, Secretary and General Counsel of EchoStar. Mr. Moskowitz joined EchoStar in March 1990. Mr. Moskowitz is responsible for all legal and certain of the business affairs of EchoStar and its subsidiaries. From June 1986 to March 1990,

Mr. Moskowitz was corporate counsel for M.D.C. Holdings, Inc., a publicly-held home builder and mortgage finance company.

MICHAEL T. DUGAN. Mr. Dugan is the Senior Vice President of the Consumer Products Division of EchoStar. In that capacity, Mr. Dugan is responsible for all engineering and manufacturing operations at EchoStar. Mr. Dugan has been with EchoStar since 1990.

STEVEN B. SCHAVER. Mr. Schaver was named the Chief Financial Officer of EchoStar in February 1996. In November 1996, Mr. Schaver also was named Chief Operating Officer. From November 1993 to February 1996, Mr. Schaver was the Vice President of EchoStar's European and African operations. From July 1992 to November 1993, Mr. Schaver was the Director of Sales and Marketing for EchoStar's largest Spanish customer, Internacional de Telecomunicaciones, S.A. in Madrid, Spain. Prior to July 1992 and since joining EchoStar in 1984, he has held various positions with subsidiaries of EchoStar, including Vice President of European operations. Prior to joining EchoStar Mr. Schaver was a Banking Officer with Continental Illinois National Bank.

JOHN R. HAGER. Mr. Hager has been Treasurer and Controller of EchoStar since February 1997. From August 1993 to February 1997, Mr. Hager was Controller of American Telecasting, Inc., a national operator of multiple wireless cable systems. Previously, Mr. Hager was with the Denver office of Ernst & Young from May 1984 until August 1993, most recently as Audit Senior Manager.

The Board of Directors of EchoStar currently has an Audit Committee and an Executive Compensation Committee, both of which were established in October 1995. The present members of the Audit and Executive Compensation Committees are Messrs. Angelich and Friedlob. The principal functions of the Audit Committee are: (i) to recommend to the Board of Directors the selection of independent public accountants; (ii) review management's plan for engaging EchoStar's independent public accountants during the year to perform non-audit services and consider what effect these services will have on the independence of the accountants; (iii) review the annual financial statements and other financial reports which require approval by the Board of Directors; (iv) review the adequacy of EchoStar's system of internal accounting controls; and (v) review the scope of the independent public accountants' audit plans and the results of the audit. The principal function of the Executive Compensation Committee is to award grants under and administer EchoStar's Stock Incentive Plan.

EXECUTIVE COMPENSATION

Executive Officers are compensated by certain subsidiaries of EchoStar. The following table sets forth the cash and non-cash compensation for the fiscal years ended December 31, 1996, 1995 and 1994 for the Named Executive Officers.

SUMMARY COMPENSATION TABLE

NAME AND PRINCIPAL POSITION	YEAR	SALARY	BONUS	OTHER ANNUAL COMPENSATION (1)	LONG TERM COMPENSATION AWARDS/ SECURITIES UNDERLYING OPTIONS	ALL OTHER COMPENSATION (2)
Charles W. Ergen.....	1996	\$ 190,000	\$ -	\$ -	17,030	\$ 140,680
Chairman and	1995	190,000	-	-	14,705	15,158
Chief Executive Officer	1994	177,578	-	-	53,568	888
Carl E. Vogel (3).....	1996	166,923	-	-	-	12,798
President	1995	150,000	-	-	21,641	11,346
	1994	107,300	-	-	375,776	500
R. Scott Zimmer.....	1996	160,000	-	36,265	-	22,461
Vice Chairman and	1995	160,000	-	88,229	14,705	32,390
Vice President	1994	148,006	-	74,396	42,855	18,990
James DeFranco.....	1996	160,000	-	-	-	48,990
Executive Vice President and Director	1995	156,923	-	-	11,764	15,158
	1994	154,461	-	-	42,855	1,000
Steven B. Schaver.....	1996	142,498	11,787	14,340	-	12,516
Chief Operating Officer and Chief	1995	116,755	21,012	4,777	23,240	10,597
Financial Officer	1994	85,602	-	-	10,713	-
David K. Moskowitz.....	1996	142,692	10,000	-	7,495	12,994
Senior Vice President and General	1995	130,000	10,000	-	28,048	13,270
Counsel	1994	125,384	-	-	53,568	1,000

(1) With respect to Mr. Zimmer and Mr. Schaver, "Other Annual Compensation" includes housing and car allowances related to their overseas assignments. While each Named Executive Officer enjoys certain other perquisites, such perquisites do not exceed the lesser of \$50,000 or 10% of each Officer's salary and bonus.

(2) "All Other Compensation" includes amounts contributed to the EchoStar's 401(k) plan and health insurance premiums paid on behalf of the Named Executive Officers. With respect to Mr. Ergen, Mr. DeFranco and Mr. Zimmer, "All Other Compensation" also includes payments made in connection with a tax indemnification agreement between the Corporation and such individuals. With respect to Mr. Zimmer, "All Other Compensation" also includes home leave and education allowances related to his overseas assignment.

(3) Mr. Vogel tendered his resignation in March 1997.

The following table provides information concerning grants of options to purchase shares of Class A Common Stock of EchoStar made in 1996 to the named executive officers.

OPTION GRANTS IN LAST FISCAL YEAR

NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEE IN 1996	EXERCISE PRICE PER SHARE	EXPIRATION DATE	GRANT DATE PRESENT VALUE
Charles W. Ergen.....	17,030(1)	12.3%	\$ 29.36	August 1, 2006	\$ 280,804(2)
David K. Moskowitz.....	7,495(1)	5.4%	26.69	August 1, 2006	127,601(2)

(1) In August 1996, the Company granted options to the Named Executive Officers, among other key employees, to purchase shares of Class A Common Stock. The options vest 20% on August 1, 1997, and 20% thereafter on August 1, 1998, 1999, 2000 and 2001. See "--Stock Incentive Plan." The options expire five years from the date on which each portion of the option first becomes exercisable, subject to early termination in certain circumstances.

(2) Option values reflect Black-Scholes model output for options. The assumptions used in the model were expected volatility of 62%, risk free rate of return of 6.8%, dividend yield of 0%, and time to exercise of six years.

The following table provides information as of December 31, 1996, concerning unexercised options to purchase Class A Common Stock:

FISCAL YEAR END OPTION VALUES

NAME	NUMBER OF SHARES ACQUIRED ON EXERCISE	VALUE REALIZED	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1996		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1996 (1)	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
Charles W. Ergen.....	--	\$ --	24,367	60,936	\$ 268,108	\$ 465,963
R. Scott Zimmer.....	17,000	300,589	3,082	37,478	16,499	384,532
Carl E. Vogel.....	322,208	8,566,272	25,753	49,456	286,619	468,031
James DeFranco.....	--	--	19,494	35,125	228,898	372,767
Steven B. Schaver.....	--	--	8,931	25,022	76,524	170,486
David K. Moskowitz.....	--	--	27,034	62,077	289,817	480,824

(1) The dollar value of each exercisable and unexercisable option was calculated by multiplying the number of shares of Class A Common Stock underlying the option by the difference between the exercise price of the option and the closing price (as quoted in the Nasdaq National Market) of a share of Class A Common Stock on December 31, 1996.

EXECUTIVE COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION. Prior to October 1995, the Company did not have an Executive Compensation Committee, and its Board of Directors determined all matters concerning executive compensation.

DIRECTOR COMPENSATION. Directors of the Company who are not also Executive Officers of the Company receive \$500 for each meeting of the Board of Directors attended and are reimbursed for reasonable travel expenses related to attendance at Board meetings. Directors of the Company are elected annually by the stockholders of the Company. Directors of the Company are not compensated for their

services as Directors. Directors who are not also employees of the Company are granted shares of options under the 1995 Nonemployee Director Stock Option Plan (the "Director Plan") to acquire 1,000 shares of Class A Common Stock of the Company upon election to the Board. Each of Messrs. Angelich and Friedlob was granted options to acquire 1,000 shares of Class A Common Stock of the Company on December 22, 1995 pursuant to the Director Plan. These options were 100% vested upon issuance and have an exercise price of \$20.25 per share and a term of five years. Additionally, in February 1997, each of Messrs. Angelich and Friedlob was granted options to acquire 5,000 shares of Class A Common Stock of the Company. These options were 100% vested upon issuance and have an exercise price of \$17.00 and a term of five years.

STOCK INCENTIVE PLAN. The Company adopted the Incentive Plan to provide incentives to attract and retain Executive Officers and other key employees. The Company's Executive Compensation Committee administers the Incentive Plan. Key employees are eligible to receive awards under the Incentive Plan, in the Committee's discretion.

Awards available under the Incentive Plan include: (i) common stock purchase options; (ii) stock appreciation rights; (iii) restricted stock and restricted stock units; (iv) performance awards; (v) dividend equivalents; and (vi) other stock-based awards. The Company has reserved up to 10.0 million shares of Class A Common Stock for granting awards under the Incentive Plan. Under the terms of the Incentive Plan, the Executive Compensation Committee retains discretion, subject to plan limits, to modify the terms of outstanding awards and to reprice awards.

Pursuant to the Incentive Plan, the Company has granted options to its Executive Officers and other key employees for the purchase of a total of 1,303,147 shares of Class A Common Stock. These options generally vest at the rate of 20% per year, commencing one year from the date of grant and 20% thereafter on each anniversary of the date of grant. The exercise prices of these options range between \$9.33 and \$29.36 per share of Class A Common Stock. Effective July 1, 1997, the Executive Compensation Committee of the Board of Directors (the "Executive Compensation Committee") voted to reprice all outstanding options with an exercise price greater than \$17.00 per share of Class A Common Stock to \$17.00 per share of Class A Common Stock. The price to which the options were repriced exceeded the fair market value of EchoStar's Class A Common Stock as of the date of the repricing. Options to purchase approximately 288,000 shares of Class A Common Stock were affected by this repricing.

LAUNCH BONUS PLAN. Effective September 9, 1996 EchoStar granted a performance award of ten shares of Class A Common Stock to all full-time employees with more than 90 days of service. The total number of shares granted relative to the September performance award approximated 7,390 shares. EchoStar granted a performance award of ten shares of its Class A Common Stock to all full-time employees with more than 90 days of service in connection with the launch of EchoStar III, which occurred on October 5, 1997. The total number of shares granted relative to the October performance award approximated 12,250.

401(K) PLAN. In 1983 EchoStar adopted a defined-contribution tax-qualified 401(k) plan. EchoStar's employees become eligible for participation in the 401(k) plan upon completing six months of service with the Corporation and reaching age 21. 401(k) plan participants may contribute an amount equal to not less than 1% and not more than 15% of their compensation in each contribution period. EchoStar may make a 50% matching contribution up to a maximum of \$1,000 per participant per calendar year. EchoStar may also make an annual discretionary profit sharing or employer stock contribution to the 401(k) plan with the approval of the Board of Directors.

401(k) plan participants are immediately vested in their voluntary contributions, plus actual earnings thereon. The balance of the vesting in 401(k) plan participants' accounts is based on years of service. A participant becomes 10% vested after one year of service, 20% vested after two years of service, 30%

vested after three years of service, 40% vested after four years of service, 60% vested after five years of service, 80% vested after six years of service, and 100% vested after seven years of service.

In March 1997, EchoStar contributed an additional 55,000 shares of Class A Common Stock to the 401(k) plan as a discretionary employer stock contribution. A total of 60,000 shares of Class A Common Stock (including 5,000 shares of Class A Common Stock which were contributed for plan year 1995 but not allocated) were allocated to individual participant 401(k) accounts in proportion to their 1996 eligible compensation. These shares are subject to the seven-year vesting schedule previously described. Shares of Class A Common Stock allocated to the 401(k) accounts of the Named Executive Officers pursuant to the 1996 discretionary employer stock contribution were as follows: (i) Charles W. Ergen, 677 shares; (ii) Carl E. Vogel, 677 shares; (iii) R. Scott Zimmer, 677 shares; (iv) James DeFranco, 677 shares; (v) Steven B. Schaver, 676 shares; (vi) David K. Moskowitz, 677 shares; and (vii) all Officers and Directors as a group, 4,736 shares.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Certain subsidiaries of EchoStar have agreed to indemnify Charles W. Ergen, Chairman and Chief Executive Officer of EchoStar, James DeFranco, Executive Vice President of EchoStar, R. Scott Zimmer, Vice Chairman and Vice President of EchoStar, and Cantey M. Ergen, a former Director of HTS and the spouse of Charles W. Ergen, for any adjustments to such individuals' federal, state or local income taxes resulting from adjustments to EchoStar's subsidiaries' taxable income or loss, tax credits or tax credit recapture for years during which such individuals were shareholders of such subsidiaries and such subsidiaries elected to be taxed as Subchapter S corporations. This indemnity agreement also covers interest, penalties and additions to tax, as well as fees and expenses, including attorneys' and accountants' fees, if any.

As of December 31, 1996 and June 30, 1997, accrued dividends on the Series A Preferred Stock payable to Messrs. Ergen and DeFranco aggregated \$3.18 million and \$3.75 million, and \$167,000 and \$198,000, respectively.

Since March 1995, Mr. Ergen has served on the Board of Directors of SSET. In 1994, EchoStar purchased \$8.75 million of SSET's seven-year, 6.5% subordinated convertible debentures. In December 1994, DirectSat Corporation, a subsidiary of SSET, was merged with a wholly-owned subsidiary of EchoStar. As a result of this merger, SSET acquired 800,780 shares of Class A Common Stock of EchoStar. On September 6, 1996, SSET repurchased \$3.5 million of the outstanding convertible debentures and paid all outstanding accrued interest through that date. As of December 31, 1996, the SSET debentures, if converted, would have represented approximately 5% of SSET's outstanding common stock. The total amount owed by SSET to EchoStar as of December 31, 1996 and June 30, 1997 related to the convertible debentures was approximately \$3.6 million and \$4.1 million, respectively.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, to the best knowledge of the EchoStar, the beneficial ownership of the EchoStar's equity securities as of August 31, 1997 by: (i) each person known by EchoStar to be the beneficial owner of more than five percent of any class of EchoStar's capital stock; (ii) each Director of EchoStar; (iii) each person acting as an executive officer of EchoStar; and (iv) all Directors and Executive Officers as a group. Unless otherwise indicated, each person listed in the following table (alone or with family members) has sole voting and dispositive power over the shares listed opposite such person's name.

NAME (1)	NUMBER OF SHARES	PERCENTAGE OF CLASS

SERIES A PREFERRED STOCK:		
Charles W. Ergen (2).....	1,535,847	95.0%
James DeFranco.....	80,834	5.0%
All Directors and Executive Officers as a Group (nine persons).....	1,616,681	100.0%
CLASS A COMMON STOCK:		
Charles W. Ergen (3), (4), (5).....	31,387,620	72.0%
James DeFranco (6), (4).....	1,525,320	3.5%
FMR Corp. (7).....	1,186,459	2.7%
R. Scott Zimmer (8), (4).....	819,836	1.9%
T. Rowe Price Associates, Inc. (9).....	755,000	1.7%
SSE Telecom, Inc. (10).....	709,780	1.6%
Chancellor LGT Asset Management, Inc. (11).....	609,200	1.4%
David K. Moskowitz (12), (4).....	49,521	*
Steven B. Schaver (13), (4).....	12,781	*
All Directors and Executive Officers as a Group (nine persons)(4),(14).....	33,831,528	77.6%
CLASS B COMMON STOCK:		
Charles W. Ergen.....	29,804,401	100.0%
All Directors and Executive Officers as a Group (nine persons).....	29,804,401	100.0%

* Less than 1%.

- (1) Except as otherwise noted, the address of each such person is 90 Inverness Circle East, Englewood, Colorado 80112-5300.
- (2) Includes 1,125,000 Series A Preferred Stock held in trust for the benefit of Mr. Ergen's minor children and other members of his family. Mr. Ergen's spouse is the trustee for that trust.
- (3) Includes: (i) the right to acquire 41,428 shares of Class A Common Stock within 60 days upon the exercise of employee stock options; (ii) 29,804,401 shares of Class A Common Stock issuable upon conversion of Mr. Ergen's shares of Class B Common Stock; (iii) 410,847 shares of Class A Common Stock issuable upon conversion of Mr. Ergen's Series A Preferred Stock; and (iv) 1,125,000 shares of Class A Common Stock issuable upon conversion of Series A Preferred Stock held in trust for the benefit of Mr. Ergen's minor children and other members of his family.
- (4) Beneficial ownership percentage was calculated assuming exercise or conversion of all shares of Class B Common Stock, Series A Preferred Stock, Warrants and employee stock options exercisable within 60 days (collectively, the "Derivative Securities") into shares of Class A Common Stock by all holders of such Derivative Securities. Assuming exercise or conversion of Derivative Securities by such person, and only by such person, the beneficial ownership of shares of Class A Common Stock would be as follows: Mr. Ergen, 72.6%; Mr. DeFranco, 12.8%; Mr. Zimmer, 6.9%; Mr. Moskowitz and Mr. Schaver, less than one percent, and all Officers and Directors as a group, 77.9%.

- (5) The percentage of total voting power held by Mr. Ergen is 95.8% after giving effect to the exercise of the Warrants and employee stock options.
- (6) Includes: (i) the right to acquire 30,417 shares of Class A Common Stock within 60 days upon the exercise of employee stock options; (ii) 80,834 shares of Class A Common Stock issuable upon conversion of Mr. DeFranco's Series A Preferred Stock; (iii) 751 shares of Class A Common Stock held as custodian for his minor children; and (iv) 375,000 shares of Class A Common Stock controlled by Mr. DeFranco as general partner of a partnership.
- (7) Based on information available to the Company, FMR Corp. owned 10.0% of the shares of Class A Common Stock. The address of FMR Corp. is 82 Devonshire Street, Boston, Massachusetts 02109.
- (8) Includes: (i) the right to acquire 14,593 shares of Class A Common Stock within 60 days upon the exercise of employee stock options; (ii) 700 shares of Class A Common Stock owned jointly with members of his family; and (iii) 100,000 shares of Class A Common Stock held in trust for the benefit of Mr. Zimmer's children and other members of his family. Mr. Zimmer's spouse is the trustee for that trust.
- (9) Based on information available to the Company, T. Rowe Price Associates, Inc. owned 6.4% of the shares of Class A Common Stock. The address of T. Rowe Price Associates, Inc. is 100 E. Pratt Street, Baltimore, Maryland 21202.
- (10) Based on information available to the Company, SSET owns 6.0% of the shares of Class A Common Stock. The address of SSET is 8230 Leesburg Pike, Suite 710, Vienna, Virginia 22182.
- (11) Based on information available to the Company, Chancellor LGT Asset Management, Inc. owned 5.1% of the shares of Class A Common Stock. The address of Chancellor LGT Asset Management, Inc. is 1166 Avenue of the Americas, New York, New York 10036.
- (12) Includes (i) the right to acquire 41,893 shares of Class A Common Stock within 60 days upon the exercise of employee stock options; (ii) 166 shares of Class A Common Stock held as custodian for his minor children; (iii) 1,023 shares of Class A Common Stock held as trustee for Mr. Ergen's children; and (iv) 3,000 shares of Class A Common Stock owned jointly with Mr. Moskowitz's spouse.
- (13) Includes the right to acquire 12,761 shares of Class A Common Stock within 60 days upon the exercise of employee stock options.
- (14) Includes: (i) the right to acquire 177,274 shares of Class A Common Stock within 60 days upon the exercise of employee stock options; (ii) 375,000 shares of Class A Common Stock held in a partnership; (iii) 1,616,681 shares of Class A Common Stock issuable upon conversion of Series A Preferred Stock; (iv) 29,804,401 shares of Class A Common Stock issuable upon conversion of shares of Class B Common Stock; (v) 102,041 shares of Class A Common Stock held in the name of, or in trust for, minor children and other family members; and (vi) 3,700 shares of Class A Common Stock owned by or jointly with family members.

DESCRIPTION OF CERTAIN INDEBTEDNESS

Set forth below is a summary of certain indebtedness to which Dish, ESBC and DBS Corp are subject. This summary does not purport to be complete and is qualified in its entirety by reference to the applicable agreements, copies of which may be obtained from EchoStar.

1994 NOTES

On June 7, 1994, Dish issued 624,000 units, consisting of the 12 7/8% Senior Secured Discount Notes due 2004 (the "1994 Notes"), and 3,744,000 Class A Common Stock Purchase Warrants (the "Warrants"). Issuance of the 1994 Notes resulted in net proceeds to Dish of approximately \$323.3 million (including amounts attributable to issuance of the Warrants and after payment of underwriting discount and other issuance costs aggregating approximately \$12.6 million). The 1994 Notes bear interest at a rate of 12 7/8%, computed on a semi-annual bond equivalent basis. Interest on the 1994 Notes will not be payable in cash prior to June 1, 1999, with the 1994 Notes accreting to a principal amount at stated maturity of \$624.0 million by that date. Commencing December 1, 1999, interest on the 1994 Notes will be payable in cash on December 1 and June 1 of each year. The 1994 Notes mature on June 1, 2004.

The 1994 Notes rank senior in right of payment to all subordinated indebtedness of Dish and PARI PASSU in right of payment with all other senior indebtedness of Dish, subject to the terms of an Intercreditor Agreement between Dish, certain of its principal subsidiaries, and certain creditors thereof. The 1994 Notes are secured by liens on certain assets of Dish and its subsidiaries, including EchoStar I and EchoStar II and all other components of the EchoStar DBS System owned by Dish and its subsidiaries. The 1994 Notes are further guaranteed by each material direct subsidiary of Dish. Although the 1994 Notes are titled "Senior": (i) Dish has not issued, and does not have any current arrangements to issue, any significant indebtedness to which the 1994 Notes would be senior and (ii) the 1994 Notes are subordinated to certain obligations of Dish's subsidiaries with respect to deferred payments on EchoStar I and EchoStar II. The 13 1/8% Senior Secured Discount Notes due 2004 (the "1996 Notes") and the 12 1/2% Senior Secured Notes due 2004 (the "1997 Notes") are effectively subordinated to the 1994 Notes and all other liabilities of Dish and its subsidiaries.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1994 Notes are not redeemable at Dish's option prior to June 1, 1999. Thereafter, the 1994 Notes will be subject to redemption, at the option of Dish, in whole or in part, at redemption prices ranging from 104.828% during the year commencing June 1, 1999 to 100% of principal amount at stated maturity on or after June 1, 2002, together with accrued and unpaid interest thereon to the redemption date. On each of June 1, 2002 and June 1, 2003, Dish will be required to redeem 25% of the original aggregate principal amount of 1994 Notes at a redemption price equal to 100% of principal value at stated maturity thereof, together with accrued and unpaid interest thereon to the redemption date. The remaining principal of the 1994 Notes matures on June 1, 2004.

In the event of a change of control and upon the occurrence of certain other events, as described in the indenture relating to the 1994 Notes (the "1994 Notes Indenture"), Dish will be required to make an offer to each holder of 1994 Notes to repurchase all or any part of such holder's 1994 Notes at a purchase price equal to 101% of the accreted value thereof on the date of purchase, if prior to June 1, 1999, or 101% of the aggregate principal amount at stated maturity thereof, together with accrued and unpaid interest thereon to the date of purchase, if on or after June 1, 1999.

The 1994 Notes Indenture contains restrictive covenants that, among other things, impose limitations on Dish and its subsidiaries with respect to their ability to: (i) incur additional indebtedness (including the guarantee of indebtedness); (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to Dish's subsidiaries; (vi) merge, consolidate or sell substantially all of their assets; and (vii) enter into transactions with affiliates. In addition, Dish, may pay dividends on its equity securities only if (1) no default exists under the 1994 Notes

Indenture; and (2) after giving effect to such dividends, Dish's ratio of total indebtedness to cash flow (calculated in accordance with the 1994 Notes Indenture) would not exceed 4.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of 50% of Dish's consolidated net income (less 100% of consolidated net losses) (calculated in accordance with the 1994 Notes Indenture) from April 1, 1994, plus 100% of the aggregate net proceeds received by Dish from the sale and issuance of certain equity interests of Dish (including common stock). As of the date of this Prospectus, Dish does not meet the above specified ratios and is therefore unable to pay dividends or make other distributions to EchoStar.

The Warrants became separately transferable and exercisable on December 1, 1994. Each Warrant entitles the registered holder thereof to purchase from Dish one share of Class A Common Stock at a purchase price of \$0.01 per share, which price has been paid in advance. No additional amounts are required to be paid upon exercise of the Warrants. The Warrants expire on June 1, 2004. Substantially all of the Warrants have been exercised.

1996 NOTES

On March 25, 1996, ESBC completed the offering related to the 1996 Notes (the "1996 Notes Offering") consisting of \$580.0 million aggregate principal amount at stated maturity of the 1996 Notes. The 1996 Notes Offering resulted in net proceeds to ESBC of approximately \$336.9 million (after payment of underwriting discount and other issuance costs aggregating approximately \$13.1 million). The 1996 Notes bear interest at a rate of 13 1/8%, computed on a semi-annual bond equivalent basis. Interest on the 1996 Notes will not be payable in cash prior to March 15, 2000, with the 1996 Notes accreting to a principal amount at stated maturity of \$580.0 million by that date. Commencing September 15, 2000, interest on the 1996 Notes will be payable in cash on September 15 and March 15 of each year. The 1996 Notes mature on March 15, 2004.

The 1996 Notes rank PARI PASSU in right of payment with all senior indebtedness of ESBC. The 1996 Notes are guaranteed on a subordinated basis by EchoStar and are secured by liens on certain assets of ESBC, EchoStar and certain of EchoStar's subsidiaries, including all of the outstanding capital stock of Dish, which currently owns substantially all of EchoStar's operating subsidiaries. Although the 1996 Notes are titled "Senior": (i) ESBC has not issued, and does not have any plans to issue, any indebtedness to which the 1996 Notes would be senior; and (ii) the 1996 Notes are effectively subordinated to all liabilities of EchoStar (except liabilities to general creditors) and its other subsidiaries (except liabilities of ESBC), including liabilities to general creditors.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1996 Notes are not redeemable at ESBC's option prior to March 15, 2000. Thereafter, the 1996 Notes are subject to redemption, at the option of ESBC, in whole or in part, at redemption prices ranging from 106.5625% during the year commencing March 15, 2000 to 100% on or after March 15, 2003 of principal amount at stated maturity, together with accrued and unpaid interest thereon to the redemption date. The entire principal balance of the 1996 Notes will mature on March 15, 2004.

In the event of a change of control, as described in the 1996 Notes Indenture, ESBC will be required to make an offer to each holder of 1996 Notes to repurchase all of such holder's 1996 Notes at a purchase price equal to 101% of the accreted value thereof on the date of purchase, if prior to March 15, 2000, or 101% of the aggregate principal amount at stated maturity thereof, together with accrued and unpaid interest thereon to the date of purchase, if on or after March 15, 2000.

The indenture relating to the 1996 Notes (the "1996 Notes Indenture") contains restrictive covenants that, among other things, impose limitations on ESBC with respect to its ability to: (i) incur additional indebtedness (including the guarantee of indebtedness); (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to ESBC's subsidiaries; (vi) merge, consolidate or sell assets; and (vii) enter into transactions with affiliates.

The 1996 Notes Indenture permits ESBC to pay dividends and make other distributions to EchoStar, or any of EchoStar's wholly-owned subsidiaries, without restrictions, but restricts the ability of EchoStar to pay dividends and make other distributions.

1997 NOTES

On June 25, 1997, DBS Corp completed the offering related to the 1997 Notes (the "1997 Notes Offering") consisting of \$375.0 million aggregate principal amount of the 1997 Notes. The 1997 Notes Offering resulted in net proceeds to DBS Corp of approximately \$363.8 million (after payment of underwriting discount and other issuance costs aggregating approximately \$11.2 million). The 1997 Notes bear interest at a rate of 12 1/2%, computed on a semi-annual bond equivalent basis. Interest on the 1997 Notes is payable in cash semi-annually on January 1 and July 1 of each year, commencing January 1, 1998. The 1997 Notes mature July 1, 2002.

The 1997 Notes rank PARI PASSU in right of payment with all senior indebtedness of DBS Corp. The 1997 Notes are guaranteed on a subordinated basis by EchoStar, and contingent upon the occurrence of certain events, will be guaranteed by ESBC and Dish and certain other subsidiaries of DBS Corp and EchoStar. The 1997 Notes are secured by liens on the capital stock of DBS Corp, the EchoStar IV satellite and certain other assets of DBS Corp and EchoStar. Although the 1997 Notes are titled "Senior": (i) DBS Corp has not issued, and does not have any plans to issue, any indebtedness to which the 1997 Notes would be senior; and (ii) the 1997 Notes are effectively subordinated to all liabilities of DBS Corp's subsidiaries, including liabilities to general creditors (except to the extent that any subsidiary of DBS Corp may guarantee the 1997 Notes), and the guarantee of EchoStar is effectively subordinated to all liabilities of EchoStar, except liabilities to general creditors.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1997 Notes are not redeemable at DBS Corp's option prior to July 1, 2000. Thereafter, the 1997 Notes are subject to redemption, at the option of DBS Corp, in whole or in part, at redemption prices ranging from 106.5625% during the twelve month period commencing July 1, 2000 to 100% on or after July 1, 2002

In the event of a change of control, as described in the 1997 Notes Indenture, DBS Corp will be required to make an offer to each holder of 1997 Notes to repurchase all of such holder's 1997 Notes at a purchase price equal to 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon, to the date of repurchase.

The indenture relating to the 1997 Notes (the "1997 Notes Indenture") contains restrictive covenants that, among other things, impose limitations on DBS Corp with respect to its ability to: (i) incur additional indebtedness (including the guarantee of indebtedness); (ii) issue preferred stock; (iii) sell assets; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to DBS Corp's subsidiaries; (vi) merge, consolidate or sell assets; and (vii) enter into transactions with affiliates.

DESCRIPTION OF EHOSTAR CAPITAL STOCK

GENERAL

Pursuant to EchoStar's Amended and Restated Articles of Incorporation, as in effect on the date hereof, EchoStar's authorized capital stock consists of: (i) 400,000,000 shares of common stock, of which 200,000,000 shares are designated "Class A Common Stock," 100,000,000 shares are designated "Class B Common Stock," and 100,000,000 shares are designated "Class C Common Stock;" and (ii) 20,000,000 shares of preferred stock, including the following series which have been authorized: 1,616,681 shares of Series A Preferred Stock and 900,000 shares of Series B Preferred Stock. As of October 7, 1997, 11,870,521 shares of Class A Common Stock were issued and outstanding and held of record by 2,334 stockholders, 29,804,401 shares of Class B Common Stock were issued and outstanding and held of record by Charles W. Ergen, EchoStar's President and Chief Executive Officer, and no shares of Class C Common Stock were issued and outstanding. At October 7, 1997, there were 1,616,681 shares of Series A Preferred Stock outstanding held by Messrs. Ergen and DeFranco, and 200,000 shares of Series B Preferred Stock outstanding held by certain qualified institutional buyers. See "Security Ownership of Certain Beneficial Owners and Management." All outstanding shares of the Class A Common Stock and Class B Common Stock are fully paid and nonassessable. The designation and the powers, preferences and rights of the shares of each class of common stock and each series of preferred stock and the qualifications, limitations and restrictions thereof are as set forth below.

EchoStar's Board of Directors is authorized to divide the preferred stock into series and, with respect to each series, to determine the preferences and rights and the qualifications, limitations, or restrictions thereof, including the dividend rights, conversion rights, voting rights, redemption rights and terms, liquidation preferences, sinking fund provisions, the number of shares constituting the series and the designation of such series. The Board of Directors may, without stockholder approval, issue preferred stock with voting and other rights that could adversely affect the voting power of the holders of common stock and could have certain anti-takeover effects.

The transfer agent for EchoStar's capital stock, including the Class A Common Stock, is American Securities Transfer & Trust, Inc.

CLASS A COMMON STOCK

Each holder of Class A Common Stock is entitled to one vote for each share of Class A Common Stock owned of record on all matters submitted to a vote of stockholders. Except as otherwise required by law, the Class A Common Stock votes together with the Class B Common Stock, the Class C Common Stock and the Series A Preferred Stock on all matters submitted to a vote of stockholders. Subject to the preferential rights of any outstanding series of Preferred Stock and to the restrictions on payment of dividends imposed by the 1994 Notes, the 1996 Notes and the 1997 Notes (see "Description of Certain Indebtedness") and any other indebtedness of EchoStar, the holders of Class A Common Stock are entitled to such dividends as may be declared from time to time by the Board of Directors from funds legally available therefor, and, together with the holders of the Class B Common Stock, are entitled, after payment of all prior claims, to receive pro rata all assets of EchoStar upon the liquidation, dissolution or winding up of EchoStar. Holders of Class A Common Stock have no redemption, conversion or preemptive rights.

CLASS B COMMON STOCK

Each holder of Class B Common Stock is entitled to ten votes for each share of Class B Common Stock on all matters submitted to a vote of stockholders. Except as otherwise required by law, the Class B Common Stock votes together with the Class A Common Stock, the Class C Common Stock and the Series A Preferred Stock on all matters submitted to a vote of the stockholders. Each share of Class B Common Stock is convertible, at the option of the holder, into one share of Class A Common Stock. The conversion ratio is subject to adjustment from time to time upon the occurrence of certain events, including: (i) dividends or distributions on Class A Common Stock payable in Class A Common Stock or

certain other capital stock; (ii) subdivisions, combinations or certain reclassifications of Class A Common Stock; and (iii) issuances of rights, warrants or options to purchase Class A Common Stock at a price per share less than the fair market value of the Class A Common Stock. Each share of Class B Common Stock is entitled to receive dividends and distributions upon liquidation on a basis equivalent to that of the Class A Common Stock.

CLASS C COMMON STOCK

Each holder of Class C Common Stock is entitled to one vote for each share of Class C Common Stock on all matters submitted to a vote of stockholders. Except with respect to transactions involving the issuance of capital stock which negatively affect the rights of holders of Series A Preferred Stock, or as otherwise required by law, the Class C Common Stock votes together with Class A Common Stock, the Class B Common Stock and the Series A Preferred Stock on all matters submitted to a vote of the stockholders. Each share of Class C Common Stock is convertible into Class A Common Stock on the same terms as the Class B Common Stock. Each share of Class C Common Stock is entitled to receive dividends and distributions upon liquidation on a basis equivalent to that of the Class A Common Stock. Upon a Change of Control (as defined) of EchoStar, each holder of outstanding shares of Class C Common Stock is entitled to cast ten votes for each share of Class C Common Stock held by such holder. "Change of Control" has the same meaning as set forth in each of the Notes Indentures. See "Description of Certain Indebtedness." EchoStar has no present intention to issue any shares of Class C Common Stock and, under current NASD rules, will not be able to issue so long as the Class A Common Stock is quoted on the Nasdaq National Market.

SERIES A PREFERRED STOCK

Each share of Series A Preferred Stock is convertible, at the option of the holder, into one share of Class A Common Stock, subject to adjustment from time to time upon the occurrence of certain events, including: (i) dividends or distributions on Class A Common Stock payable in Class A Common Stock or certain other capital stock; (ii) subdivisions, combinations or certain reclassifications of Class A Common Stock; and (iii) issuances of rights, warrants or options to purchase Class A Common Stock at a price per share less than the liquidation preference per share. The aggregate liquidation preference for all outstanding shares of Series A Preferred Stock is limited to approximately \$15.1 million plus cumulative unpaid dividends. At June 30, 1997, accrued and unpaid dividends on the Series A Preferred Stock totaled \$3.9 million. The holders of the Series A Preferred Stock contractually subordinated their rights to receive dividends to the Series B Preferred Stock.

Each share of Series A Preferred Stock is entitled to receive dividends equal to eight percent per annum of the liquidation preference for such share calculated from May 6, 1994. The 1994 Notes Indenture, the 1996 Notes Indenture, the 1997 Notes Indenture and the Series B Preferred Stock Certificate of Designation restrict the Company's ability to pay dividends on the Series A Preferred Stock. The Company currently has no intention to begin paying dividends on the Series A Preferred Stock.

Shares of Series A Preferred Stock automatically convert into shares of Class A Common Stock if they are transferred to any person other than permitted transferees. Each share of Series A Preferred Stock is entitled to the equivalent of ten votes for each share of Class A Common Stock into which it is convertible and, except with respect to transactions involving the issuance of capital stock which negatively affects the rights of holders of Series A Preferred Stock (as more particularly described in the Certificate of Designations, Preferences and Rights for the Series A Preferred Stock) or as otherwise required by law, votes together with the Class A Common Stock, Class B Common Stock and Class C Common Stock as a single class on all matters submitted to a vote of stockholders.

SERIES B PREFERRED STOCK

In 1997, EchoStar established from authorized preferred stock its Series B Preferred Stock consisting of 900,000 shares authorized, and issued 200,000 shares to qualified institutional buyers. Each share of Series B Preferred Stock is entitled to dividends at 12 1/8% per annum, payable when, as, and if declared

quarterly in cash or, at the sole discretion of EchoStar, in additional shares of Series B Preferred Stock, on each January 1, April 1, July 1 and October 1 of each year, commencing January 1, 1998. The liquidation preference of the Series B Preferred Stock is \$1,000 per share, plus accumulated and unpaid dividends. On or after July 1, 2000, the Series B Preferred Stock will be redeemable in cash, at the option of EchoStar, in whole or in part, at a price equal to the redemption price (expressed as a percentage of the liquidation preference thereof), together with accumulated and unpaid dividends thereon to the applicable redemption date. At any time prior to July 1, 2000, EchoStar may, subject to and upon compliance with certain conditions, redeem shares of Series B Preferred Stock at a redemption price, payable in cash (expressed as a percentage of the liquidation preference thereof, plus an amount equal to a prorated dividend for the period from the dividend payment date immediately prior to the redemption date), with the net proceeds of one public or private sale of equity interests of EchoStar or any of its subsidiaries. The Series B Preferred Stock will be subject to mandatory redemption in whole on July 1, 2004 at a price, payable in cash, equal to the liquidation preference thereof, plus all accumulated and unpaid dividends to the date of redemption.

Upon the occurrence of a Change of Control (as such term is defined in the Certificate of Designation for the Series B Preferred Stock), EchoStar will be required, provided certain conditions are met, to make an offer to each holder of Series B Preferred Stock to repurchase all or any part of such holder's Series B Preferred Stock at a cash purchase price equal to 101% of the liquidation preference thereof, plus accumulated and unpaid dividends to the date of repurchase.

The Series B Preferred Stock ranks: (i) senior to all common stock of EchoStar and to each series of preferred stock existing on September 26, 1997 and to each other class of capital stock or series of preferred stock issued by EchoStar, which is established after September 26, 1997, the terms of which do not expressly provide that it ranks senior to or on a parity with Series B Preferred Stock; (ii) subject to certain conditions, on a parity with any class of capital stock or series of preferred stock issued by EchoStar, which is established after September 26, 1997, the terms of which expressly provide that such class or series will rank on a parity with the Series B Preferred Stock; and (iii) subject to certain conditions, junior to each class of capital stock or series of preferred stock issued by EchoStar, which is established after September 26, 1997, the terms of which expressly provide that such class or series will rank senior to the Series B Preferred Stock.

Holders of the Series B Preferred Stock have no voting rights with respect to general corporate matters except as provided by law or set forth in the certificate of designation for the Series B Preferred Stock. The certificate of designation for the Series B Preferred Stock restricts, among other things, the ability of EchoStar and certain of its subsidiaries to (i) pay dividends with the proceeds from the offering of the Series B Preferred Stock, (ii) pay cash dividends on any junior or parity securities and (iii) incur indebtedness or pledge the stock of certain subsidiaries as collateral. The Series B Preferred Stock has not been registered under the Securities Act and is subject to certain conditions on transfer.

Subject to certain conditions, the Series B Preferred Stock is exchangeable into additional shares of Series B Preferred Stock or shares of a new series of preferred stock with substantially identical rights and preferences or into Series B Exchange Notes, in an aggregate principal amount equal to the aggregate liquidation preference of, plus accumulated but unpaid dividends on, the Series B Preferred Stock to the date of exchange, at any time at the option of EchoStar, in whole, but not in part. Each Series B Exchange Note will bear interest at 12 1/8% per annum and interest is payable on April 1 and October 1 of each year. EchoStar will pay interest on the Series B Exchange Notes in additional Series B Exchange Notes or in cash. On or after July 1, 2000, the Series B Exchange Notes will be redeemable in cash, at the option of EchoStar, in whole or in part, at a price equal to the redemption price (expressed as a percentage of the principal amount thereof), together with accrued and unpaid interest thereon to the applicable redemption date. At any time prior to July 1, 2000, EchoStar may redeem Series B Exchange Notes at a redemption price, payable in cash, equal to 112.125% of the principal amount thereof, together with accrued and unpaid interest thereon to the redemption date, with net proceeds of one public or private sale of equity interests of EchoStar or any of its subsidiaries.

Upon the occurrence of a Change of Control (as such term is defined in the Indenture for the Series B Exchange Notes), EchoStar will be, provided certain conditions are met, required to make an offer to each holder of Series B Exchange Notes to repurchase all or any portion of such holder's Series B Exchange Notes at a cash purchase price equal to 101% of the principal amount thereof, plus accrued and unpaid interest thereon to the date of repurchase. In addition, upon the occurrence of an certain events, EchoStar will be, provided certain conditions are met, required to make an offer to repurchase one-half of all outstanding Series B Exchange Notes at a cash purchase price of 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of purchase. The holders of the Series B Preferred Stock are entitled to certain registration rights pursuant to a Registration Rights Agreement.

LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Amended and Restated Articles of Incorporation provide that a director of EchoStar will not be personally liable to EchoStar or its stockholders for monetary damages for any breach of fiduciary duty as a director, except in certain cases where liability is mandated by the Nevada General Corporate Law ("NGCL"). The provision has no effect on any non-monetary remedies that may be available to EchoStar or its stockholders, nor does it relieve EchoStar or its directors from compliance with federal or state securities laws. The Amended and Restated Articles of Incorporation and the By-Laws of EchoStar provide for indemnification, to the fullest extent permitted by the NGCL, of any person who is or was involved in any manner in any investigation, claim or other proceeding by reason of the fact that such person is or was a director or officer of EchoStar, or is or was serving at the request of EchoStar as a director or officer of another corporation, against all expenses and liabilities actually and reasonably incurred by such person in connection with the investigation, claim or other proceeding except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of such person's duty to EchoStar.

NEVADA LAW AND LIMITATIONS ON CHANGES IN CONTROL

The NGCL prevents an "interested stockholder" (defined in Section 78.423 of the NGCL, generally, as a person owning 10% or more of a corporation's outstanding voting stock) from engaging in a "combination" (as defined in Section 78.416) with a publicly-held Nevada corporation for three years following the date such person became an interested stockholder unless, before such person became an interested stockholder, the board of directors of the corporation approved the transaction in which the interested stockholder became an interested stockholder or approves the combination.

The provisions authorizing the Board of Directors to issue Preferred Stock without stockholder approval and the provisions of the NGCL relating to combinations with interested stockholders could have the effect of delaying, deferring or preventing a change in control of EchoStar or the removal of existing management. Each of the Notes Indentures for the 1994, 1996 and 1997 Notes also contains provisions with respect to a change of control of EchoStar. See "Description of Certain Indebtedness." The Series B Preferred Stock certificate of designation also contains certain change of control provisions.

Charles W. Ergen, President and Chief Executive Officer of EchoStar, owns 29,804,401 shares of Class B Common Stock, which constitute all of the outstanding shares of such stock. These shares are transferable to other persons subject to securities laws limitations. If Mr. Ergen transferred approximately 50.8% or more of his shares of Class B Common Stock, a change in control of EchoStar would result and Mr. Ergen would receive any premium paid for control of EchoStar. In addition, any such change in control would result in an obligation on the part of EchoStar to offer to purchase at a premium all 1994 Notes. See "Description of Certain Indebtedness."

DESCRIPTION OF THE PREFERRED STOCK

GENERAL

Under EchoStar's Amended and Restated Articles of Incorporation, EchoStar's Board of Directors is authorized, without further stockholder action, to provide for the issuance of up to 20,000,000 shares of preferred stock, par value \$.01 per share, in one or more series, with such voting powers or without voting powers, and with such designations, preferences and relative, participating, optional or other special rights, and qualifications, limitations or restrictions, as shall be set forth in the resolutions providing therefor. As of the date of this Prospectus, EchoStar had 1,616,681 shares of its 8% Series A Cumulative Preferred Stock (the "Series A Preferred Stock") outstanding and 200,000 shares of its 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 (the "Series B Preferred Stock", which term also includes any series of preferred stock issued in exchange for or as a dividend on the Series B Preferred Stock) outstanding (and an additional 700,000 shares of Series B Preferred Stock reserved for issuance upon the occurrence of certain events). The Preferred Stock will rank junior to the Series B Preferred Stock, PARI PASSU with the Series A Preferred Stock and senior to all classes of common stock with respect to dividends and upon liquidation, dissolution or winding up of the Company.

The holders of the Preferred Stock will have no preemptive rights with respect to any shares of capital stock of the Company or any other securities of the Company convertible into or carrying rights or options to purchase any such shares. The Preferred Stock will, when issued, be fully paid and nonassessable.

Simultaneously with the closing of the Preferred Offering, the purchasers of the Preferred Stock will deposit approximately \$ million into an account (the "Deposit Account"), and will be entitled to a quarterly cash payment from the Deposit Account in an amount equal to \$ per share of Preferred Stock (the "Quarterly Return Amount"), commencing , 1998 and continuing until , 1999. After such date, dividends will begin to accrue on the Preferred Stock. EchoStar may, prior to the date on which any Quarterly Return Amount would otherwise be payable, deliver notice instructing the deposit agent (i) to purchase from EchoStar, for transfer to each holder of Preferred Stock, in lieu of the Quarterly Return Amount, that number of whole shares of Class A Common Stock determined by dividing the Quarterly Return Amount by 95% of the Market Value of the Class A Common Stock as of the date of such notice or (ii) defer delivery of the Quarterly Return Amount to holders of Preferred Stock on such quarterly payment date until the next quarterly payment date or any subsequent payment date. However, no later than , 1999 (the "Deposit Expiration Date"), any amounts remaining in the Deposit Account, as of such date, or which have previously been deferred, will be (i) paid to the holders of the Preferred Stock or (ii) at EchoStar's option used to purchase from EchoStar for delivery to each holder of Preferred Stock that number of whole shares of Class A Common Stock determined by dividing the balance remaining in the Deposit Account by 95% of the Market Value of the shares of Class A Common Stock as of the date of the Direction Notice (as defined). For a discussion of the Federal taxation treatment of the Deposit Account, and payments therefrom, see "Certain Federal Income Tax Consequences."

The transfer agent, registrar, redemption, conversion and dividend disbursing agent for shares of the Preferred Stock will initially be American Securities Transfer & Trust, Inc. (the "Transfer Agent"). The Transfer Agent will send notices to stockholders of any special meetings at which holders of the Preferred Stock have the right to vote. See "--Voting Rights" below.

Set forth below is a description of the terms of the Preferred Stock and the Deposit Account and the circumstances under which holders of shares of Preferred Stock may be expected to receive payments from the Deposit Account. The following summary of the Preferred Stock and the Deposit Account does not purport to be complete and is subject to, and qualified in its entirety by reference to, the provisions of the Amended and Restated Articles of Incorporation and Certificate of Designation of the % Series C Cumulative Preferred Stock of EchoStar (the "Certificate of Designation") and the Deposit Agreement, copies of which will be filed as exhibits to the Registration Statement of which this Prospectus forms a part. Application will be made to list the Preferred Stock on the NASDAQ National Market.

DEPOSIT ACCOUNT

The funds deposited in the Deposit Account will be invested in U.S. government obligations or U.S. government guaranteed obligations, which, together with the earnings thereon, will be sufficient to pay the aggregate Quarterly Return Amount through the Deposit Expiration Date. See "Certain Federal Income Tax Consequences."

Unless on or prior to the Notice Date (as defined) EchoStar shall have delivered to the Deposit Agent a Direction Notice (as defined), the Deposit Agent will deliver to each holder of Preferred Stock the Quarterly Return Amount on _____, _____ and _____ of each year (each such date being a "Deposit Payment Date"), commencing _____, 1998 and continuing until the Deposit Expiration Date. If EchoStar shall have delivered a Direction Notice to the Deposit Agent on or prior to the Notice Date, the Deposit Agent shall, as instructed by EchoStar in such Direction Notice, (i) purchase from EchoStar, for delivery to each holder of Preferred Stock in lieu of the Quarterly Return Amount on the next Deposit Payment Date, that number of whole shares of Class A Common Stock determined by dividing the Quarterly Return Amount by 95% of the Market Value of the Class A Common Stock as of the Notice Date or (ii) defer payment of any Quarterly Return Amount until the next Deposit Payment Date or any subsequent Deposit Payment Date. At the written request of the Deposit Agent, EchoStar has agreed under the terms of the Deposit Agreement to deliver, for and on behalf of the Deposit Agent, the shares of Class A Common Stock acquired by the Deposit Agent directly to holders of Preferred Stock. The Deposit Agreement further provides that the Deposit Agent's obligation to purchase shares of Class A Common Stock from EchoStar is secured by the funds in the Deposit Account.

In the event of any conversion of the Preferred Stock prior to the Deposit Expiration Date, EchoStar shall immediately after such conversion be paid any funds remaining in the Deposit Account allocable to the shares of Preferred Stock so converted. Such allocation shall be made pro rata based upon the number of shares of Preferred Stock so converted. The cumulative amount of any allocable deferred Quarterly Return Amounts, at the time of such conversion, shall be paid to the holders of Preferred Stock who are converting their Preferred Stock at the time of such conversion. The Deposit Agent shall make any such payment in cash unless, prior thereto, EchoStar delivers a Direction Notice to the Deposit Agent requiring the Deposit Agent to purchase from EchoStar for transfer to holders who are converting their Preferred Stock that number of whole shares of Class A Common Stock determined by dividing the allocable deferred Quarterly Return Amounts by 95% of the Market Value of the Class A Common Stock as of the date of the Direction Notice.

On the Deposit Expiration Date, the Deposit Agreement requires the Deposit Agent to deliver to the holders of Preferred Stock any cash remaining in the Deposit Account on such date unless, prior thereto, EchoStar delivers a Direction Notice to the Deposit Agent requiring the Deposit Agent to purchase from EchoStar for delivery to holders who are entitled to the proceeds from the Deposit Account that number of whole shares of Common Stock determined by dividing the Deferred Amounts by 95% of the Market Value of the Common Stock as of the date of the Direction Notice.

As a result of the foregoing, holders of Preferred Stock who have not converted their Preferred Stock as of the Deposit Expiration Date will receive through, and including, such Deposit Expiration Date, cash distributions or shares of Class A Common Stock or a combination thereof in an aggregate amount or value equal to \$ _____ for each share of Preferred Stock held by such holder.

The term "Notice Date" means the tenth day prior to the applicable Deposit Payment Date or Deposit Expiration Date, as the case may be. The term "Market Value" means, as of any date, the average of the daily closing price for the five consecutive trading days ending on such date. The closing price for each day shall be the last sales price or in case no such reported sales take place on such day, the average of the last reported bid and asked price, in either case on the principal national securities exchange on which the shares of Class A Common Stock are admitted to trading or listed, or if not listed or admitted to trading on such exchange, the representative closing bid price as reported by the Nasdaq National Market, or other similar organization if the Nasdaq National Market is no longer reporting such information, or if not so available, the fair market price as determined, in good faith, by the Board of Directors of EchoStar.

DIVIDENDS

On and after the Deposit Expiration Date, holders of the Preferred Stock will be entitled to receive cumulative dividends at an annual rate of % of the Liquidation Preference, payable quarterly out of assets legally available therefor on , and of each year, commencing 2000, when, as and if declared by the Board of Directors. Dividends will accrue from , 1999, and as a result the Company will not make any dividend payments on the Preferred Stock until , 2000. Dividends, to the extent declared by EchoStar's Board of Directors, may, at the option of EchoStar, be paid in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock, or a combination thereof. Dividends will be payable to holders of record as they appear on EchoStar's stock register on such record dates, not more than 60 days nor less than 10 days preceding the payment dates thereof, as shall be fixed by EchoStar's Board of Directors. Dividends payable on the Preferred Stock for each full dividend period will be computed by dividing the annual dividend rate by four. Dividends payable on the Preferred Stock for any period less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months. The Preferred Stock will not be entitled to any dividend, whether payable in cash, property or securities, in excess of the full cumulative dividends. No interest, or sum of money in lieu of interest, will be payable in respect of any accumulated and unpaid dividends.

If EchoStar elects to pay dividends in shares of Class A Common Stock, the number of shares of Class A Common Stock to be distributed will be calculated by dividing such payment by 95% of the Market Value as of the dividend payment record date.

No dividends or distributions (other than a dividend or distribution in stock of EchoStar ranking junior to the Preferred Stock as to dividends and upon liquidation, dissolution or winding up) may be declared, made or paid or set apart for payment upon any stock of EchoStar ranking junior to or PARI PASSU with the Preferred Stock as to dividends, nor may any stock of EchoStar ranking junior to or PARI PASSU with the Preferred Stock as to dividends or upon liquidation be redeemed, purchased or otherwise acquired for any consideration (or any moneys paid to or made available for a sinking fund for the redemption of any shares of any such stock) by EchoStar (except, in general and in both cases, by conversion into or exchange for stock of EchoStar ranking junior to the Preferred Stock as to dividends and upon liquidation and in the case that monies for such dividends, distributions, redemptions, purchases, or other acquisitions are derived directly or indirectly from the proceeds of the offering of such securities or a concurrent offering of related securities) unless full cumulative dividends have been or contemporaneously are paid or declared and a sum sufficient for the payment thereof is set apart for such payment on the Preferred Stock for all dividend payment periods terminating on or prior to the date of such declaration, payment, redemption, purchase or acquisition. The Preferred Stock, with respect to dividends and upon liquidation, dissolution or winding up, will rank junior to the Series B Preferred Stock, and PARI PASSU with the Series A Preferred Stock.

Notwithstanding the foregoing, if full dividends have not been declared and paid or set apart on the Preferred Stock and any other preferred stock ranking PARI PASSU with the Preferred Stock as to dividends, dividends may be declared and paid on the Preferred Stock and such other PARI PASSU preferred stock so long as the dividends are declared and paid pro rata so that the amounts of dividends declared per share on the Preferred Stock and such other PARI PASSU preferred stock will in all cases bear to each other the same ratio that accrued and unpaid dividends per share on the shares of the Preferred Stock and such other preferred stock bear to each other; provided, that if such dividends are paid in cash on the other PARI PASSU preferred stock, dividends will also be paid in cash on the Preferred Stock.

The holders of shares of Preferred Stock at the close of business on a dividend payment record date will be entitled to receive the dividend payment on those shares (except that holders of shares called for redemption on a redemption date between the record date and the dividend payment date will be entitled to receive such dividend on such redemption date as indicated under "--Optional Redemption") on the corresponding dividend payment date notwithstanding the subsequent conversion thereof or EchoStar's default in payment of the dividend due on that dividend payment date. Except as provided in the immediately preceding sentence, EchoStar shall make no payment or allowance for unpaid dividends,

whether or not in arrears, on converted shares or for dividends on the shares of Class A Common Stock issued upon conversion.

EchoStar's ability to declare and pay cash dividends and make other distributions with respect to its capital stock, including the Preferred Stock, is limited by provisions contained in various financing agreements which restrict dividend payments to EchoStar by its subsidiaries and which restrict the payment of cash dividends by EchoStar or any of its subsidiaries on their respective equity securities. Similarly, EchoStar's ability to declare and pay dividends may be limited by applicable Nevada law.

LIQUIDATION PREFERENCE

The shares of Preferred Stock will be issued with a liquidation preference equal to \$50 per share (the "Liquidation Preference"). See also "Certain Federal Income Tax Consequences."

If upon any voluntary or involuntary dissolution, liquidation or winding up of EchoStar, the amounts payable with respect to the liquidation preference of the Preferred Stock and any other shares of stock of EchoStar ranking as to any such distribution PARI PASSU with the Preferred Stock are not paid in full, the holders of the Preferred Stock and of such other shares will share pro rata in proportion to the full distributable amounts to which they are entitled. After payment of the full amount of the liquidating distribution to which they are entitled, the holders of the Preferred Stock will have no right or claim to any of the remaining assets of EchoStar. Neither the sale of all or substantially all of the property or business of EchoStar (other than in connection with the winding up of its business), nor the merger or consolidation of EchoStar into or with any other corporation, will be deemed to be dissolution, liquidation or winding up, voluntary or involuntary, of EchoStar. In the event of any voluntary or involuntary dissolution, liquidation or winding up of EchoStar, the Deposit Agent will be required to return to the holders of the Preferred Stock any funds at the time remaining in the Deposit Account.

OPTIONAL REDEMPTION

The Preferred Stock is not subject to any sinking fund or other similar provisions. The Preferred Stock may not be redeemed prior to _____, 2000. On or after _____, 2000, the Preferred Stock may be redeemed, in whole or in part, at the option of EchoStar, in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock or a combination thereof, upon not less than 20 days' notice nor more than 60 days' notice, during the twelve-month periods commencing on _____ of the years indicated below, at the following redemption prices per share, plus in each case all accumulated and unpaid dividends to the redemption date:

YEAR	REDEMPTION PRICE PER SHARE
-----	-----
2000.....	\$
2001.....	
2002.....	
2003.....	
2004 and thereafter.....	----- ----- -----

In the event that fewer than all the outstanding shares of the Preferred Stock are to be redeemed, the shares to be redeemed will be determined pro rata or by lot. If EchoStar elects to make redemption payments in shares of Class A Common Stock, the number of shares of Class A Common Stock to be distributed will be calculated by dividing such payment by 95% of the Market Value as of the redemption notice date.

From and after the applicable redemption date (unless EchoStar shall be in default of payment of the redemption price), dividends on the shares of the Preferred Stock to be redeemed on such redemption date shall cease to accumulate, such shares shall no longer be deemed to be outstanding, and all rights of

the holders thereof as stockholders of EchoStar (except the right to receive the redemption price) will cease.

If any dividends on the Preferred Stock are in arrears, no shares of the Preferred Stock will be redeemed unless all outstanding shares of the Preferred Stock are simultaneously redeemed.

VOTING RIGHTS

Except as required by law, holders of the Preferred Stock will have no voting rights except as set forth below. Under Nevada law, holders of the Preferred Stock will be entitled to vote as a class upon a proposed amendment to the Certificate of Designation, whether or not entitled to vote thereon by the Certificate of Designation, if the amendment would increase or decrease the par value of the shares of such class, or alter or change the powers, preferences or special rights of the Shares of such class so as to affect them adversely.

If the dividends payable on the Preferred Stock are in arrears for six quarterly periods, the holders of the Preferred Stock voting separately as a class with the shares of any other preferred stock or preference securities having similar voting rights will be entitled at the next regular or special meeting of stockholders of EchoStar to elect two directors of EchoStar (such voting rights will continue only until such time as the dividend arrearage on the Preferred Stock has been paid in full). The affirmative vote or consent of the holders of at least 66 2/3% of the outstanding Preferred Stock will be required for the issuance of any class or series of stock (or security convertible into stock or evidencing a right to purchase any shares of any class or series of stock) of EchoStar ranking senior to or PARI PASSU with the Preferred Stock as to dividends, liquidation rights or voting rights (other than additional shares of Series B Preferred Stock or PARI PASSU securities with an aggregate liquidation preference, at any one time outstanding, not to exceed \$100 million), and for amendments to EchoStar's Articles of Incorporation that would affect adversely the rights of holders of the Preferred Stock, including, without limitation, (i) any increase in the authorized number of shares of Preferred Stock and (ii) the issuance of any shares of Preferred Stock in excess of the number of shares of such stock authorized in the Certificate of Designation thereof as of the date of the original issuance of the Preferred Stock. In all such cases each share of Preferred Stock shall be entitled to one vote.

CONVERSION RIGHTS

The Preferred Stock will be convertible at any time at the option of the holder thereof into such number of whole shares of Class A Common Stock as is equal to the Liquidation Preference divided by an initial conversion price of \$ _____, subject to adjustment as described below (such price or adjusted price being referred to as the "Conversion Price"). EchoStar may elect to pay all unpaid dividends on the Preferred Stock which have accumulated since the Deposit Expiration Date to the date of conversion in cash or by issuing that whole number of shares of Class A Common Stock equal to the amount of accumulated and unpaid dividends divided by 95% of the Market Value as of the conversion date. A share of Preferred Stock called for redemption will be convertible into shares of Class A Common Stock up to and including but not after the close of business on the second business day prior to the date fixed for redemption unless EchoStar defaults in the payment of the amount payable upon redemption.

In EchoStar's discretion, no fractional shares of Class A Common Stock or securities representing fractional shares of Class A Common Stock will be issued upon conversion. Any fractional interest in a share of Class A Common Stock resulting from conversion will be paid in cash based on the last reported sale price of the Class A Common Stock on the Nasdaq National Market (or any national securities exchange or authorized quotation system on which the Class A Common Stock is then listed) at the close of business on the trading day next preceding the date of conversion or such later time as EchoStar is legally and contractually able to purchase such fractional shares.

The Conversion Price is subject to adjustment (in accordance with formulas set forth in the Certificate of Designation) in certain events, including (i) any redemption payment or payment of a dividend (or other distribution) payable in shares of any class of common stock of EchoStar to all holders of any class of

capital stock of EchoStar (other than the issuance of shares of Class A Common Stock in connection with the payment in redemption for, of dividends on or the conversion of the Preferred Stock), (ii) any issuance to all holders of shares of any class of common stock of EchoStar of rights, options or warrants entitling them to subscribe for or purchase shares of common stock of EchoStar or securities convertible into or exchangeable for shares of common stock of EchoStar at less than Market Value as of the date of conversion or exchange; PROVIDED, HOWEVER, that no adjustment shall be made with respect to such a distribution if the holder of shares of Preferred Stock would be entitled to receive such rights, option or warrants upon conversion at any time of shares of Preferred Stock into Class A Common Stock and PROVIDED FURTHER, that if such options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Price will not be adjusted until such triggering events occur, (iii) any subdivision, combination or reclassification of any class of common stock of EchoStar, (iv) any distribution consisting exclusively of cash (excluding any cash distributed upon a merger or consolidation to which the second succeeding paragraph applies) to all holders of shares of any class of common stock of EchoStar in an aggregate amount that, combined together with (a) all other such all-cash distributions made within the then-preceding 12-months in respect of which no adjustment has been made and (b) any cash and the fair market value of other consideration paid or payable in respect of any tender offer by EchoStar or any of its subsidiaries for shares of any class of common stock of EchoStar concluded within the then-preceding 12-months in respect of which no adjustment has been made, exceeds 15% of EchoStar's market capitalization (defined as the product of the then-current market price of the Class A Common Stock times the number of shares of Class A Common Stock then outstanding) on the record date of such distribution, (v) the completion of a tender or exchange offer made by EchoStar or any of its subsidiaries for shares of any class of common stock of EchoStar that involves an aggregate consideration that, together with (a) any cash and other consideration payable in a tender or exchange offer by EchoStar or any of its subsidiaries for shares of any class of common stock of EchoStar expiring within the then-preceding 12-months in respect of which no adjustment has been made and (b) the aggregate amount of any such all-cash distributions referred to in (iv) above to all holders of shares of common stock of EchoStar within the then-preceding 12-months in respect of which no adjustments have been made, exceeds 15% of EchoStar's market capitalization just prior to the expiration of such tender offer or (vi) a distribution to all holders of any class of common stock of EchoStar consisting of evidences of indebtedness, shares of capital stock other than common stock of EchoStar or assets (including securities, but excluding those dividends, rights, options, warrants and distributions referred to above). No adjustment of the Conversion Price will be required to be made until the cumulative adjustments (whether or not made) amount to 1.0% or more of the Conversion Price as last adjusted. Notwithstanding anything to the contrary contained herein, no Conversion Price adjustment will be made as a result of the issuance of Class A Common Stock on conversion of the Series A Preferred Stock, the Preferred Stock or the Class B Common Stock. Each event requiring adjustment to the Conversion Price shall require only a single adjustment even though more than one of the adjustment clauses may be applicable to such event. EchoStar reserves the right to make such reductions in the Conversion Price in addition to those required in the foregoing provisions as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights will not be taxable to the recipients. In the event EchoStar elects to make such a reduction in the Conversion Price, EchoStar will comply with the requirements of Rule 14e-1 under the Exchange Act, and any other securities laws and regulations thereunder if and to the extent that such laws and regulations are applicable in connection with the reduction of the Conversion Price.

In the event that EchoStar distributes rights or warrants (other than those referred to in (ii) in the preceding paragraph) PRO RATA to all holders of shares of any class of common stock of EchoStar, so long as any such rights or warrants have not expired or been redeemed by EchoStar, the holder of any Preferred Stock surrendered for conversion will be entitled to receive upon such conversion, in addition to the shares of common stock then issuable upon such conversion (the "Conversion Shares"), a number of rights or warrants to be determined as follows: (i) if such conversion occurs on or prior to the date for the distribution to the holders of rights or warrants of separate certificates evidencing such rights or warrants (the "Distribution Date"), the same number of rights or warrants to which a holder of a number of shares

of common stock of EchoStar equal to the number of Conversion Shares is entitled at the time of such conversion in accordance with the terms and provisions applicable to the rights or warrants and (ii) if such conversion occurs after such Distribution Date, the same number of rights or warrants to which a holder of the number of shares of common stock of EchoStar into which such Preferred Stock was convertible immediately prior to such Distribution Date would have been entitled on such Distribution Date in accordance with the terms and provisions of and applicable to the rights or warrants. In the event the holders of the Preferred Stock are not entitled to receive such rights or warrants, the Conversion Price will be subject to adjustment upon any declaration or distribution of such rights or warrants.

In case of any reclassification, consolidation or merger of EchoStar with or into another person or any merger of another person with or into EchoStar (with certain exceptions), or in case of any sale, transfer or conveyance of all or substantially all of the assets of EchoStar (computed on a consolidated basis), each share of Preferred Stock then outstanding will, without the consent of any holder of Preferred Stock, become convertible only into the kind and amount of securities, cash and other property receivable upon such reclassification, consolidation, merger, sale, transfer or conveyance by a holder of the number of shares of Class A Common Stock into which such Preferred Stock was convertible immediately prior thereto, after giving effect to any adjustment event.

In the case of any distribution by EchoStar to its stockholders of substantially all of its assets, each holder of Preferred Stock will participate PRO RATA in such distribution based on the number of shares of Class A Common Stock into which such holders' shares of Preferred Stock would have been convertible immediately prior to such distribution.

CHANGE OF CONTROL

Notwithstanding the foregoing, upon a Change of Control (as defined below), holders of Preferred Stock shall, if the Market Value at such time is less than the Conversion Price, have a one time option, upon not less than 30 days' notice nor more than 60 days' notice, to convert all of their outstanding shares of Preferred Stock into shares of Class A Common Stock at an adjusted Conversion Price equal to the greater of (i) the Market Value as of the Change of Control Date and (ii) 66.67% of the Market Value as of the date of this Prospectus. In lieu of issuing the shares of Common Stock issuable upon conversion in the event of a Change of Control, EchoStar may, at its option, make a cash payment equal to the Market Value of such Class A Common Stock otherwise issuable.

EchoStar's Certificate of Designation defines "Change of Control" as any of the following events: (a) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that the Principals (as defined) and their Related Parties (as defined) or an entity controlled by the Principals and their Related Parties cease to (i) be the "beneficial owners" (as defined in Rule 13(d)(3) under the Exchange Act) of at least 30% of the total Equity Interests (as defined) in EchoStar and (ii) have the voting power to elect at least a majority of the Board of Directors of EchoStar; (b) the first day on which a majority of the members of the Board of Directors of EchoStar are not Continuing Directors; (c) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that the Principals and their Related Parties or any entity controlled by the Principals and their Related Parties cease to be the "beneficial owners" (as defined in Rule 13(d)(3) under the Exchange Act) of at least 30% of the total Equity Interests in DBS Corp. and have the voting power to elect at least a majority of the Board of Directors of DBS Corp. or (d) the first day on which a majority of the members of the Board of Directors of DBS Corp. are not Continuing Directors.

The phrase "all or substantially all" of the assets of EchoStar is likely to be interpreted by reference to applicable state law at the relevant time, and will be dependent on the facts and circumstances existing at such time. As a result, there may be a degree of uncertainty in ascertaining whether a sale or transfer is of "all or substantially all" of the assets of EchoStar.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, INCORPORATORS AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of EchoStar or any of its Affiliates, as such, shall have any liability for any obligations of EchoStar under the Preferred Stock or the Certificate of Designation or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Preferred Stock waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Preferred Stock. Such waiver may not be effective to waive liabilities under the federal securities laws and it is the view of the Commission that such waiver is against public policy.

AMENDMENT, SUPPLEMENT AND WAIVER

Without the consent of any holder of Preferred Stock, EchoStar may amend or supplement the Certificate of Designation to cure any ambiguity, defect or inconsistency, to provide for uncertificated Preferred Stock in addition to or in place of certificated Preferred Stock, to provide for the assumption of EchoStar's obligations to holders of the Preferred Stock in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the holders of the Preferred Stock or that does not adversely affect the legal rights under the Certificate of Designation of any such holder.

BOOK ENTRY; THE DEPOSITORY TRUST COMPANY

The Depository Trust Company ("DTC") will act as securities depository for the shares of Preferred Stock offered hereby. The shares of Preferred Stock will be issued only as fully-registered securities registered in the name of Cede & Co. (as nominee for DTC). One or more fully-registered global certificates will be issued, representing in the aggregate the total number of shares of Preferred Stock, and will be deposited with DTC (collectively, the "Global Certificate").

The laws of some jurisdictions require that certain purchasers of securities take physical delivery of securities in definitive form. Such laws may impair the ability to transfer beneficial interests in the shares of Preferred Stock represented by a Global Certificate.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Direct Participants"). DTC is owned by a number of its Direct Participants and by the NYSE, the AMEX and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

Purchases of shares of Preferred Stock within the DTC system must be made by or through Direct Participants, which will receive a credit for the Preferred Stock on DTC's records. The ownership interest of each actual purchaser of a share of Preferred Stock ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participant's records. Beneficial Owners will not receive written confirmation from DTC of their purchases, but Beneficial Owners are expected to receive written confirmations providing details of the transactions, as well as periodic statements of their holdings, from the Direct or Indirect Participants through which the Beneficial Owners purchased the Preferred Stock. Transfers of ownership interests in the Preferred Stock are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Preferred Stock, except upon a resignation of DTC or upon a decision by EchoStar to discontinue the book-entry system for the Preferred Stock.

To facilitate subsequent transfers, all the Preferred Stock deposited by Participants with DTC are registered in the name of DTC's nominee, Cede & Co. The deposit of shares of Preferred Stock with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Preferred Stock; DTC's records reflect only the identity of the Direct Participants to whose accounts such shares of Preferred Stock are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices with respect to the shares of Preferred Stock shall be sent to Cede & Co. If less than all of the shares of Preferred Stock are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such securities to be redeemed.

Although voting with respect to the Preferred Stock is limited, in those cases where a vote is required, neither DTC nor Cede & Co. will itself consent or vote with respect to the Preferred Stock. Under its usual procedures, DTC would mail an "Omnibus Proxy" (I.E., a proxy conferring on Direct Participants the right to vote as their interests appear) to the Direct Participants as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Preferred Stock are credited on the record date (identified in a listing attached to the Omnibus Proxy). EchoStar believes that the arrangements among DTC, Direct and Indirect Participants and Beneficial Owners will enable the Beneficial Owners to exercise rights equivalent in substance to the rights that can be directly exercised by a Direct Participant.

Cash distribution payments and distribution payments in shares of Class A Common Stock on the shares of Preferred Stock will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the relevant payment date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payments on such payment date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the account of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or EchoStar, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of distributions to DTC is the responsibility of EchoStar, disbursement of such payments to Direct Participants is the responsibility of DTC and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

Except as provided herein, a Beneficial Owner in a Global Certificate will not be entitled to receive physical delivery of shares of Preferred Stock. Accordingly, each Beneficial Owner must rely on the procedures of DTC to exercise any rights under the Preferred Stock, including elections as to form of payment.

DTC may discontinue providing its services as securities depository with respect to the Preferred Stock at any time by giving reasonable notice to EchoStar. Under such circumstances, in the event that a successor securities depository is not obtained, certificates representing the shares of Preferred Stock will be printed and delivered. If EchoStar decides to discontinue use of the system of book-entry transfers through DTC (or a successor depository), certificates representing the shares of Preferred Stock will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that EchoStar believes to be reliable, but EchoStar takes no responsibility for the accuracy thereof.

CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following discussion of certain of the Federal income tax consequences of the purchase, ownership, and disposition of the Preferred Stock, and any Common Stock received as dividends thereon or in connection with an ownership interest in the Deposit Account, is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), the final, temporary and proposed Treasury Regulations promulgated thereunder, and administrative rulings and judicial decisions now in effect, all of which are subject to change (possibly with retroactive effect) or different interpretations. This summary does not purport to deal with all aspects of Federal income taxation that may be relevant to an investor's decision to purchase shares of Preferred Stock, nor any tax consequences arising under the laws of any state, locality or foreign jurisdiction. This summary is not intended to be applicable to all categories of investors, such as dealers in securities, banks, insurance companies, tax-exempt organizations, foreign persons, persons that hold the Preferred Stock or Common Stock as part of a straddle or conversion transaction, or holders subject to the alternative minimum tax, which may be subject to special rules. In addition, this discussion is limited to persons who hold the Preferred Stock or Common Stock as "capital assets" (generally, property held for investment) within the meaning of Section 1221 of the Code. ALL PROSPECTIVE PURCHASERS OF PREFERRED STOCK ARE ADVISED TO CONSULT THEIR OWN TAX ADVISERS REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP, AND DISPOSITION OF PREFERRED STOCK AND THE RECEIPT OF COMMON STOCK.

CONSEQUENCES TO HOLDERS OF PREFERRED STOCK

INCLUSION IN INCOME

The Liquidation Preference with respect to each share of Preferred Stock will exceed the amount EchoStar receives upon the issuance of the Preferred Stock and the Preferred Stock will pay no dividends until _____, 1999. The precise treatment of preferred stock with these terms is not entirely clear. However, EchoStar intends to treat the Preferred Stock as if it were purchased at a discount from its Liquidation Preference and provided for accretion in its Liquidation Preference equal to \$ _____ on each Deposit Payment Date, so long as the Preferred Stock remains outstanding.

Under Section 305(b)(4) of the Code, the accretion in the Liquidation Preference of the Preferred Stock on each Deposit Payment Date should be treated as a dividend taxable as ordinary income to the Preferred Stock holders to the extent of EchoStar's current and accumulated earnings and profits as determined under U.S. federal income tax principles. The amount of the distribution on each share of Preferred Stock will equal the fair market value of the accretion in the Liquidation Preference with respect to the Preferred Stock. To the extent that the value of the accretion in Liquidation Preference on the Preferred Stock exceeds current and accumulated earnings and profits, such accretion will be treated as a nontaxable return of capital and will be applied against and reduce the adjusted tax basis of such Preferred Stock in the hands of each holder (but not below zero). However, such reduction will be exactly offset by an increase in basis resulting from the holder's receipt of the additional Liquidation Preference. If the value of any accretion in Liquidation Preference exceeds the adjusted tax basis of the Preferred Stock in the hands of the holder, such excess will be treated as capital gain and will be either long-term, mid-term or short-term capital gain depending on the holder's holding period for the Preferred Stock.

On and after the Deposit Expiration Date, a holder of Preferred Stock will be entitled to receive dividends at an annual rate of _____ % of the Liquidation Preference in cash or at the option of the EchoStar in EchoStar Common Stock. In the event EchoStar exercises its rights to pay dividends in Common Stock, (after the expiration of the Deposit Agreement) the number of shares of such Common Stock to be distributed shall be determined by dividing the amount of cash that would be paid by 95% of the Market Value of the Common Stock. A holder of Preferred Stock must include in income as ordinary income the amount of any such cash distributions and the fair market value of any Common Stock distributions to the

extent that EchoStar has current or accumulated earnings and profits. If EchoStar has no current or accumulated earnings and profits, distributions are first treated as a return of capital to the extent of the Preferred Stock holder's basis, and thereafter as capital gain.

EchoStar presently does not have any current or accumulated earnings and profits as determined under United States federal income tax principles and it is unlikely to have current or accumulated earnings and profits in the foreseeable future. As a result, until such time as EchoStar has earnings and profits, an increase in the Liquidation Preference on a distribution will reduce the adjusted tax basis (but not below zero) in the hands of each holder of the shares of Preferred Stock. The basis reduction should be offset for each share of Preferred Stock by a corresponding increase in tax basis for a holder resulting from the increase in Liquidation Preference. Further, until EchoStar has current or accumulated earnings and profits, any accretion in the Liquidation Value or other distributions with respect to the Preferred Stock will not be treated as dividends for United States federal income tax purposes and, thus, will not qualify for any dividends received deduction as described below. Holders would recognize gain to the extent that any distribution was to exceed current or accumulated earnings and profits and basis in the Preferred Stock.

DIVIDENDS TO CORPORATE SHAREHOLDERS

In general, a distribution that is treated as a dividend for Federal income tax purposes and that is made to a corporate shareholder with respect to the Preferred Stock or Common Stock will qualify for the 70% dividends-received deduction under Section 243 of the Code. Holders should note, however, that there can be no assurance that EchoStar will have current or accumulated earnings and profits in the future. Accordingly, there can be no assurance that the dividends-received deduction will apply to distributions on the Preferred Stock or Common Stock.

In addition, there are many exceptions and restrictions relating to the availability of the dividends received deduction such as restrictions relating to (i) the holding period of stock the dividends on which are sought to be deducted, (ii) debt-financed portfolio stock, (iii) dividends treated as "extraordinary dividends" for purposes of Section 1059 of the Code, and (iv) taxpayers that pay alternative minimum tax. Corporate shareholders should consult their own tax advisors regarding the extent, if any, to which such exceptions and restrictions (as amended by the Taxpayer Relief Act of 1997) may apply to their particular factual situation.

COMMON STOCK--HOLDING PERIOD

A stockholder's holding period for shares of Common Stock received in lieu of cash dividends (after the expiration of the Deposit Agreement) or in connection with EchoStar's rights to transfer shares of Common Stock under the Deposit Agreement will commence on the day following the date of transfer and will not include such stockholder's holding period for the shares of Preferred Stock with respect to which the shares of Common Stock were distributed. However, a stockholder's holding period for Common Stock received on conversion of the Preferred Stock will include the stockholder's holding period for the Preferred Stock.

SALE OR REDEMPTION

Upon a sale or other disposition (other than a redemption or a conversion of Preferred Stock into Common Stock) of Preferred Stock or Common Stock, a holder will generally recognize capital gain or loss equal to the difference between the amount of cash and the fair market value of property received by the holder in such sale or other disposition and such holder's adjusted tax basis in such shares. Such gain or loss will be long-term gain or loss if the holder's holding period for such Preferred Stock or Common Stock is more than 12 months. In the case of individuals, long-term capital gains with respect to property held for more than 18 months are taxed at a maximum 20% federal tax rate, and long-term capital gains with respect to property held more than twelve months but no more than 18 months are taxed at a maximum

28% federal tax rate. Net capital gain of corporations is taxed the same as ordinary income, with a maximum federal tax rate of 35%.

Any gain or loss recognized by a holder upon redemption of the Preferred Stock or Common Stock will be treated as gain or loss from the sale or exchange of Preferred Stock or Common Stock, if, taking into account stock that is actually or constructively owned as determined under Section 318 of the Code, (i) such holder's interest in the Company's Common and Preferred Stock is completely terminated as a result of the redemption, (ii) such holder's percentage ownership in the Company's voting stock immediately after the redemption is less than 80% of such percentage ownership immediately before such redemption, or (iii) the redemption is "not essentially equivalent to a dividend" (within the meaning of Section 302 of the Code). If a redemption of the Preferred Stock or Common Stock is treated as a distribution that is taxable as a dividend, the holder will be taxed on the payment received in the same manner as described above under "--Distributions," and the holder's adjusted tax basis in the redeemed Preferred Stock or Common Stock will be transferred to any remaining shares held by such holder in the Company.

CONVERSION OR EXCHANGE OF PREFERRED STOCK

A holder of Preferred Stock will generally not recognize gain or loss by reason of receiving Common Stock in exchange for Preferred Stock upon the redemption or conversion of the Preferred Stock, except that gain or loss will be recognized with respect to any cash received in lieu of fractional shares and the fair market value of any shares of Common Stock attributable to dividend arrearages will be treated as a constructive distribution as described above under "--Distributions." The adjusted tax basis of the Common Stock (including fractional share interests) so acquired will be equal to the tax basis of the shares of Preferred Stock exchanged therefor and the holding period of the Common Stock received upon conversion will include the holding period of the shares of Preferred Stock exchanged. The tax basis of any Common Stock treated as a constructive distribution taxable as a dividend will be equal to its fair market value on the date of the exchange.

ADJUSTMENT OF CONVERSION PRICE

If at any time the Company makes a distribution of property to holders of Common Stock that would be taxable to such stockholders as a dividend for Federal income tax purposes and, in accordance with the antidilution provisions, the Conversion Price of the Preferred Stock is decreased, the amount of such decrease may be deemed to be the payment of a taxable dividend to holders of Preferred Stock. For example, a decrease in the Conversion Price in the event of distributions of indebtedness or assets of the Company will generally result in deemed dividend treatment to holders of the Preferred Stock, but generally, a decrease in the event of stock dividends or the distribution of rights to subscribe for the Common Stock will not result in a taxable stock dividend.

DEPOSIT ACCOUNT

Pursuant to the terms of the Deposit Agreement, each holder of Preferred Stock will be treated as owning a pro-rata portion of the cash deposited in the Deposit Account. Although there is no authority directly on point with respect to the treatment of the Deposit Account, EchoStar believes that the intended treatment is appropriate, because (1) such cash is not subject to the claims of EchoStar's creditors, (2) except in the event that EchoStar elects to sell additional shares of Common Stock to the holders of the Preferred Stock in exchange for the cash in the Deposit Account, EchoStar will under no circumstances be entitled to receive the cash in the Deposit Account, and (3) the holders are entitled to distributions of all earnings generated by the cash held in the Deposit Account.

Cash distributions of \$ _____ per share of Preferred Stock on each Deposit Payment Date should be treated as withdrawals by the holders of the Preferred Stock of amounts deposited in the Deposit

Account. Income earned on the cash deposited in the Deposit Account, if any, will be included in income by each holder of shares of Preferred Stock pro rata in proportion to the number of shares of Preferred Stock held by such holder. Each holder will include such amounts in income in the same manner as though the holder directly owned a pro rata share of the cash in the Deposit Account.

Distributions of Common Stock by the Deposit Agent to the holders of the Preferred Stock following an election by EchoStar to transfer Common Stock to the Deposit Agent should be treated as a purchase by each holder of Preferred Stock of such Common Stock for an amount equal to the Preferred Stockholder's share of the cash deposited in the Deposit Account allocated to such purchase.

BACKUP WITHHOLDING

Under the backup withholding provisions of the Code and applicable Treasury Regulations, a holder of Preferred Stock or Common Stock may be subject to backup withholding at the rate of 31% with respect to dividends paid on, or the proceeds of a sale, exchange or redemption of, Preferred Stock or Common Stock unless such holder (a) is a corporation or comes within certain other exempt categories and when required demonstrates this fact or (b) provides a taxpayer identification number, certifies as to no loss of exemption from backup withholding, and otherwise complies with applicable requirements of the backup withholding rules. The amount of any backup withholding from a payment to a holder will be allowed as a credit against the holder's Federal income tax liability and may entitle such holder to a refund, provided that the required information is furnished to the Internal Revenue Service.

CONSEQUENCES TO FOREIGN HOLDERS OF PREFERRED STOCK

The following is a general discussion of certain United States federal income and estate tax consequences of the ownership and disposition of the Preferred Stock or Common Stock by a person who is a "Non-U.S. Holder." For this purpose, a "Non-U.S. Holder" means a beneficial owner of the Preferred Stock or Common Stock that for United States federal income tax purposes is not (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the law of the United States or any political subdivision thereof (other than any partnership treated as foreign under U.S. Treasury regulations which may be issued under recently enacted amendments to the Code), (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source, or (iv) in certain circumstances, a former citizen or resident of the United States.

DIVIDENDS

Generally, dividends paid to a Non-U.S. Holder are subject to United States withholding tax either at a rate of 30% of the gross amount of the dividend or such lower rate as may be specified by an applicable tax treaty. Although there is no authority on point with respect to the application of the withholding tax to stock similar to the Preferred Stock which provides for an accreting liquidation preference, EchoStar intends to treat the accretion of the Liquidation Preference to Non-U.S. Holders in a manner analogous to original issue discount notes. Accordingly, although the accretion in the Liquidation Preference of the Preferred Stock on each Deposit Payment Date will be subject to United States tax at a rate of 30% of the fair market value of the accretion in the Liquidation Preference, or such lower rate as may be specified by an applicable tax treaty, such tax will be collected by withholding only when amounts are actually paid by EchoStar (or its agent) to such Non-U.S. Holder.

On and after the Deposit Expiration Date, dividends paid in cash or Common Stock will be subject to withholding at the rate of 30% (or lower treaty rate). To the extent EchoStar elects to make dividend payments in Common Stock, EchoStar intends to withhold a number of shares of Common Stock with a fair market value equal to the withholding tax. Cash dividends paid to a Non-U.S. Holder with respect to Common Stock also will be subject to withholding at 30% or lower treaty rate.

Dividends that are effectively connected with the conduct of a trade or business by the Non-U.S. Holder within the United States and, where a tax treaty applies, are attributable to a United States permanent establishment of the Non-U.S. Holder, are not subject to the withholding tax (provided the Non-U.S. Holder files appropriate documentation, including, under current law, Form 4224, with EchoStar or its agent), but instead are subject to United States federal income tax on a net income basis at applicable graduated individual or corporate rates. Any such effectively connected dividends received by a Non-U.S. Holder that is a corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

In order to claim the benefit of an applicable tax treaty, EchoStar (or its agent) may require a Non-U.S. Holder of Common Stock or Preferred Stock to provide EchoStar or its agent an exemption or reduced treaty rate certificate or letter in accordance with the terms of the treaty. In addition, backup withholding, as discussed below, may apply in certain circumstances if applicable certification and other requirements are not met.

A Non-U.S. Holder of Preferred Stock or Common Stock eligible for a reduced rate of United States withholding tax pursuant to an income tax treaty may obtain a refund of any excess amounts withheld by filing an appropriate claim for refund with the Internal Revenue Service.

SALE OR EXCHANGE

A Non-U.S. Holder will not be subject to United States income tax on any gain realized upon the sale or exchange of the Preferred Stock or Common Stock if such holder has no connection with the United States other than holding the Preferred Stock or Common Stock and in particular (i) such gain is not effectively connected with a trade or business in the United States of the Non-U.S. Holder, and (ii) in the case of a Non-U.S. Holder who is an individual which has a "tax home" (as defined in Section 911(d)(3) of the Code) in the United States, such Non-U.S. Holder is not present in the United State for 183 days or more in the taxable year of such disposition.

A Non-U.S. Holder engaged in a trade or business in the United States whose income from the Preferred Stock or Common Stock (including gain from the sale or exchange thereof) is effectively connected with the conduct of such trade or business will generally be subject to regular United States federal income tax on such income in the same manner as if it were a U.S. Person. Any such effectively connected dividends received by a Non-U.S. Holder that is a corporation may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

DEPOSIT ACCOUNT

Because EchoStar will treat cash distributions from the Deposit Account as non-taxable withdrawals, a Non-U.S. Holder generally will not be subject to United States tax on such distributions. Distributions from the Deposit Account attributable to interest earned on amounts held in the Deposit Account and invested in United States government obligations also should be exempt from United States withholding tax as portfolio interest provided that the Non-U.S. Holder provides a properly completed Internal Revenue Service Form W-8.

FEDERAL ESTATE TAX

An individual Non-U.S. Holder who is treated as the owner of the Preferred Stock or Common Stock at the time of such individual's death or has made certain lifetime transfers of an interest in the Preferred Stock or Common Stock will be required to include the value of such Preferred Stock or Common Stock in such individual's gross estate for United States federal estate tax purposes and may be subject to United States federal estate tax, unless an applicable tax treaty provides otherwise.

BACKUP WITHHOLDING AND INFORMATION REPORTING

Under certain circumstances, the Internal Revenue Service requires "information reporting" and "backup withholding" at a rate of 31% with respect to payments of dividends and interest. Non-U.S. Holders generally would be exempt from Internal Revenue Service reporting requirements and United States backup withholding with respect to dividends payable on the Preferred Stock or Common Stock. A Non-U.S. Holder of Preferred Stock or Common Stock that fails to certify its Non-U.S. Holder status in accordance with the requirements of the proposed regulations, would under certain circumstances be subject to United States backup withholding at a rate of 31% on payments of dividends and interest. The application for exemption is available by providing a properly completed Internal Revenue Service Form W-8.

The payment of the proceeds of the disposition of the Preferred Stock or Common Stock by a Non-U.S. Holder to or through the United States office of a broker or through a non-United States branch of a United States broker generally will be subject to information reporting and backup withholding at a rate of 31% unless the holder either certifies its status as a Non-U.S. Holder under penalties of perjury or otherwise establishes an exemption. The payment of the proceeds of the disposition by a Non-U.S. Holder of Preferred Stock or Common Stock to or through a non-United States office of a non-United States broker will not be subject to backup withholding or information reporting unless the non-United States broker has certain United States relationships.

Any amounts withheld under the backup withholding rules from a payment to a Non-U.S. Holder will be refunded (or credited against the holder's United States federal income tax liability, if any) provided that the required information is furnished to the Internal Revenue Service.

UNDERWRITING

Subject to the terms and conditions set forth in the Underwriting Agreement (the "Underwriting Agreement"), the Underwriters have severally agreed to purchase from EchoStar, the shares of Preferred Stock set forth opposite the name of such Underwriter below:

UNDERWRITER	NUMBER OF SHARES OF PREFERRED STOCK
Donaldson, Lufkin & Jenrette Securities Corporation.....	
Lehman Brothers Inc.....	
Total.....	2,000,000

The Underwriting Agreement provides that the obligations of the several Underwriters to pay for and accept delivery of the shares of Preferred Stock offered hereby are subject to approval of certain legal matters by counsel and to certain other conditions. The Underwriters are obligated to take and pay for all the shares of Preferred Stock offered hereby (other than in connection with the over-allotment option described below) if any are taken.

The Underwriters have advised EchoStar that the Underwriters propose to offer the shares of Preferred Stock directly to the public initially at the public offering price set forth on the cover page of this Prospectus and to certain dealers at such price less a concession not in excess of \$ per share. Any Underwriter may allow, and such dealers may re-allow, a discount not in excess of \$ per share to any other Underwriter and to certain other dealers. After the initial public offering of the shares of Preferred Stock, the public offering price and other selling terms may be changed by the Underwriters.

Pursuant to the Underwriting Agreement, EchoStar has granted to the Underwriters an option, exercisable for 30 days from the date hereof, to purchase up to an additional 300,000 shares of Preferred Stock at the public offering price less the underwriting discounts and commissions set forth on the cover page hereof. The Underwriters may exercise such option to purchase additional shares solely for the purpose of covering over-allotments, if any, made in connection with the sale of the shares of Preferred Stock offered hereby. To the extent such over-allotment option is exercised, each Underwriter will become obligated, subject to certain conditions, to purchase the same percentage of such additional shares as the number set forth next to such Underwriter's name in the preceding table bears to the total number of shares set forth on the cover page hereof.

EchoStar and certain directors and executive officers of EchoStar will agree with the Underwriters not to offer, sell, grant any other option to purchase or otherwise dispose of, directly or indirectly, any shares of capital stock or any securities convertible into or exercisable or exchangeable for, or warrants, rights or options to acquire, capital stock, or enter into any agreement to do any of the foregoing for a period of 180 days after the date of this Prospectus, without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ").

EchoStar and its direct and indirect subsidiaries have agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Underwriters may be required to make in respect thereof.

In connection with this Preferred Offering, the Underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the Preferred Stock. Specifically, the Underwriters may over-allot this Preferred Offering, creating a syndicate short position. In addition, the Underwriters may bid for, and purchase, shares of the Preferred Stock in the open market to cover syndicate shorts or to stabilize the price of the Preferred Stock. Finally, the underwriting syndicate may reclaim selling concessions allowed for distributed Preferred Stock (in syndicate covering transactions, in stabilization transactions or otherwise). Any of these activities may stabilize or maintain the market price of the Preferred Stock above

independent market levels. The Underwriters are not required to engage in these activities, and may end any of these activities at any time.

DLJ acted as underwriter in connection with the 1994 Notes Offering, the June 1995 IPO, the 1996 Notes Offering 1997 Notes Offering, and the Series B Preferred Stock Offering, and received customary underwriting discounts and commissions in connection therewith. In addition, in August 1994, certain officers and other employees of DLJ purchased an aggregate of 324,006 shares of Class A Common Stock from EchoStar for an aggregate purchase price of approximately \$3.8 million. Further, in January 1996, certain affiliates of DLJ received a commitment fee, in connection with the FCC Auction, of \$3.0 million from EchoStar. DLJ has also rendered financial advisory services to EchoStar and may do so in the future. Lehman Brothers Inc. acted as underwriter in connection with the 1997 Notes Offering and the Series B Preferred Stock Offering and received customary underwriting discounts and commissions in connection therewith.

LEGAL MATTERS

The legality of the Preferred Stock to be sold in the Preferred Offering will be passed upon for EchoStar by Friedlob Sanderson Raskin Paulson & Tourtillott, LLC ("Friedlob Sanderson"). Mr. Friedlob, a member of Friedlob Sanderson, is also a member of the Board of Directors of EchoStar, and owns options to purchase 6,000 shares of Class A Common Stock of EchoStar. Certain legal matters relating to the Preferred Offering will be passed on for the Underwriters by Paul, Hastings, Janofsky & Walker LLP (a limited liability partnership including professional corporations) ("Paul, Hastings"). Friedlob Sanderson and Paul, Hastings will rely upon the opinion of Hale, Lane, Peek, Dennison, Howard, Anderson and Pearl as to certain matters of Nevada law.

INDEPENDENT ACCOUNTANTS

The audited financial statements of EchoStar included in this Prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of such firm as experts in giving such report.

AVAILABLE INFORMATION

EchoStar is subject to the informational requirements of the Exchange Act and, in accordance therewith, files reports, proxy statements and other information with the Commission. The reports, proxy statements and other information filed by EchoStar may be inspected and copied at the public reference facilities maintained by the Commission at Room 1024, 450 Fifth Street, N.W. Washington D.C. 20549, and at the Commission's regional offices located at 7 World Trade Center, New York, New York 10048, and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. Class A Common Stock is traded on the Nasdaq National Market and reports and other information herein and therein concerning EchoStar can also be inspected at the Nasdaq National Market Exchange, 1735 K Street, N.W., Washington, D.C. 20546. Such material may also be accessed electronically by means of the Commission's home page on the Internet at [HTTP://WWW.SEC.GOV](http://www.sec.gov).

EchoStar has filed with the Commission a Registration Statement on Form S-3 under the Securities Act with respect to the Preferred Stock offered hereby and the Common Stock issuable upon conversion thereof or in redemption therefor or as a dividend thereon. This Prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to EchoStar and the securities offered hereby, reference is made to the Registration Statement, including the exhibits and schedules thereto, which may be inspected at, and copies thereof may be obtained at prescribed rates from, the public reference facilities of the Commission at the address set forth above.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission are incorporated by reference into this Prospectus:

(i) EchoStar's Annual Report on Form 10-K, as amended, for the year ended December 31, 1996;

(ii) EchoStar's Quarterly Report on Form 10-Q for the quarterly periods ended March 31, 1997 and June 30, 1997;

(iii) EchoStar's Current Reports on Form 8-K dated March 3, 1997, April 28, 1997, and September 11, 1997;

(iv) EchoStar's definitive proxy statement for its annual meeting of shareholders held on September 12, 1997.

All documents filed by EchoStar pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date of this Prospectus and prior to the termination of the Preferred Offering shall be deemed to be incorporated by reference into this Prospectus and to be a part hereof from the date of filing such documents.

Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained in this Prospectus, or in any other subsequently filed document which is also incorporated herein by reference, modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed to constitute a part of this Prospectus except as so modified or superseded.

EchoStar hereby undertakes to provide without charge to each person to whom a copy of this Prospectus has been delivered, on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been or may be incorporated into this Prospectus by reference, other than exhibits to such documents. Requests for such copies should be directed to Investor Relations, EchoStar Communications Corporation, 90 Inverness Circle East, Englewood, Colorado 80112, telephone number (303) 799-8222.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
ECHOSTAR COMMUNICATIONS CORPORATION

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To EchoStar Communications Corporation:

We have audited the accompanying consolidated balance sheets of EchoStar Communications Corporation (a Nevada corporation) and subsidiaries, as described in Note 1, as of December 31, 1995 and 1996, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 1996. These financial statements are the responsibility of the Companies' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. 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 provide a reasonable basis for our opinion.

In our opinion, 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, 1995 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Denver, Colorado,

March 14, 1997.

ECHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
ASSETS			
Current Assets:			
Cash and cash equivalents.....	\$ 21,754	\$ 39,231	\$ 182,852
Marketable investment securities.....	15,670	18,807	4,952
Trade accounts receivable, net of allowance for uncollectible accounts of \$1,106, \$1,494 and \$1,642, respectively.....	9,179	13,516	29,475
Inventories.....	38,769	72,767	63,043
Income tax refund receivable.....	3,554	4,830	145
Deferred tax assets.....	1,779	-	-
Subscriber acquisition costs, net.....	-	68,129	68,584
Other current assets.....	13,037	18,356	10,177
Total current assets.....	103,742	235,636	359,228
Restricted Cash and Marketable Investment Securities:			
1994 Notes escrow.....	73,291	-	-
1996 Notes escrow.....	-	47,491	-
Satellite Escrow.....	-	-	112,086
Interest Escrow.....	-	-	109,084
Other.....	26,400	31,800	8,445
Total restricted cash and marketable investment securities.....	99,691	79,291	229,615
Property and equipment, net.....	354,000	590,621	728,237
FCC authorizations, net.....	11,309	72,667	94,386
Deferred tax assets.....	12,109	79,339	79,339
Other noncurrent assets.....	42,240	83,826	43,675
Total assets.....	\$ 623,091	\$1,141,380	\$1,534,480
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)			
Current Liabilities:			
Trade accounts payable.....	\$ 19,063	\$ 40,819	\$ 49,752
Deferred revenue--DISH Network subscriber promotions.....	-	97,959	117,121
Deferred programming revenue -- DISH Network.....	-	4,407	5,269
Deferred programming revenue--C-band.....	584	734	588
Accrued expenses and other current liabilities.....	26,314	30,495	78,186
Deferred tax liabilities.....	-	12,563	12,198
Current portion of long-term obligations.....	4,782	11,334	12,332
Total current liabilities.....	50,743	198,311	275,446
Long-term obligations, net of current portion:			
Long-term deferred signal carriage revenue.....	-	5,949	7,366
1994 Notes.....	382,218	437,127	467,210
1996 Notes.....	-	386,165	411,256
1997 Notes.....	-	-	375,000
Mortgage and other notes payable, excluding current portion.....	33,444	51,428	45,379
Other long-term obligations.....	-	1,203	5,691
Total long-term obligations, net of current portion.....	415,662	881,872	1,311,902
Total liabilities.....	466,405	1,080,183	1,587,348
Commitments and Contingencies (Note 11)			
Stockholders' Equity (Deficit) (Notes 2 and 9):			
Preferred Stock, 20,000,000 shares authorized, 1,616,681 shares of 8% Series A Cumulative Preferred Stock issued and outstanding, including accrued dividends of \$2,143, \$3,347 and \$3,949, respectively.....	17,195	18,399	19,001
Class A Common Stock, \$.01 par value, 200,000,000 shares authorized, 10,535,003, 11,115,582 and 11,821,513 shares issued and outstanding, respectively.....	105	111	118
Class B Common Stock, \$.01 par value, 100,000,000 shares authorized, 29,804,401 shares issued and outstanding.....	298	298	298
Class C Common Stock, \$.01 par value, 100,000,000 shares authorized, none outstanding.....	-	-	-
Common Stock Warrants.....	714	16	11
Additional paid-in capital.....	151,674	158,113	170,701
Unrealized holding gains (losses) on available-for-sale securities, net of deferred taxes.....	239	(11)	(11)
Accumulated deficit.....	(13,539)	(115,729)	(242,986)
Total stockholders' equity (deficit).....	156,686	61,197	(52,868)
Total liabilities and stockholders' equity (deficit).....	\$ 623,091	\$1,141,380	\$1,534,480

See accompanying Notes to Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	(UNAUDITED)				
REVENUE:					
DTH products and technical services.....	\$ 172,753	\$ 146,910	\$ 135,812	\$ 97,199	\$ 33,649
DISH Network promotions -- subscription television services and products.....	--	--	22,746	--	76,251
DISH Network subscription television services....	--	--	37,898	6,046	57,588
C-band programming.....	14,540	15,232	11,921	6,643	4,079
Loan origination and participation income.....	3,690	1,748	3,034	5,103	1,278
Total revenue.....	190,983	163,890	211,411	114,991	172,845
EXPENSES:					
DTH products and technical services.....	133,635	116,758	123,790	90,278	27,718
DISH Network programming.....	--	--	19,079	1,769	45,259
C-band programming.....	11,670	13,520	10,510	6,058	3,308
Selling, general and administrative.....	30,219	38,525	90,372	29,816	66,389
Subscriber promotion subsidies.....	--	--	33,591	--	31,013
Amortization of subscriber acquisition costs....	--	--	15,991	92	61,418
Depreciation and amortization.....	2,243	3,114	27,423	9,664	25,357
Total expenses.....	177,767	171,917	320,756	137,677	260,462
Operating income (loss).....	13,216	(8,027)	(109,345)	(22,686)	(87,617)
Other Income (Expense):					
Interest income.....	8,420	14,059	15,630	9,383	3,343
Interest expense, net of amounts capitalized....	(21,408)	(23,985)	(61,487)	(33,184)	(42,043)
Minority interest in loss of consolidated joint venture and other.....	261	722	(477)	(134)	(294)
Total other income (expense).....	(12,727)	(9,204)	(46,334)	(23,935)	(38,994)
Income (loss) before income taxes.....	489	(17,231)	(155,679)	(46,621)	(126,611)
Income tax (provision) benefit, net.....	(399)	5,745	54,693	16,846	(44)
Net income (loss).....	\$ 90	\$ (11,486)	\$ (100,986)	\$ (29,775)	\$ (126,655)
Net loss attributable to common shares.....	\$ (849)	\$ (12,690)	\$ (102,190)	\$ (30,377)	\$ (127,257)
Weighted-average common shares outstanding.....	32,442	35,562	40,548	40,404	41,265
Loss per common and common equivalent share.....	\$ (0.03)	\$ (0.36)	\$ (2.52)	\$ (0.75)	\$ (3.08)

See accompanying Notes to Consolidated Financial Statements.

ECHOSTAR COMMUNICATIONS CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)

(IN THOUSANDS)

	SHARES OF COMMON STOCK OUTSTANDING	PREFERRED STOCK	COMMON STOCK	COMMON STOCK WARRANTS	ADDITIONAL PAID-IN CAPITAL	ACCUMULATED DEFICIT AND UNREALIZED HOLDING GAINS (LOSSES)
	(NOTES 1 AND 9)					
Balance, December 31, 1993.....	32,221	\$ -	\$ 322	\$ -	\$ 49,378	\$ -
Issuance of Class A Common Stock:						
For acquisition of DirectSat, Inc.	999	-	11	-	8,989	-
For cash.....	324	-	3	-	3,830	-
Issuance of 1,616,681 shares of 8% Series A Cumulative Preferred Stock.....	-	15,052	-	-	-	-
Issuance of Common Stock Warrants.....	-	-	-	26,133	-	-
8% Series A Cumulative Preferred Stock dividends.....	-	939	-	-	-	(939)
Net income.....	-	-	-	-	-	90
Balance, December 31, 1994.....	33,544	15,991	336	26,133	62,197	(849)
8% Series A Cumulative Preferred Stock dividends.....	-	1,204	-	-	-	(1,204)
Issuance of Class A Common Stock pursuant to initial public offering, net of stock issuance costs of \$5,067.....	4,004	-	40	-	62,893	-
Exercise of Common Stock Warrants.....	2,731	-	26	(25,419)	25,393	-
Employee Savings Plan contribution and launch bonuses funded by issuance of Class A Common Stock.....	60	-	1	-	1,191	-
Unrealized holding gains on available-for-sale securities, net.....	-	-	-	-	-	239
Net loss.....	-	-	-	-	-	(11,486)
Balance, December 31, 1995.....	40,339	17,195	403	714	151,674	(13,300)
8% Series A Cumulative Preferred Stock dividends.....	-	1,204	-	-	-	(1,204)
Exercise of Class A Common Stock options.....	442	-	4	-	2,255	-
Exercise of Common Stock Warrants.....	75	-	1	(698)	697	-
Income tax benefit of deduction for income tax purposes on exercise of Class A Common Stock options.....	-	-	-	-	2,372	-
Employee Savings Plan contribution issuable and launch bonuses funded by issuance of Class A Common Stock.....	64	-	1	-	1,115	-
Unrealized holding losses on available-for-sale securities, net.....	-	-	-	-	-	(250)
Net loss.....	-	-	-	-	-	(100,986)
Balance, December 31, 1996.....	40,920	18,399	409	16	158,113	(115,740)
Issuance of Class A Common Stock for acquisition of Direct Broadcasting Satellite Corporation (unaudited).....	647	-	6	-	11,986	-
8% Series A Cumulative Preferred Stock dividends (unaudited).....	-	602	-	-	-	(602)
Exercise of Class A Common Stock options (unaudited).....	58	-	1	-	543	-
Exercise of Common Stock Warrants (unaudited).....	-	-	-	(5)	5	-
Employee incentives funded by issuance of Class A Common Stock (unaudited).....	1	-	-	-	54	-
Net loss (unaudited).....	-	-	-	-	-	(126,655)
Balance, June 30, 1997 (unaudited)...	41,626	\$ 19,001	\$ 416	\$ 11	\$ 170,701	\$ (242,997)

TOTAL

Balance, December 31, 1993..... \$ 49,700
Issuance of Class A Common Stock:

For acquisition of DirectSat, Inc.	9,000
For cash.....	3,833
Issuance of 1,616,681 shares of 8% Series A Cumulative Preferred Stock.....	15,052
Issuance of Common Stock Warrants.....	26,133
8% Series A Cumulative Preferred Stock dividends.....	-
Net income.....	90

Balance, December 31, 1994.....	103,808
8% Series A Cumulative Preferred Stock dividends.....	-
Issuance of Class A Common Stock pursuant to initial public offering, net of stock issuance costs of \$5,067.....	62,933
Exercise of Common Stock Warrants.....	-
Employee Savings Plan contribution and launch bonuses funded by issuance of Class A Common Stock.....	1,192
Unrealized holding gains on available-for-sale securities, net.....	239
Net loss.....	(11,486)

Balance, December 31, 1995.....	156,686
8% Series A Cumulative Preferred Stock dividends.....	-
Exercise of Class A Common Stock options.....	2,259
Exercise of Common Stock Warrants.....	-
Income tax benefit of deduction for income tax purposes on exercise of Class A Common Stock options.....	2,372
Employee Savings Plan contribution issuable and launch bonuses funded by issuance of Class A Common Stock.....	1,116
Unrealized holding losses on available-for-sale securities, net.....	(250)
Net loss.....	(100,986)

Balance, December 31, 1996.....	61,197
Issuance of Class A Common Stock for acquisition of Direct Broadcasting Satellite Corporation (unaudited).....	11,992
8% Series A Cumulative Preferred Stock dividends (unaudited).....	-
Exercise of Class A Common Stock options (unaudited).....	544
Exercise of Common Stock Warrants (unaudited).....	-
Employee incentives funded by issuance of Class A Common Stock (unaudited).....	54
Net loss (unaudited).....	(126,655)

Balance, June 30, 1997 (unaudited)...	\$ (52,868)

See accompanying Notes to Consolidated Financial Statements.

EHOSTAR COMMUNICATIONS CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

	YEARS ENDED DECEMBER 31,			SIX MONTHS ENDED JUNE 30,	
	1994	1995	1996	1996	1997
	(UNAUDITED)				
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss).....	\$ 90	\$ (11,486)	\$(100,986)	\$ (29,775)	\$(126,655)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Depreciation and amortization.....	2,243	3,114	27,423	9,664	25,357
Amortization of subscriber acquisition costs.....	-	-	15,991	92	61,418
Deferred income tax benefit.....	(7,330)	(4,763)	(50,365)	(11,534)	(365)
Amortization of debt discount and deferred financing costs.....	20,662	23,528	61,695	24,530	38,731
Employee benefits funded by issuance of Class A Common Stock.....	-	1,192	1,116	-	-
Change in reserve for excess and obsolete inventory.....	502	1,212	2,866	634	1,987
Change in long-term deferred signal carriage revenue.....	-	-	5,949	4,163	1,417
Change in accrued interest on notes receivable from DBSC.....	-	-	(3,382)	-	-
Change in accrued interest on convertible subordinated debentures from SSET.....	(279)	(860)	(484)	-	-
Other, net.....	(37)	375	1,215	(666)	4,542
Changes in current assets and current liabilities, net(see Note 2).....	8,354	(32,640)	11,537	(17,163)	(15,623)
Net cash flows provided by (used in) operating activities.....	24,205	(20,328)	(27,425)	(20,055)	(9,191)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of marketable investment securities.....	(15,100)	(25,230)	(138,295)	(44,782)	(4,706)
Sales of marketable investment securities.....	4,439	40,563	135,176	15,479	18,561
Purchases of restricted marketable investment securities.....	(11,400)	(15,000)	(21,100)	(9,800)	(1,645)
Funds released from restricted cash and marketable investment securities -- other.....	-	-	15,700	-	-
Purchases of property and equipment.....	(3,507)	(4,048)	(50,954)	(7,537)	(19,129)
Offering proceeds and investment earnings placed in escrow.....	(329,831)	(9,589)	(193,972)	(181,778)	(221,654)
Funds released from escrow accounts.....	144,400	122,149	219,352	71,545	72,975
Investment in SSET.....	(8,750)	-	-	-	-
Payments received on (investments in) convertible subordinated debentures from SSET.....	-	-	6,445	-	(500)
Investment in convertible subordinated debentures from DBSI.....	-	(1,000)	(3,640)	(3,000)	-
Long-term notes receivable from and investment in DBSC.....	(4,210)	(16,000)	(30,000)	(12,500)	-
Expenditures for satellite systems under construction.....	(115,752)	(129,506)	(170,935)	(73,932)	(47,975)
Expenditures for FCC authorizations.....	(159)	(458)	(55,419)	(13,652)	(129)
Other.....	1,305	-	-	-	(478)
Net cash flows used in investing activities.....	(338,565)	(38,119)	(287,642)	(259,957)	(204,680)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Minority investor investment in and loan to consolidated joint venture.....	1,000	-	-	-	-
Net proceeds from issuance of 1994 Notes and Common Stock Warrants.....	323,325	-	-	-	-
Net proceeds from issuance of Class A Common Stock....	3,833	62,933	-	-	-
Net proceeds from issuance of 1996 Notes.....	-	-	336,916	337,043	-
Net proceeds from issuance of 1997 Notes.....	-	-	-	-	362,500
Expenditures from escrow for offering costs.....	(837)	-	-	-	-
Proceeds from refinancing of mortgage indebtedness....	4,200	-	-	-	-
Repayments of mortgage indebtedness and notes payable.....	(3,435)	(238)	(6,631)	(1,082)	(5,551)
Loans from stockholder, net.....	4,000	-	-	-	-
Repayment of loans from stockholder.....	(4,075)	-	-	-	-
Stock options exercised.....	-	-	2,259	722	543
Dividends paid.....	(3,000)	-	-	-	-
Net cash flows provided by financing activities.....	325,011	62,695	332,544	336,683	357,492
Net increase in cash and cash equivalents.....	10,651	4,248	17,477	56,671	143,621
Cash and cash equivalents, beginning of year.....	6,855	17,506	21,754	21,754	39,231
Cash and cash equivalents, end of year.....	\$ 17,506	\$ 21,754	\$ 39,231	\$ 78,425	\$ 182,852

See accompanying Notes to Consolidated Financial Statements.

EHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(INFORMATION AS OF JUNE 30, 1997 AND FOR THE SIX MONTHS ENDED
JUNE 30, 1996 AND JUNE 30, 1997 IS UNAUDITED)

1. ORGANIZATION AND BUSINESS ACTIVITIES

PRINCIPAL BUSINESS

EchoStar Communications Corporation ("ECC"), and together with its subsidiaries ("EchoStar" or the "Company"), currently is one of only three direct broadcast satellite ("DBS") companies in the United States with the capacity to provide comprehensive nationwide DBS programming service. EchoStar's DBS service (the "DISH Network") commenced operations in March 1996 after the successful launch of its first satellite ("EchoStar I") in December 1995. EchoStar launched its second satellite ("EchoStar II") on September 10, 1996. EchoStar II significantly increased the channel capacity and programming offerings of the DISH Network when it became fully operational in November 1996. EchoStar currently provides approximately 120 channels of near laser disc quality digital video programming and over 30 channels of near CD quality audio programming to the entire continental United States. In addition to its DISH Network business, EchoStar is engaged in the design, manufacture, distribution and installation of satellite direct-to-home ("DTH") products, domestic distribution of DTH programming, and consumer financing of EchoStar's DISH Network and domestic DTH products and services.

EchoStar's business objective is to become one of the leading providers of subscription television and other satellite-delivered services in the United States. EchoStar had approximately 350,000 and 590,000 subscribers to DISH Network programming as of December 31, 1996 and June 30, 1997, respectively.

RECENT DEVELOPMENTS

SERIES B SENIOR REDEEMABLE EXCHANGEABLE PREFERRED OFFERING

On October 2, 1997, EchoStar consummated an offering (the "Preferred Offering") of 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004, par value \$0.01 per share (including any additional shares of such stock issued from time to time in lieu of cash dividends, (the "Senior Preferred Stock"). The Preferred Offering resulted in net proceeds to EchoStar of approximately \$193.0 million. The Senior Preferred Stock was issued in a private placement pursuant to Rule 144A of the Securities Act. Each share of Senior Preferred Stock will have a liquidation preference of \$1,000 per share. Dividends on the Senior Preferred Stock are payable quarterly in arrears, commencing on January 1, 1998. EchoStar may, at its option, pay dividends in cash or by issuing additional shares of Senior Preferred Stock having an aggregate liquidation preference equal to the amount of such dividends. EchoStar may, at its option, exchange all, but not less than all, of the shares of Senior Preferred Stock then outstanding for EchoStar's 12 1/8% Senior Exchange Notes due 2004 (including any such senior notes issued from time to time in lieu of cash interest, the "Senior Exchange Notes"). The Senior Exchange Notes will bear interest at a rate of 12 1/8 per annum, payable semiannually in arrears on April 1 and October 1 of each year, commencing with the first such date to occur after the date of the exchange. Interest on the Senior Exchange Notes may, at the option of EchoStar, be paid in cash or by issuing additional Senior Exchange Notes in an aggregate principal amount equal to the amount of such interest. EchoStar presently intends to use the net proceeds of the Preferred Offering to fund subscriber acquisition and marketing expenses and for other general corporate purposes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND BUSINESS ACTIVITIES (CONTINUED)
1997 NOTES OFFERING

As more fully described in Note 7, on June 25, 1997, EchoStar DBS Corporation ("DBS Corp"), a wholly-owned subsidiary of EchoStar, consummated an offering (the "1997 Notes Offering") of 12 1/2% Senior Secured Notes due 2002 (the "1997 Notes"). The 1997 Notes Offering resulted in net proceeds to the Company of approximately \$362.5 million. Interest on the 1997 Notes is payable semi-annually on January 1 and July 1 of each year, commencing January 1, 1998. Approximately \$109.0 million of the net proceeds of the 1997 Notes Offering were placed in an escrow account to fund the first five semi-annual interest payments (through January 1, 2000). The 1997 Notes were issued in a private placement pursuant to Rule 144A of the Securities Act of 1933, as amended. The Company agreed to exchange the privately issued notes for publicly registered notes and on September 15, 1997 filed an amendment to a registration statement on Form S-4 (the "Registration Statement") with the Securities and Exchange Commission. Upon the effectiveness of the Registration Statement, the Company will make an offer to exchange the 1997 Notes for publicly registered notes with substantially identical terms (including principal amount, interest rate, maturity, security and ranking). Prior to consummation of the 1997 Notes Offering, EchoStar contributed (the "Contribution") all of the outstanding capital stock of its wholly-owned subsidiary EchoStar Satellite Broadcasting Corporation ("ESBC") to DBS Corp. As a result of the Contribution, ESBC is a wholly-owned subsidiary of DBS Corp.

NEWS CORPORATION LITIGATION

On February 24, 1997, EchoStar and The News Corporation Limited ("News") announced an agreement (the "News Agreement") pursuant to which, among other things, News agreed to acquire approximately 50% of the outstanding capital stock of EchoStar. News also agreed to make available for use by EchoStar the DBS permit for 28 frequencies at 110 DEG. West Longitude ("WL") purchased by MCI Communications Corporation ("MCI") for over \$682 million at a Federal Communications Commission ("FCC") auction. During late April 1997, substantial disagreements arose between the parties regarding their obligations under the News Agreement.

During May 1997, EchoStar initiated litigation alleging, among other things, breach of contract, failure to act in good faith, and other causes of action. News has denied all of EchoStar's material allegations and has asserted numerous counterclaims against EchoStar and its Chairman and Chief Executive Officer, Charles W. Ergen. While EchoStar is confident of its position and believes it will ultimately prevail, the litigation process could continue for many years and there can be no assurance concerning the outcome of the litigation.

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ORGANIZATIONAL HISTORY AND LEGAL STRUCTURE

Certain companies principally owned and controlled by Mr. Charles W. Ergen were reorganized in 1993 into Dish, Ltd., formerly known as EchoStar Communications Corporation (together with its subsidiaries, "Dish, Ltd."). The principal reorganized entities, Echosphere Corporation (formed in 1980) and Houston Tracker Systems, Inc. (acquired in 1986), are primarily engaged in the design, assembly, marketing and worldwide distribution of direct-to-home ("DTH") satellite television products. Satellite Source, Inc. contracts for rights to purchase C-band satellite delivered television programming for resale to

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND BUSINESS ACTIVITIES (CONTINUED)

consumers and other DTH retailers. Through January 1996, Echo Acceptance Corporation ("EAC") arranged nationwide consumer financing for purchasers of DTH systems and programming. The FCC has granted EchoStar Satellite Corporation ("ESC") licenses for certain DBS frequencies. The reorganized group also includes other less significant domestic enterprises and several foreign entities involved in related activities outside the United States.

During 1994, Dish, Ltd. merged one of its subsidiaries with DirectSat Corporation ("DirectSat"), an approximately 80% owned subsidiary of SSE Telecom, Inc. ("SSET") at that time. DirectSat's stockholders received an approximate 3% equity interest in Dish, Ltd. (subsequently exchanged for stock of ECC) in exchange for all of DirectSat's then outstanding stock. DirectSat's principal assets are a conditional satellite construction permit and frequency assignments for ten DBS frequencies.

In June 1994, Dish, Ltd. completed an offering of 12 7/8% Senior Secured Discount Notes due 2004 (the "1994 Notes," see Note 6) and Common Stock Warrants (the "Warrants") (collectively, the "1994 Notes Offering"), resulting in net proceeds of approximately \$323.3 million. Dish, Ltd. and its subsidiaries are subject to the terms and conditions of the indenture related to the 1994 Notes (the "1994 Notes Indenture"). The assets of ECC are not subject to the 1994 Notes Indenture. Separate parent company only financial information for ECC is supplementally provided in Note 16. As described in Note 6, the 1994 Notes Indenture places significant restrictions on the payment of dividends or other transfers by Dish, Ltd. to ECC.

In June 1995, ECC completed an initial public offering (the "IPO") of its Class A Common Stock, which resulted in net proceeds to the Company of approximately \$62.9 million. Concurrently, Charles W. Ergen, President and Chief Executive Officer of both ECC and Dish, Ltd., exchanged all of his then outstanding shares of Class B Common Stock and 8% Series A Cumulative Preferred Stock of Dish, Ltd. for like shares of ECC (the "Exchange") in the ratio of 0.75 shares of ECC for each share of Dish, Ltd. capital stock (the "Exchange Ratio"). All employee stock options of Dish, Ltd. were also assumed by ECC, adjusted for the Exchange Ratio. In December 1995, ECC merged Dish, Ltd. with a wholly-owned subsidiary of ECC (the "Merger") and all outstanding shares of Dish, Ltd. Class A Common Stock and 8% Series A Cumulative Preferred Stock (other than those held by ECC) were automatically converted into the right to receive like shares of ECC in accordance with the Exchange Ratio. Also effective with the Merger, all outstanding Warrants for the purchase of Dish, Ltd. Class A Common Stock automatically became exercisable for shares of ECC's Class A Common Stock, adjusted for the Exchange Ratio. As a result of the Exchange and Merger, ECC owns all outstanding shares of Dish, Ltd. capital stock.

In March 1996, EchoStar Satellite Broadcasting Corporation ("ESBC"), a wholly-owned subsidiary of ECC, completed an offering (the "1996 Notes Offering") of 13 1/8% Senior Secured Discount Notes due 2004, which resulted in net proceeds to the Company of approximately \$337.0 million. In connection with the 1996 Notes Offering, EchoStar contributed all of the outstanding capital stock of Dish, Ltd. to ESBC. This transaction was accounted for as a reorganization of entities under common control whereby Dish, Ltd. was treated as the predecessor to ESBC. ESBC is subject to all, and ECC is subject to certain of, the terms and conditions of the indenture related to the 1996 Notes (the "1996 Notes Indenture"). EchoStar DBS Corporation ("DBS Corp") was formed in January 1996 as a wholly-owned subsidiary of ECC for the initial purpose of participating in a Federal Communications Commission auction. On January 26, 1996, DBS Corp submitted the winning bid of \$52.3 million for 24 DBS frequencies at 148 DEG. WL. Funds necessary to complete the purchase of the DBS frequencies and commence construction of the Company's fourth DBS satellite, EchoStar IV, have been loaned to DBS Corp by ECC and EBSC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

1. ORGANIZATION AND BUSINESS ACTIVITIES (CONTINUED)

The following summarizes the Company's organizational structure for EchoStar and its significant subsidiaries as described above as of June 30, 1997.

LEGAL ENTITY	REFERRED TO HEREIN AS	OWNERSHIP
EchoStar Communications Corporation	ECC	Publicly owned
EchoStar DBS Corporation	DBS Corp	Wholly-owned by ECC
EchoStar Satellite Broadcasting Corporation	ESBC	Wholly-owned by DBS Corp
Dish Network Credit Corporation	DNCC	Wholly-owned by ECC
Dish, Ltd.	Dish, Ltd.	Wholly-owned by ESBC
EchoStar Satellite Corporation	ESC	Wholly-owned by Dish, Ltd.
Echosphere Corporation	EchoCorp	Wholly-owned by Dish, Ltd.
Houston Tracker Systems, Inc.	HTS	Wholly-owned by Dish, Ltd.
EchoStar International Corporation	EIC	Wholly-owned by Dish, Ltd.

Substantially all of EchoStar's operating activities are conducted by subsidiaries of Dish, Ltd.

SIGNIFICANT RISKS AND UNCERTAINTIES

The commencement of EchoStar's DBS business has dramatically changed EchoStar's operating results and financial position as compared to its historical results. EchoStar consummated the 1994 Notes Offering, the 1996 Notes Offering and the IPO to partially satisfy the capital requirements for the construction, launch and operation of its first four DBS satellites (EchoStar I, EchoStar II, EchoStar III, and EchoStar IV). As a result, annual interest expense on the 1994 and 1996 Notes, and depreciation of the investment in the satellites and related assets each exceeds historical levels of income before income taxes. Consequently, beginning in 1995, EchoStar reported significant net losses and expects such net losses to continue through at least 1999. As of December 31, 1996, EchoStar expects to invest approximately an additional \$344 million to fund contractor financing obligations with respect to its first four satellites and to complete the construction phase and launch of EchoStar III and EchoStar IV (see Note 11). EchoStar's plans also include the financing, construction and launch of two fixed service satellites, additional DBS satellites, and Ku-band and Kux-band satellites, assuming receipt of all required FCC licenses and permits.

In accordance with its agreement with News, as described above, EchoStar had expected to meet its short- and medium-term capital needs through financial commitments from News. As a result of the failure by News to honor its obligations under the News Agreement, EchoStar was required to raise additional capital to execute its contemplated business plan. In connection therewith, in June 1997 DBS Corp issued the 1997 Notes. The 1997 Notes Offering resulted in net proceeds to the Company of approximately \$362.5 million, including approximately \$109.0 million restricted for certain interest payments on the Notes. EchoStar intends to seek recovery from News for any costs of financing, including those costs associated with the offering of the Notes, in excess of the costs of the financing committed to by News under the News Agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The financial statements for 1995 present the consolidation of Dish, Ltd. and its subsidiaries through the date of the Exchange (see Note 1) and the consolidation of ECC and its subsidiaries, including Dish, Ltd., thereafter. The Exchange and Merger was accounted for as a reorganization of entities under common control and the historical cost basis of consolidated assets and liabilities was not affected by the transaction. All significant intercompany accounts and transactions have been eliminated.

The Company accounts for investments in 50% or less owned entities using the equity method. At December 31, 1995 and 1996 and June 30, 1997, these investments were not material to the consolidated financial statements.

The consolidated financial statements as of June 30, 1997 and for the six months ended June 30, 1996 and 1997 include, in the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary to present fairly the Company's consolidated financial position, results of operations and cash flows. Operating results for the six months ended June 30, 1997 are not necessarily indicative of the results that may be expected for the year ending December 31, 1997.

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.

FOREIGN CURRENCY TRANSACTION GAINS AND LOSSES

The functional currency of the Company'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 the years ended December 31, 1994, 1995 and 1996 and the six-month periods ended June 30, 1996 and 1997 were not material to the Company's results of operations.

CASH AND CASH EQUIVALENTS

The Company considers all liquid investments purchased with an original maturity of ninety days or less to be cash equivalents. Cash equivalents as of December 31, 1995 and 1996 and June 30, 1997 consist of money market funds, corporate notes and commercial paper; such balances are stated at cost which equates to market value.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MARKETABLE INVESTMENT SECURITIES AND RESTRICTED CASH AND MARKETABLE INVESTMENT SECURITIES

At December 31, 1995 and 1996 and June 30, 1997, the Company has classified all marketable investment securities as available-for-sale. Accordingly, these investments are reflected at market value based on quoted market prices. Related unrealized gains and losses are reported as a separate component of stockholders' equity, net of related deferred income taxes of \$146,000 and \$6,000 at December 31, 1995 and 1996, respectively, and \$6,000 at June 30, 1997. The specific identification method is used to determine cost in computing realized gains and losses.

Marketable investment securities as of December 31, 1995 and 1996 are as follows (in thousands):

	DECEMBER 31, 1995			DECEMBER 31, 1996		
	AMORTIZED COST	UNREALIZED HOLDING GAIN (LOSS)	MARKET VALUE	AMORTIZED COST	UNREALIZED HOLDING GAIN (LOSS)	MARKET VALUE
Commercial paper.....	\$ 1,126	\$ -	\$ 1,126	\$ 16,065	\$ -	\$ 16,065
Corporate notes.....	12,353	(19)	12,334	-	-	-
Government bonds.....	2,038	-	2,038	2,540	-	2,540
Mutual funds.....	188	(16)	172	219	(17)	202
	\$ 15,705	\$ (35)	\$ 15,670	\$ 18,824	\$ (17)	\$ 18,807

Restricted Cash and Marketable Investment Securities in Escrow Accounts as reflected in the accompanying consolidated balance sheets represent the remaining net proceeds received from the 1994 Notes Offering, and a portion of the proceeds from the 1996 Notes Offering, plus investment earnings, less amounts expended to date in connection with the development, construction and continued growth of the DISH Network. These proceeds are held in separate escrow accounts (the "Dish Escrow Account" and the "ESBC Escrow Account") as required by the respective indentures, and invested in certain permitted debt and other marketable investment securities until disbursed for the express purposes identified in the respective indentures.

Other Restricted Cash includes balances totaling \$11.4 million, \$5.7 million and \$5.7 million at December 31, 1995 and 1996 and June 30, 1997, respectively, which were restricted to satisfy certain covenants in the 1994 Notes Indenture regarding launch insurance for EchoStar I and EchoStar II. In addition, as of each of December 31, 1995 and 1996 and June 30, 1997, \$15.0 million was held in escrow relating to a non-performing manufacturer of DBS receivers (see Note 3). Also, as of December 31, 1996 and June 30, 1997, \$10.0 million was on deposit in a separate escrow account established, pursuant to an additional DBS receiver manufacturing agreement, to provide for EchoStar's future payment obligations. The \$15.0 million and \$10.0 million deposits were both released from these escrow accounts during May 1997.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The major components of Restricted Cash and Marketable Investment Securities are as follows (in thousands):

	DECEMBER 31, 1995			DECEMBER 31, 1996		
	AMORTIZED COST	UNREALIZED HOLDING GAIN (LOSS)	MARKET VALUE	AMORTIZED COST	UNREALIZED HOLDING GAIN (LOSS)	MARKET VALUE
Commercial paper.....	\$ 66,214	\$ -	\$ 66,214	\$ 77,569	\$ -	\$ 77,569
Government bonds.....	32,904	420	33,324	368	-	368
Certificates of deposit.....	-	-	-	1,100	-	1,100
Accrued interest.....	153	-	153	254	-	254
	\$ 99,271	\$ 420	\$ 99,691	\$ 79,291	\$ -	\$ 79,291

INVENTORIES

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

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
EchoStar Receiver Systems.....	\$ -	\$ 32,799	\$ 46,499
Consigned DBS receiver components.....	-	23,525	15,201
DBS receiver components.....	9,615	15,736	2,681
Finished goods--C-band.....	11,161	600	4,181
Finished goods--International.....	9,297	3,491	359
Competitor DBS Receivers.....	9,404	-	-
Spare parts.....	2,089	2,279	1,771
Reserve for excess and obsolete inventory.....	(2,797)	(5,663)	(7,649)
	\$ 38,769	\$ 72,767	\$ 63,043

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Cost includes interest capitalized of \$5.7 million, \$25.8 million and \$25.7 million during the years ended December 31, 1994, 1995 and 1996, respectively and \$12.8 million and \$11.4 million during the six-month periods ended June 30, 1996 and 1997, 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 realized. The amount of any such loss would be reduced to the extent of insurance proceeds received as a result of the launch or in-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

orbit failure. Depreciation is recorded on a straight-line basis for financial reporting purposes. Repair and maintenance costs are charged to expense when incurred. Renewals and betterments are capitalized.

FCC AUTHORIZATIONS

FCC authorizations are recorded at cost and amortized using the straight-line method over a period of 40 years. Such amortization commences at the time the related satellite becomes operational; capitalized costs are written off at the time efforts to provide services are abandoned. FCC authorizations include interest capitalized of \$1.3 million and \$6.1 million during the years ended December 31, 1995 and 1996, respectively, and \$1.6 million and \$5.2 million during the six-month periods ended June 30, 1996 and 1997, respectively. The merger with DirectSat described in Note 1 was accounted for as a purchase. DirectSat's assets were valued at \$9.0 million by the Company at the time of the merger and are included in FCC authorizations in the accompanying balance sheets.

REVENUE RECOGNITION

Revenue from sales of DTH products is recognized upon shipment to customers. Revenue from the provision of DISH Network service and C-band programming service to subscribers is recognized as revenue in the period such programming is provided.

SUBSCRIBER PROMOTION SUBSIDIES, SUBSCRIBER ACQUISITION COSTS, AND DISH NETWORK PROMOTIONS--SUBSCRIPTION TELEVISION SERVICES AND PRODUCTS

Total transaction proceeds to EchoStar from DISH Network programming and equipment sold as a package under EchoStar promotions are initially deferred and recognized as revenue over the related service period (normally one year), commencing upon authorization of each new subscriber. The excess of EchoStar's aggregate cost of the equipment, programming and other expenses for the initial prepaid subscription period for DISH Network service over proceeds received ("subscriber promotion subsidies") is expensed upon shipment of the equipment. Remaining costs, less programming costs and the amount expensed upon shipment as per above, are capitalized and reflected in the accompanying consolidated balance sheets as subscriber acquisition costs. Such costs are amortized over the related prepaid subscription term of the customer. Programming costs are expensed as service is provided. Excluding expected incremental revenues from premium and Pay-Per-View programming, the accounting followed results in revenue recognition over the initial period of service equal to the sum of programming costs and amortization of subscriber acquisition costs.

DISH Network programming and equipment not sold as a package under EchoStar promotions are separately presented in the accompanying consolidated statements of operations.

DEFERRED DEBT ISSUANCE COSTS AND DEBT DISCOUNT

Costs of completing the 1994 Notes Offering and 1996 Notes Offering were deferred (Note 5) and are being amortized to interest expense over their respective terms. The original issue discounts related to the 1994 Notes and the 1996 Notes (Note 6) are being accreted to interest expense so as to reflect a constant rate of interest on the accreted balance of the 1994 Notes and the 1996 Notes.

DEFERRED PROGRAMMING REVENUE

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

subscriber. Similarly, EchoStar defers prepayments received from subscribers to C-band programming sold by EchoStar as an authorized distributor.

LONG-TERM DEFERRED SIGNAL CARRIAGE REVENUE

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

ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consist of the following (in thousands):

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
Accrued expenses.....	\$ 3,850	\$ 20,269	\$ 32,378
Accrued satellite contract costs.....	15,000	-	32,950
Accrued programming.....	4,979	9,463	12,095
Reserve for warranty costs.....	1,013	763	763
Other.....	1,472	-	-
	\$ 26,314	\$ 30,495	\$ 78,186

The Company's C-band proprietary products are under warranty against defects in material and workmanship for a period of one year from the date of original retail purchase. The reserve for warranty costs is based upon historical units sold and expected repair costs. The Company does not have a warranty reserve for its DBS products because the warranty is provided by the contract manufacturer.

ADVERTISING COSTS

Advertising costs are expensed as incurred and totaled \$2.3 million, \$1.9 million and \$16.5 million for the years ended December 31, 1994, 1995 and 1996, respectively.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs, which are expensed as incurred, totaled \$5.9 million, \$5.0 million and \$6.0 million for the years ended December 31, 1994, 1995 and 1996, respectively.

NET LOSS ATTRIBUTABLE TO COMMON SHARES

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

RECLASSIFICATIONS

Certain amounts from the prior years consolidated financial statements have been reclassified to conform with the 1996 presentation.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. OTHER CURRENT ASSETS

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

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
Deposit held by non-performing manufacturer.....	\$ 10,000	\$ 10,000	\$ -
Other.....	3,037	8,356	10,177
	\$ 13,037	\$ 18,356	\$ 10,177

EchoStar previously maintained agreements with two manufacturers for DBS receivers. Only one of the manufacturers produced receivers acceptable to EchoStar. EchoStar previously deposited \$10.0 million with the non-performing manufacturer and, as of December 31, 1996 and June 30, 1997, had an additional \$15.0 million on deposit in an escrow account as security for EchoStar's payment obligations under that contract. During 1996 EchoStar provided the non-performing manufacturer notice of its intent to terminate the contract and filed suit against that manufacturer. On April 25, 1997, the Company and the non-performing manufacturer executed a settlement and release agreement under which the non-performing manufacturer agreed to return the \$10.0 million deposit and to release the \$15.0 million held in escrow. The Company received these amounts in May 1997.

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

4. PROPERTY AND EQUIPMENT

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

	LIFE (IN YEARS)	DECEMBER 31,		JUNE 30,
		1995	1996	1997
				(UNAUDITED)
EchoStar I.....	12	\$ -	\$ 201,607	\$ 201,607
EchoStar II.....	12	-	228,694	228,694
Furniture, fixtures and equipment.....	2-12	35,127	72,945	82,083
Buildings and improvements.....	7-40	21,006	26,035	27,488
Tooling and other.....	2	2,039	3,253	3,781
Land.....	-	1,613	2,295	2,317
Vehicles.....	7	1,310	1,323	1,334
Construction in progress.....	-	303,174	89,733	241,189
Total property and equipment.....		364,269	625,885	788,493
Accumulated depreciation.....		(10,269)	(35,264)	(60,256)
Property and equipment, net.....		\$ 354,000	\$ 590,621	\$ 728,237

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. PROPERTY AND EQUIPMENT (CONTINUED)

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

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
Progress amounts for satellite construction, launch, launch insurance, and capitalized interest:			
EchoStar I.....	\$ 193,629	\$ -	\$ -
EchoStar II.....	88,634	-	-
EchoStar III.....	20,801	29,123	151,570
EchoStar IV.....	-	56,320	77,002
Other.....	110	4,290	12,617
	\$ 303,174	\$ 89,733	\$ 241,189

Construction in progress for each of EchoStar III and EchoStar IV, includes capitalized costs related to the construction, insurance and launch of such satellites. EchoStar III was launched on October 5, 1997; EchoStar IV is currently scheduled to launch during the first quarter of 1998.

5. OTHER NONCURRENT ASSETS

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

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
Long-term notes receivable from DBSC and accrued interest.....	\$ 16,000	\$ 49,382	\$ -
Deferred debt issuance costs.....	10,622	21,284	33,619
SSET convertible subordinated debentures and accrued interest.....	9,610	3,649	4,075
Investment in DBSC.....	4,111	4,044	-
DBSI convertible subordinated debentures.....	1,000	4,640	4,640
Other, net.....	897	827	1,341
	\$ 42,240	\$ 83,826	\$ 43,675

In 1994, the Company purchased \$8.75 million of SSET's 6.5% convertible subordinated debentures. During 1996, EchoStar received \$6.4 million of payments from SSET (\$5.2 million principal and \$1.2 million interest) related to these convertible debentures. As of December 31, 1996, the debentures, if converted, would represent approximately 5% of SSET's common stock, based on the number of shares of SSET common stock outstanding at December 31, 1996. Management estimates that the fair value of the SSET debentures approximates their carrying value in the accompanying financial statements based on current interest rates and the conversion features contained in the debentures. SSET is a reporting company under the Securities Exchange Act of 1934 and is engaged in the manufacture and sale of satellite telecommunications equipment. In March 1994, the Company purchased an approximate 6% ownership interest in the stock of Direct Broadcasting Satellite Corporation ("DBSC") and certain of DBSC's notes and accounts receivable from SSET for \$1.25 million.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. OTHER NONCURRENT ASSETS (CONTINUED)

In November 1994, the Company resolved a lawsuit brought by the Company against DBSC regarding enforceability of the notes and accounts receivable. Such receivables were exchanged for shares of DBSC common stock and the Company purchased additional DBSC shares for \$2,960,000 such that, together with the shares of DBSC acquired from SSET, the Company owned approximately 40% of the outstanding common stock of DBSC. DBSC's principal assets include an FCC conditional satellite construction permit and specific orbital slot assignments for a total of 22 DBS frequencies.

In December 1995, the Company advanced DBSC \$16.0 million in the form of a note receivable to enable DBSC to make required payments under its satellite construction contract (EchoStar III). Additionally, during 1996, the Company made monthly advances to DBSC, in the form of additional notes receivable, to enable DBSC to meet the commitments under its satellite construction contract. Such advances made during 1996 aggregated \$30.0 million. The \$16.0 million note receivable from DBSC bears interest at 11.5% and the additional \$30.0 million of notes receivable from DBSC bears interest at 11.25%. These notes receivable mature monthly, beginning December 29, 2003. Under the terms of the promissory notes, equal installments of principal and interest are due annually commencing December 1997. As of December 31, 1996, these notes receivable totaled \$49.4 million, including accrued interest of \$3.4 million. These notes are secured by all of DBSC's assets, as defined in the Security Agreement. Management estimates that the fair value of these notes approximates carrying value in the accompanying financial statements based on current risk adjusted interest rates. On January 8, 1997, EchoStar consummated the merger of DBSC with a wholly-owned subsidiary of EchoStar ("New DBSC"). Through June 30, 1997 EchoStar had issued approximately 647,000 shares (and expects to issue an additional 11,000 shares) of its Class A Common Stock to acquire the remaining 60% of DBSC which it did not previously own. This transaction was accounted for as a purchase and the excess of the purchase price over the fair value of DBSC's tangible assets was allocated to DBSC's FCC authorizations. DBSC's principal assets include an FCC conditional construction permit and specific orbital slot assignments for certain DBS frequencies. During 1997, upon consummation of the DBSC merger, the aforementioned notes receivable were eliminated, on a consolidated basis, in the related purchase accounting.

In 1995, the Company purchased \$1.0 million of DBS Industries, Inc.'s ("DBSI") convertible subordinated debentures, which mature July 1, 1998. In January and December 1996, the Company purchased an additional \$3.0 million (maturing January 12, 1999), and \$640,000 (maturing December 12, 1999), respectively, of DBSI's convertible subordinated debentures. If EchoStar were to convert these debentures, it would own approximately 14% of DBSI's common stock, based on the number of shares of DBSI common stock outstanding at December 31, 1996. Each of the debentures bears interest at the prime rate plus 2%, adjusted and payable quarterly (aggregate rate of 10.25% at December 31, 1996). DBSI, which is a reporting company under the Securities Exchange Act of 1934, is engaged in the development of satellite and radio systems for use in automating the control and distribution of gas and electric power by utility companies. Management believes the fair value of the DBSI debentures approximates carrying value in the accompanying financial statements based on current interest rates and the conversion features contained in the debentures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT

1994 NOTES

On June 7, 1994, Dish, Ltd. issued the 1994 Notes which mature on June 1, 2004. The 1994 Notes issuance resulted in net proceeds to Dish, Ltd. of \$323.3 million (including amounts attributable to the issuance of the Warrants (see Note 9) and after payment of underwriting discount and other issuance costs aggregating approximately \$12.6 million).

The 1994 Notes bear interest at a rate of 12 7/8%, computed on a semi-annual bond equivalent basis. Interest on the 1994 Notes will not be payable in cash prior to June 1, 1999, with the 1994 Notes accreting to a principal value at stated maturity of \$624.0 million by that date. Commencing December 1, 1999, interest on the 1994 Notes will be payable in cash on December 1 and June 1 of each year.

The 1994 Notes rank senior in right of payment to all subordinated indebtedness of Dish, Ltd. and PARI PASSU in right of payment with all other senior indebtedness of Dish, Ltd., subject to the terms of an Intercreditor Agreement between Dish, Ltd., certain of its principal subsidiaries, and certain creditors thereof. The 1994 Notes are secured by liens on certain assets of Dish, Ltd., including EchoStar I and EchoStar II and all other components of the EchoStar DBS System owned by Dish, Ltd. and its subsidiaries. The 1994 Notes are further guaranteed by each material direct subsidiary of Dish, Ltd. (see Note 12). Although the 1994 Notes are titled "Senior," Dish, Ltd. has not issued, and does not have any current arrangements to issue, any significant indebtedness to which the 1994 Notes would be senior; however, the 1996 Notes are effectively subordinated to the 1994 Notes and all other liabilities of Dish, Ltd. and its subsidiaries. Furthermore, at December 31, 1995 and 1996, the 1994 Notes were effectively subordinated to approximately \$5.4 million and \$5.1 million of mortgage indebtedness, respectively, with respect to certain assets of Dish, Ltd.'s subsidiaries, not including the EchoStar DBS System, and rank PARI PASSU with the security interest of approximately \$30.0 million of contractor financing.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1994 Notes are not redeemable at Dish, Ltd.'s option prior to June 1, 1999. Thereafter, the 1994 Notes will be subject to redemption, at the option of Dish, Ltd., in whole or in part, at redemption prices ranging from 104.828% during the year commencing June 1, 1999 to 100% of principal value at stated maturity on or after June 1, 2002 together with accrued and unpaid interest thereon to the redemption date. On each of June 1, 2002 and June 1, 2003, Dish, Ltd. will be required to redeem 25% of the original aggregate principal amount of 1994 Notes at a redemption price equal to 100% of principal value at stated maturity thereof, together with accrued and unpaid interest thereon to the redemption date. The remaining principal of the 1994 Notes matures on June 1, 2004.

In the event of a change of control and upon the occurrence of certain other events, as described in the 1994 Notes Indenture, Dish, Ltd. will be required to make an offer to each holder of 1994 Notes to repurchase all or any part of such holder's 1994 Notes at a purchase price equal to 101% of the accreted value thereof on the date of purchase, if prior to June 1, 1999, or 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of purchase, if on or after June 1, 1999.

The 1994 Notes Indenture contains restrictive covenants that, among other things, impose limitations on Dish, Ltd. and its subsidiaries with respect to their ability to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) apply the proceeds of certain asset sales; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to Dish, Ltd.'s subsidiaries; (vi) merge, consolidate or sell assets; (vii) incur subordinated or junior debt; and (viii) enter into transactions with affiliates. In

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

addition, Dish, Ltd., may pay dividends on its equity securities only if (1) no default is continuing under the 1994 Notes Indenture; and (2) after giving effect to such dividend, Dish, Ltd.'s ratio of total indebtedness to cash flow (calculated in accordance with the 1994 Notes Indenture) would not exceed 4.0 to 1.0. Moreover, the aggregate amount of such dividends generally may not exceed the sum of 50% of Dish, Ltd.'s consolidated net income (calculated in accordance with the 1994 Notes Indenture) from the date of issuance of the 1994 Notes, plus 100% of the aggregate net proceeds to Dish, Ltd. from the issuance and sale of certain equity interests of Dish, Ltd. (including common stock).

1996 NOTES

On March 25, 1996, ESBC completed the 1996 Notes Offering consisting of \$580.0 million aggregate principal amount at stated maturity of the 1996 Notes. The 1996 Notes Offering resulted in net proceeds to ESBC of approximately \$336.9 million (after payment of underwriting discount and other issuance costs aggregating approximately \$13.1 million). The 1996 Notes bear interest at a rate of 13 1/8%, computed on a semi-annual bond equivalent basis. Interest on the 1996 Notes will not be payable in cash prior to March 15, 2000, with the 1996 Notes accreting to a principal amount at stated maturity of \$580.0 million by that date. Commencing September 15, 2000, interest on the 1996 Notes will be payable in cash on September 15 and March 15 of each year. The 1996 Notes mature on March 15, 2004.

The 1996 Notes rank PARI PASSU in right of payment with all senior indebtedness of ESBC. The 1996 Notes are guaranteed on a subordinated basis by ESBC's parent, EchoStar, and are secured by liens on certain assets of ESBC, EchoStar and certain of EchoStar's subsidiaries, including all of the outstanding capital stock of Dish, Ltd., which currently owns substantially all of EchoStar's operating subsidiaries. Although the 1996 Notes are titled "Senior," (i) ESBC has not issued, and does not have any current arrangements to issue, any significant indebtedness to which the 1996 Notes would be senior; and (ii) the 1996 Notes are effectively subordinated to all liabilities of ECC (except liabilities to general creditors) and its other subsidiaries (except liabilities of ESBC), including liabilities to general creditors. As of December 31, 1996, the liabilities of EchoStar and its subsidiaries, exclusive of the 1996 Notes, aggregated approximately \$694.0 million. In addition, net cash flows generated by the assets and operations of ESBC's subsidiaries will be available to satisfy the obligations of the 1996 Notes only at any time after payment of all amounts due and payable at such time under the 1994 Notes.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1996 Notes are not redeemable at ESBC's option prior to March 15, 2000. Thereafter, the 1996 Notes will be subject to redemption, at the option of ESBC, in whole or in part, at redemption prices ranging from 106.5625% during the year commencing March 15, 2000 to 100% on or after March 15, 2003 of principal amount at stated maturity, together with accrued and unpaid interest thereon to the redemption date. The entire principal balance of the 1996 Notes will mature on March 15, 2004.

The 1996 Notes Indenture contains restrictive covenants that, among other things, impose limitations on ESBC with respect to its ability to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) apply the proceeds of certain asset sales; (iv) create, incur or assume liens; (v) create dividend and other payment restrictions with respect to ESBC's subsidiaries; (vi) merge, consolidate or sell assets; (vii) incur subordinated or junior debt; and (viii) enter into transactions with affiliates. In addition, ESBC may pay dividends on its equity securities only if (1) no default is continuing under the 1996 Notes Indenture; and (2) after giving effect to such dividend, ESBC's ratio of total indebtedness to cash flow (calculated in accordance with the 1996 Notes Indenture) would not exceed 5.0 to 1.0. Moreover, the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

aggregate amount of such dividends generally may not exceed the sum of 50% of ESBC's consolidated net income (calculated in accordance with the 1996 Notes Indenture) from January 1, 1996, plus 100% of the aggregate net cash proceeds received by ESBC and its subsidiaries from the issue or sale of certain equity interests of EchoStar (including common stock). The 1996 Notes Indenture permits ESBC to pay dividends and make other distributions to EchoStar without restrictions.

In the event of a change of control, as described in the 1996 Notes Indenture, ESBC will be required to make an offer to each holder of 1996 Notes to repurchase all of such holder's 1996 Notes at a purchase price equal to 101% of the accreted value thereof on the date of purchase, if prior to March 15, 2000, or 101% of the aggregate principal amount at stated maturity thereof, together with accrued and unpaid interest thereon to the date of purchase, if on or after March 15, 2000.

1997 NOTES

On June 25, 1997, DBS Corp completed the 1997 Notes Offering consisting of \$375.0 million aggregate principal amount of the 1997 Notes. The 1997 Notes Offering resulted in net proceeds to DBS Corp of approximately \$362.5 million (after payment of underwriting discounts and other issuance costs aggregating approximately \$12.5 million). The 1997 Notes bear interest at a rate of 12 1/2%, computed semi-annually. Interest on the 1997 Notes will be payable in cash semi-annually on January 1 and July 1 of each year, with the first interest payment due January 1, 1998. Approximately \$109.0 million of the net proceeds of the 1997 Notes Offering were placed in the Interest Escrow account to fund the first five semi-annual interest payments (through January 1, 2000). Approximately \$112.0 million of the net proceeds of the 1997 Notes Offering were placed in the Satellite Escrow account to fund the construction launch and insurance of EchoStar's fourth DBS satellite ("EchoStar IV"). The 1997 Notes mature on July 1, 2002.

The 1997 Notes rank PARI PASSU in right of payment with all senior indebtedness of DBS Corp. The 1997 Notes are guaranteed on a subordinated basis by DBS Corp's parent, EchoStar, and, contingent upon the occurrence of certain events, will be guaranteed by ESBC and Dish, Ltd. and certain other subsidiaries of DBS Corp and EchoStar. The 1997 Notes are secured by liens on the capital stock of DBS Corp, EchoStar IV, and certain other assets of DBS Corp and EchoStar. Although the 1997 Notes are titled "Senior:" (i) DBS Corp has not issued, and does not have any plans to issue, any significant indebtedness to which the 1997 Notes would be senior; and (ii) the 1997 Notes are effectively subordinated to all liabilities of ECC (except liabilities to general creditors). In addition, the ability of Dish, Ltd. to make distributions to DBS Corp is severely limited by the terms of an indenture to which it is subject, and the cash flow generated by the assets and operations of DBS Corp's subsidiaries will only be available to satisfy DBS Corp's obligations on the 1997 Notes to the extent that such subsidiaries are able to make distributions, directly or indirectly, to DBS Corp.

Except under certain circumstances requiring prepayment premiums, and in other limited circumstances, the 1997 Notes are not redeemable at DBS Corp's option prior to July 1, 2000. Thereafter, the 1997 Notes will be subject to redemption, at the option of DBS Corp, in whole or in part, at redemption prices decreasing from 106.25% during the year commencing July 1, 2000 to 100% on or after July 1, 2002, together with accrued and unpaid interest thereon to the redemption date.

The 1997 Notes Indenture contains restrictive covenants that, among other things, impose limitations on the ability of DBS Corp to: (i) incur additional indebtedness; (ii) issue preferred stock; (iii) apply the proceeds of certain asset sales; (iv) create, incur or assume liens; (v) create dividend and other payment

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

restrictions with respect to DBS Corp's subsidiaries; (vi) merge, consolidate or sell assets; (vii) incur subordinated or junior debt; and (viii) enter into transactions with affiliates. In addition, DBS Corp may pay dividends on its equity securities only if: (1) no default is continuing under the 1997 Notes Indenture; and (2) after giving effect to such dividend and the incurrence of any indebtedness (the proceeds of which are used to finance the dividend), DBS Corp's ratio of total indebtedness to cash flow (calculated in accordance with the 1997 Notes Indenture) would not exceed 6.0 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 1997 Notes Indenture) minus 150% of consolidated interest expense of DBS Corp (calculated in accordance with the 1997 Notes Indenture) plus an amount equal to 100% of the aggregate net cash proceeds received by DBS Corp and its subsidiaries from the issuance or sale of equity interests of DBS Corp or EchoStar (other than equity interests sold to a subsidiary of DBS Corp or EchoStar, since June 25, 1997).

In the event of a change of control, as defined in the 1997 Notes Indenture, DBS Corp will be required to make an offer to repurchase all of the 1997 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)
OTHER LONG-TERM DEBT

In addition to the 1994 Notes, the 1996 Notes and the 1997 Notes, other long-term debt consists of the following (in thousands, except monthly payment data):

	DECEMBER 31,		JUNE 30,
	1995	1996	1997
			(UNAUDITED)
8.25% note payable for deferred satellite contract payments for EchoStar I due in equal monthly installments of \$722,027, including interest, through February 2001.....	\$ 32,833	\$ 30,463	\$ 27,333
8.25% note payable for deferred satellite contract payments for EchoStar II due in equal monthly installments of \$561,577, including interest, through November 2001.....	-	27,161	24,873
8.0% mortgage note payable due in equal monthly installments of \$41,635, including interest, through May 2008; secured by land and office building with a net book value of approximately \$4.1 million.....	3,909	3,715	3,613
10.5% mortgage note payable due in equal monthly installments of \$9,442, including interest, through November 1998; final payment of \$854,000 due November 1998, secured by land and warehouse building with a net book value of approximately \$886,000.....	910	892	882
9.9375% mortgage note payable due in equal quarterly principal installments of \$10,625 plus interest through April 2009, secured by land and office building with a net book value of approximately \$802,000.....	574	531	510
9.5% note payable due 90 days following the successful launch and checkout of EchoStar III.....	-	-	500
Total long-term debt, excluding the 1994 Notes, 1996 Notes and 1997 Notes.....	38,226	62,762	57,711
Less current portion.....	(4,782)	(11,334)	(12,332)
Long-term debt, excluding current portion.....	\$ 33,444	\$ 51,428	\$ 45,379

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

Future maturities of amounts outstanding under the Company's long-term debt facilities as of December 31, 1996 are summarized as follows (in thousands):

	1994 NOTES	1996 NOTES	DEFERRED SATELLITE CONTRACT PAYMENTS	MORTGAGE NOTES PAYABLE	TOTAL
YEAR ENDING DECEMBER 31,					
1997.....	\$ -	\$ -	\$ 11,061	\$ 273	\$ 11,334
1998.....	-	-	12,009	1,141	13,150
1999.....	-	-	13,038	289	13,327
2000.....	-	-	14,156	309	14,465
2001.....	-	-	7,360	331	7,691
Thereafter.....	624,000	580,000	-	2,795	1,206,795
Unamortized discount.....	(186,873)	(193,835)	-	-	(380,708)
Total.....	\$ 437,127	\$ 386,165	\$ 57,624	\$ 5,138	\$ 886,054

The following table summarizes the book and fair values of the Company's debt facilities at December 31, 1996 (dollars in thousands). Fair values for the Company's 1994 Notes and 1996 Notes are based on quoted market prices. The fair value of the Company's Deferred Satellite Contract Payments and mortgage 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.

	BOOK VALUE	FAIR VALUE
1994 Notes.....	\$ 437,127	\$ 526,282
1996 Notes.....	386,165	435,986
Deferred satellite contract payments.....	57,624	56,471
Mortgage notes payable.....	5,138	5,138
	\$ 886,054	\$ 1,023,877

DEFERRED SATELLITE CONTRACT PAYMENTS

The majority of the purchase price for the satellites is required to be paid in progress payments, with the remainder payable in the form of non-contingent payments which are deferred until after the respective satellites are in orbit (the "Deferred Payments"). Interest rates on the Deferred Payments range between 7.75% and 8.25% (to be determined 90 days prior to the launch of the each satellite) and payments are made over a period of five years after the delivery and launch of each such satellite. EchoStar utilized \$36.0 million and \$28.0 million of contractor financing for EchoStar I and EchoStar II, respectively. The Deferred Payments with respect to EchoStar I and EchoStar II are secured by substantially all assets of Dish, Ltd. and its subsidiaries (subject to certain restrictions) and a corporate guarantee of ECC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT (CONTINUED)

Contractor financing of \$15.0 million also will be used for each of EchoStar III and EchoStar IV. EchoStar will issue a corporate guarantee with respect to the contractor financing for EchoStar III and EchoStar IV.

BANK CREDIT FACILITY

From May 1994 to May 1996, certain of EchoStar's subsidiaries maintained a revolving credit facility (the "Credit Facility") with a bank for the purposes of funding working capital advances and meeting letter of credit requirements associated with certain inventory purchases and satellite construction payments. The Credit Facility expired in May 1996. EchoStar currently does not intend to obtain a replacement credit facility.

7. INCOME TAXES

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

	YEARS ENDED DECEMBER 31,		
	1994	1995	1996
Current (provision) benefit:			
Federal.....	\$ (5,951)	\$ 1,350	\$ 4,586
State.....	(853)	(67)	(49)
Foreign.....	(925)	(301)	(209)
	(7,729)	982	4,328
Deferred benefit:			
Federal.....	6,342	4,383	47,902
State.....	988	380	2,463
	7,330	4,763	50,365
Total benefit (provision).....	\$ (399)	\$ 5,745	\$ 54,693

As of December 31, 1996, the Company had net operating loss carryforwards ("NOLs") for Federal income tax purposes of approximately \$77.6 million. The NOLs expire beginning in year 2011. The use of the NOLs is subject to statutory and regulatory limitations regarding changes in ownership. SFAS No. 109 requires that the tax benefit of NOLs for financial reporting purposes be recorded as an asset and that deferred tax assets and liabilities are recorded for the estimated future tax effects of temporary differences between the tax basis of assets and liabilities and amounts reported in the consolidated balance sheets. To the extent that management assesses the realization of deferred tax assets to be less than "more likely than not," a valuation reserve is established.

EHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. INCOME TAXES (CONTINUED)

The temporary differences which give rise to deferred tax assets and liabilities as of December 31, 1995 and 1996 are as follows (in thousands):

	DECEMBER 31,	
	1995	1996
Current deferred tax assets:		
Accrued royalties.....	\$ -	\$ 3,029
Inventory reserves and cost methods.....	834	1,811
Accrued expenses and other.....	257	1,582
Allowance for doubtful accounts.....	456	674
Reserve for warranty costs.....	385	284
Total current deferred tax assets.....	1,932	7,380
Current deferred tax liabilities:		
Unrealized holding gain on marketable investment securities.....	(153)	(6)
Subscriber acquisition costs.....	-	(19,937)
Total current deferred tax liabilities.....	(153)	(19,943)
Net current deferred tax assets (liabilities).....	1,779	(12,563)
Noncurrent deferred tax assets:		
Net operating loss carryforwards.....	-	77,577
Amortization of original issue discount on 1994 and 1996 Notes.....	15,439	34,914
Other.....	7	3,458
Total noncurrent deferred tax assets.....	15,446	115,949
Noncurrent deferred tax liabilities:		
Capitalized costs deducted for tax.....	(2,351)	(17,683)
Depreciation.....	(986)	(18,927)
Total noncurrent deferred tax liabilities.....	(3,337)	(36,610)
Noncurrent net deferred tax assets.....	12,109	79,339
Net deferred tax assets.....	\$ 13,888	\$ 66,776

No valuation reserve has been provided for the above deferred tax assets because the Company currently believes it is more likely than not that these assets will be realized. If future operating results differ materially and adversely from the Company's current expectations, its judgment regarding the need for a valuation allowance may change. EchoStar has fully reserved the 1997 additions to its deferred tax assets.

The actual tax provisions for 1994, 1995 and 1996 are reconciled to the amounts computed by applying the statutory federal tax rate to income before taxes as follows (dollars in thousands):

	1994		1995		1996
	AMOUNT	PERCENT	AMOUNT	PERCENT	AMOUNT
Statutory rate.....	\$ (166)	(34.0)%	\$ 6,031	35.0%	\$ 54,488
State income taxes, net of federal benefit.....	(88)	(18.0)	203	1.2	2,864
Tax exempt interest income.....	60	12.3	10	0.1	-
Research and development credits.....	156	31.9	31	0.2	-
Non-deductible interest expense.....	(258)	(52.7)	(293)	(1.7)	(2,099)
Other.....	(103)	(21.1)	(237)	(1.5)	(560)
Total (provision for) benefit from income taxes.....	\$ (399)	(81.6)%	\$ 5,745	33.3%	\$ 54,693

	PERCENT
Statutory rate.....	35.0%
State income taxes, net of federal benefit.....	1.8
Tax exempt interest income.....	-
Research and development credits.....	-
Non-deductible interest expense.....	(1.3)
Other.....	(0.4)
Total (provision for) benefit from income taxes.....	35.1%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. EMPLOYEE BENEFIT PLAN

The Company 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 the Company, subject to a maximum annual contribution by the Company of \$1,000 per employee. The Company may also make an annual discretionary contribution to the plan with approval by the Company's Board of Directors, subject to the maximum deductible limit provided by the Internal Revenue Code of 1986, as amended. The Company's total cash contributions to the 401(k) Plan totaled \$170,000, \$177,000 and \$226,000 during 1994, 1995 and 1996, respectively. Additionally, the Company contributed 55,000 shares of its Class A Common Stock in each of 1995 and 1996 (fair value of approximately \$1.1 million and \$935,000, respectively) to the 401(k) Plan as discretionary contributions.

9. STOCKHOLDERS' EQUITY

COMMON STOCK

The Class A, Class B and Class C Common Stock are equivalent in all respects except voting rights. Holders of Class A and Class C Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to ten votes per share. Each share of Class B and Class C Common Stock is convertible, at the option of the holder, into one share of Class A Common Stock. Upon a change in control of ECC, each holder of outstanding shares of Class C Common Stock is entitled to ten votes for each share of Class C Common Stock held. ECC's principal stockholder owns all outstanding Class B Common Stock and all other stockholders own Class A Common Stock.

8% SERIES A CUMULATIVE PREFERRED STOCK

On May 6, 1994, the Company exchanged 1,616,681 shares of its 8% Series A Cumulative Preferred Stock with its principal stockholder in consideration for the cancellation of a note, plus accrued and unpaid interest thereon. Approximately 5%, or 80,834 shares, of the 8% Series A Cumulative Preferred Stock were subsequently transferred to another stockholder and officer of the Company.

Each share of the 8% Series A Cumulative Preferred Stock is convertible, at the option of the holder, into one share of Class A Common Stock, subject to adjustment from time to time upon the occurrence of certain events, including, among other things: (i) dividends or distributions on Class A Common Stock payable in Class A Common Stock or certain other capital stock; (ii) subdivisions, combinations or certain reclassifications of Class A Common Stock; and (iii) issuance of Class A Common Stock or rights, warrants or options to purchase Class A Common Stock at a price per share less than the liquidation preference per share. In the event of the liquidation, dissolution or winding up of EchoStar, the holders of 8% Series A Cumulative Preferred Stock would be entitled to receive an amount equal to approximately \$11.38 per share as of December 31, 1996.

The aggregate liquidation preference for all outstanding shares of 8% Series A Cumulative Preferred Stock is limited to the principal amount represented by the note, plus accrued and unpaid dividends thereon. Each share of 8% Series A Cumulative Preferred Stock is entitled to receive dividends equal to eight percent per annum of the initial liquidation preference for such share. Each share of 8% Series A Cumulative Preferred Stock automatically converts into shares of Class A Common Stock in the event they are transferred to any person other than certain permitted transferees and is entitled to the equivalent of ten votes for each share of Class A Common Stock into which it is convertible. Except as otherwise

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. STOCKHOLDERS' EQUITY (CONTINUED)

required by law, holders of 8% Series A Cumulative Preferred Stock vote together with the holders of Class A and Class B Common Stock as a single class.

All accrued dividends payable to Mr. Ergen on his Dish, Ltd. 8% Series A Cumulative Preferred Stock through the date of the Exchange (\$1.4 million), and all accrued dividends payable to the remaining holder of Dish, Ltd. 8% Series A Cumulative Preferred Stock through the date of the Merger (\$107,000), will remain obligations of Dish, Ltd. (Note 1); however, no additional dividends will accrue with respect to the Dish, Ltd. 8% Series A Cumulative Preferred Stock. The 1994 Notes Indenture places significant restrictions on the payment of those dividends. As of December 31, 1996 and June 30, 1997, additional accrued dividends payable to Mr. Ergen by ECC on the ECC 8% Series A Cumulative Preferred Stock totaled \$1.7 million and \$2.0 million, respectively. Cumulative but unpaid dividends totaled approximately \$2.1 million, \$3.3 million and \$3.6 million at December 31, 1995 and 1996 and June 30, 1997 respectively, including amounts which remain the obligation of Dish, Ltd.

WARRANTS

In conjunction with the 1994 Notes Offering, described in Note 6, the Company issued 3,744,000 Warrants for the purchase of Dish, Ltd. Class A Common Stock. Effective with the Merger (see Note 1), the Warrants became exercisable for 2,808,000 shares of ECC's Class A Common Stock. The Warrants were valued at \$26.1 million.

Each Warrant entitles the registered holder thereof, at such holder's option, to purchase one share of ECC Class A Common Stock at a purchase price of \$0.01 per share (the "Exercise Price"). The Exercise Price with respect to all of the Warrants was paid in advance and, therefore, no additional amounts are receivable by the Company upon exercise of the Warrants. As of December 31, 1996, Warrants to purchase approximately 2,000 shares of the Company's Class A Common Stock (as adjusted for the Exchange Ratio) remain outstanding.

10. STOCK COMPENSATION PLANS

The Company has two stock-based compensation plans, which are described below. The Company has elected to follow Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB 25") and related interpretations in accounting for its stock-based compensation plans. Under APB 25, because the exercise price of the Company's employees stock options is equal to the market price of the underlying stock on the date of the grant, no compensation expense is recognized. In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, "Accounting and Disclosure of Stock-Based Compensation," ("SFAS No. 123") which established an alternative method of expense recognition for stock-based compensation awards to employees based on fair values. The Company elected to not adopt SFAS No. 123 for expense recognition purposes.

Pro forma information regarding net income and earnings per share is required by SFAS No. 123 and has been determined as if the Company had accounted for its stock-based compensation plans using the fair value method prescribed by that statement. The fair value for these options was estimated at the date of grant using a Black-Scholes option pricing model with the following weighted-average assumptions for 1995 and 1996, respectively: risk-free interest rate of 6.12% and 6.80% for 1995 and 1996, respectively; dividend yields of 0.0% during each period; volatility factors of the expected market price of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK COMPENSATION PLANS (CONTINUED)

Company's Class A Common Stock of 62%, and a weighted-average expected life of the options of six years.

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 Company's pro forma net loss attributable to common shares and pro forma loss per common and common equivalent share were as follows:

	DECEMBER 31,	
	1995	1996
Net loss attributable to common shares.....	\$ (13,079)	\$ (103,120)
Loss per common and common equivalent share.....	\$ (0.37)	\$ (2.54)

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

In April 1994, the Company adopted a stock incentive plan (the "Stock Incentive Plan") to provide incentive to attract and retain officers, directors and key employees. ECC assumed all outstanding options for the purchase of Dish, Ltd. common stock effective with the Exchange and Merger and has reserved up to 10 million shares of its Class A Common Stock for granting awards under the Stock Incentive Plan. Awards available under the Stock Incentive Plan include: (i) common stock purchase options; (ii) stock appreciation rights; (iii) restricted stock and restricted stock units; (iv) performance awards; (v) dividend equivalents; and (vi) other stock-based awards. All options granted through December 31, 1996 have included exercise prices not less than the fair market value of the Shares at the date of grant and vest as determined by the Company's Board of Directors, generally at the rate of 20% per year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK COMPENSATION PLANS (CONTINUED)

A summary of the Company's incentive stock option activity for the years ended December 31, 1995 and 1996 is as follows:

	1995		1996	
	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE	OPTIONS	WEIGHTED-AVERAGE EXERCISE PRICE
Options outstanding at beginning of year.....	744,872	\$ 9.33	1,117,133	\$ 12.23
Granted.....	419,772	17.13	138,790	27.02
Exercised.....	(4,284)	9.33	(103,766)	10.24
Forfeited.....	(43,227)	10.55	(126,884)	13.27
Options outstanding at end of year.....	1,117,133	\$ 12.23	1,025,273	\$ 14.27
Exercisable at end of year.....	142,474	\$ 9.33	258,368	\$ 11.31
Weighted-average fair value of options granted.....		\$ 9.86		\$ 16.96

Exercise prices for options outstanding as of December 31, 1996 are as follows:

RANGE OF EXERCISE PRICES	OPTIONS OUTSTANDING			OPTIONS EXERCISABLE	
	NUMBER OUTSTANDING AS OF DECEMBER 31, 1996	WEIGHTED-AVERAGE REMAINING CONTRACTUAL LIFE	WEIGHTED-AVERAGE EXERCISE PRICE	NUMBER EXERCISABLE AS OF DECEMBER 31, 1996	WEIGHTED-AVERAGE EXERCISE PRICE
\$9.333-\$11.870.....	607,462	5.50	\$ 9.48	203,757	\$ 9.41
17.000-20.250.....	279,021	6.71	18.48	54,611	18.51
26.690-29.360.....	138,790	7.58	27.02	-	-
\$9.333-\$29.360.....	1,025,273	6.11	\$ 14.27	258,368	\$ 11.31

In March 1994, the Company entered into an employment agreement with one of its executive officers. The officer was granted an option, containing certain conditions to vesting, to purchase 322,208 shares of Class A Common Stock of the Company for \$1.0 million at any time prior to December 31, 1999, subject to certain limitations. One-half of this option became exercisable on December 31, 1994 and the remainder became exercisable on December 31, 1995. The option was not granted pursuant to the Stock Incentive Plan. During 1996, this option was fully exercised.

Effective March 1995, the Company granted an additional option to a key employee to purchase 33,000 shares of EchoStar's Class A Common Stock, which vests 50% in March 1996 and 50% in March 1997. The exercise price for each share of Class A Common Stock is \$11.87 per share. The option was not granted pursuant to the Stock Incentive Plan. In December 1996, the vested portion of this option was exercised and the unvested portion of the option was canceled.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. OTHER COMMITMENTS AND CONTINGENCIES

SATELLITE CONTRACTS

EchoStar has contracted with Martin for the construction and delivery of high powered DBS satellites and for related services. Martin constructed both EchoStar I and EchoStar II and is in the construction phase on EchoStar III and EchoStar IV. The construction contract for EchoStar III includes a per diem penalty of \$3,333, to a maximum of \$100,000, if EchoStar III is not delivered by July 31, 1997. Beginning September 1, 1997, additional delays in the delivery of EchoStar III would result in additional per diem penalties of \$33,333, up to a maximum of \$5.0 million in the aggregate. The contract for EchoStar IV includes a per diem penalty of \$50,000, to a maximum of \$5.0 million in the aggregate, if EchoStar IV is not delivered by February 15, 1998. The contract also contains a provision whereby Martin is entitled to an early delivery incentive payment of \$50,000 for each day before February 15, 1998 the satellite is delivered to the launch site of Baikonur, Kazakhstan, up to a maximum of \$5.0 million in the aggregate.

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

EchoStar has contracted with Lockheed-Khrunichev-Energia-International, Inc. ("LKE") for the launch of EchoStar IV in the first quarter of 1998 from the Baikonur Cosmodrome in the Republic of Kazakhstan, a territory of the former Soviet Union, utilizing a Proton launch vehicle (the "LKE Contract"). Either party may request a delay in the launch period, subject to the payment of penalties based on the length of the delay and the proximity of the request to the launch date. EchoStar has paid LKE \$20.0 million pursuant to the LKE Contract. Additional payments to LKE are required in 1997.

In addition to its working capital requirements, during the remainder of 1997 EchoStar expects to expend: (i) approximately \$128.1 million in connection with the construction launch, insurance and deployment of EchoStar III (\$83.6 million) and EchoStar IV (\$44.5 million). Additionally, EchoStar will expend approximately \$1.3 million per month to meet debt service requirements relative to deferred satellite construction payments for EchoStar I and EchoStar II. During the fourth quarter of 1997, EchoStar's debt service requirements on the deferred satellite construction payments will increase to approximately \$1.6 million per month following the launch of EchoStar III (launched on October 5, 1997). Capital expenditures related to EchoStar IV may increase in the event of delays, cost overruns, increased costs associated with certain potential change orders under the Company's satellite or launch contracts, or a change in launch provider.

The Company has filed applications with the Federal Communications Commission ("FCC") for authorization to construct, launch and operate a domestic fixed satellite service system ("FSS System") and a two satellite Ka-band satellite system. No assurances can be given that the Company's applications will be approved by the FCC or that, if approved, the Company will successfully develop the FSS System or the Ka-band satellite system. The Company believes that establishment of the FSS System or the Ka-band satellite system would enhance its competitive position in the DTH industry. In the event the Company's FSS or Ka-band satellite system applications are approved by the FCC, additional debt or equity financing would be required. Financing alternatives related to the FSS and Ka-band satellite systems are currently

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. OTHER COMMITMENTS AND CONTINGENCIES (CONTINUED)

being pursued by the Company. No assurances can be given that financing will be available, or that it will be available on terms acceptable to the Company.

LEASES

Future minimum lease payments under noncancelable operating leases as of December 31, 1996, are as follows (in thousands):

YEAR ENDING DECEMBER 31,		
1997.....	\$	869
1998.....		492
1999.....		180
2000.....		21
2001.....		2
Thereafter.....		-

Total minimum lease payments.....	\$	1,564

Rental expense for operating leases aggregated \$1.4 million, \$1.2 million, and \$950,000 during the years ended December 31, 1994, 1995 and 1996, respectively.

PURCHASE COMMITMENTS

The Company has entered into agreements with various manufacturers to purchase DBS satellite receivers and related components manufactured to its specifications. As of June 30, 1997, the remaining commitments total approximately \$141.7 million and the total of all outstanding purchase order commitments with domestic and foreign suppliers was \$148.1 million. All of the purchases related to these commitments are expected to be made during 1997. The Company expects to finance these purchases from available cash, the proceeds of the 1997 Notes Offering, and cash flows generated from sales of DISH Network programming and related DBS inventory.

OTHER RISKS AND CONTINGENCIES

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

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS

Presented below is condensed consolidating financial information for EchoStar and its subsidiaries as of and for the years ended December 31, 1995 and 1996. See Note 6 for a more complete description of the subsidiary guarantors of each of the 1996 Notes and the 1994 Notes. Because the formations of EchoStar (incorporated in 1995), DBS Corp (incorporated in 1996) and ESBC (incorporated in 1996) were all accounted for as reorganizations of entities under common control, the consolidated financial statements of Dish, Ltd. as of December 31, 1994 and for the year then ended also represent the financial statements of EchoStar, DBS Corp and ESBC. Therefore, condensed consolidating financial information for the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS
(CONTINUED)

subsidiary guarantors of the 1996 Notes and the 1994 Notes for the year ended December 31, 1994 is not presented.

Condensed consolidating financial information is presented for the following entities:

Consolidated Dish, Ltd. (referred to as "Dish")	Consolidated DBS Corp (referred to as "DBS Corp")
ESBC Parent Company Only (referred to as "ESBC -- PC")	ECC Parent Company Only (referred to as "ECC -- PC")
Consolidating and eliminating adjustments (referred to as "C&E")	Other direct wholly owned subs of ECC (referred to as "Other")
Consolidated ESBC (referred to as "ESBC")	Consolidated ECC (referred to as "ECC")
DBS Corp Parent Company Only (referred to as "DBS Corp -- PC")	

CONDENSED CONSOLIDATING BALANCE SHEETS--AS OF DECEMBER 31, 1995 (IN MILLIONS)

	DISH	ECC- PC	OTHER	C&E	ECC
ASSETS					
Current Assets:					
Cash and cash equivalents.....	\$ 14	\$ 8	\$ -	\$ -	\$ 22
Marketable investment securities.....	-	15	-	-	15
Trade accounts receivable, net.....	10	-	-	-	10
Inventories.....	39	-	-	-	39
Other current assets.....	18	-	-	-	18
Total current assets.....	81	23	-	-	104
Investments in subsidiaries.....	-	93	-	(93)	-
Restricted cash and marketable investment securities.....	100	-	-	-	100
Property and equipment, net.....	333	-	21	-	354
Advances to affiliates, net.....	-	21	-	(21)	-
Other noncurrent assets.....	45	20	-	-	65
Total assets.....	\$ 559	\$ 157	\$ 21	\$ (114)	\$ 623
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)					
Current Liabilities:					
Trade accounts payable.....	\$ 19	\$ -	\$ -	\$ -	\$ 19
Deferred revenue.....	1	-	-	-	1
Accrued expenses and other current liabilities.....	26	-	-	-	26
Current portion of long-term debt.....	5	-	-	-	5
Total current liabilities.....	51	-	-	-	51
Advances from affiliates, net.....	-	-	21	(21)	-
1994 Notes.....	382	-	-	-	382
Mortgage and other notes payable, excluding current portion.....	33	-	-	-	33
Total long-term liabilities.....	415	-	21	(21)	415
Total liabilities.....	466	-	21	(21)	466
Stockholders' equity (deficit).....	93	157	-	(93)	157
Total liabilities and stockholders' equity (deficit).....	\$ 559	\$ 157	\$ 21	\$ (114)	\$ 623

ECHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS(CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS
(CONTINUED)

CONDENSED CONSOLIDATING BALANCE SHEETS--AS OF DECEMBER 31, 1996 (IN MILLIONS)

	DISH	ESBC- PC	C&E	ESBC	DBS CORP- PC	C&E	DBS CORP
ASSETS							
Current Assets:							
Cash and cash equivalents.....	\$ 25	\$ 14	\$ -	\$ 39	\$ -	\$ -	\$ 39
Marketable investment securities.....	-	19	-	19	-	-	19
Trade accounts receivable, net.....	14	-	-	14	-	-	14
Inventories.....	73	-	-	73	-	-	73
Subscriber acquisition costs, net.....	68	-	-	68	-	-	68
Other current assets.....	19	-	-	19	-	-	19
Total current assets.....	199	33	-	232	-	-	232
Investment in subsidiary.....	-	3	(3)	-	-	-	-
Restricted cash and marketable investment securities.....	32	47	-	79	-	-	79
Property and equipment, net.....	500	-	-	500	29	-	529
Advances to affiliates, net.....	-	280	(135)	145	-	(76)	69
Deferred tax assets.....	74	5	-	79	-	-	79
Other noncurrent assets.....	26	12	-	38	60	-	98
Total assets.....	\$ 831	\$ 380	\$ (138)	\$ 1,073	\$ 89	\$ (76)	\$ 1,086
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)							
Current Liabilities:							
Trade accounts payable.....	\$ 41	\$ -	\$ -	\$ 41	\$ -	\$ -	\$ 41
Deferred revenue.....	103	-	-	103	-	-	103
Accrued expenses and other current liabilities.....	29	-	-	29	2	-	31
Deferred tax liabilities.....	13	-	-	13	-	-	13
Current portion of long-term debt.....	11	-	-	11	-	-	11
Total current liabilities.....	197	-	-	197	2	-	199
Long-term deferred signal carriage revenue.....	6	-	-	6	-	-	6
Advances from affiliates, net.....	135	-	(135)	-	76	(76)	-
Investment in subsidiaries.....	-	-	-	-	6	(6)	-
1994 Notes.....	437	-	-	437	-	-	437
1996 Notes.....	-	386	-	386	-	-	386
Mortgage and other notes payable, excluding current portion.....	52	-	-	52	12	-	64
Other long-term liabilities.....	1	-	-	1	-	-	1
Total long-term liabilities.....	631	386	(135)	882	94	(82)	894
Total liabilities.....	828	386	(135)	1,079	96	(82)	1,093
Stockholders' equity (deficit).....	3	(6)	(3)	(6)	(7)	6	(7)
Total liabilities and stockholders' equity (deficit).....	\$ 831	\$ 380	\$ (138)	\$ 1,073	\$ 89	\$ (76)	\$ 1,086

	ECC- PC	OTHER	C&E	ECC
ASSETS				
Current Assets:				
Cash and cash equivalents.....	\$ -	\$ -	\$ -	\$ 39
Marketable investment securities.....	-	-	-	19
Trade accounts receivable, net.....	-	-	-	14
Inventories.....	-	-	-	73
Subscriber acquisition costs, net.....	-	-	-	68
Other current assets.....	1	3	-	23
Total current assets.....	1	3	-	236
Investment in subsidiary.....	-	-	-	-
Restricted cash and marketable investment securities.....	-	-	-	79
Property and equipment, net.....	-	62	-	591
Advances to affiliates, net.....	-	-	(69)	-
Deferred tax assets.....	-	1	(1)	79
Other noncurrent assets.....	70	-	(12)	156
Total assets.....	\$ 71	\$ 66	\$ (82)	\$ 1,141
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)				

Current Liabilities:								
Trade accounts payable.....	\$	-	\$	1	\$	(1)	\$	41
Deferred revenue.....		-		-		-		103
Accrued expenses and other current liabilities.....		1		-		(2)		30
Deferred tax liabilities.....		-		-		-		13
Current portion of long-term debt.....		-		-		-		11
		-----		-----		-----		-----
Total current liabilities.....		1		1		(3)		198
Long-term deferred signal carriage revenue.....		-		-		-		6
Advances from affiliates, net.....		2		64		(66)		-
Investment in subsidiaries.....		7		-		(7)		-
1994 Notes.....		-		-		-		437
1996 Notes.....		-		-		-		386
Mortgage and other notes payable, excluding current portion.....		-		-		(12)		52
Other long-term liabilities.....		-		-		-		1
		-----		-----		-----		-----
Total long-term liabilities.....		9		64		(85)		882
		-----		-----		-----		-----
Total liabilities.....		10		65		(88)		1,080
		-----		-----		-----		-----
Stockholders' equity (deficit).....		61		1		6		61
		-----		-----		-----		-----
Total liabilities and stockholders' equity (deficit).....	\$	71	\$	66	\$	(82)	\$	1,141
		-----		-----		-----		-----

ECHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS
(CONTINUED)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS--YEAR ENDED DECEMBER 31, 1995
(IN MILLIONS, EXCEPT PER SHARE DATA)

	DISH	ECC- PC	C&E	ECC
	-----	-----	-----	-----
REVENUE:				
DTH products and technical services.....	\$ 147	\$ -	\$ -	\$ 147
C-band programming.....	15	-	-	15
Loan origination and participation income.....	2	-	-	2
	-----	---	---	-----
Total revenue.....	164	-	-	164
EXPENSES:				
DTH products and technical services.....	117	-	-	117
C-band programming.....	13	-	-	13
Selling, general and administrative.....	39	-	-	39
Depreciation and amortization.....	3	-	-	3
	-----	---	---	-----
Total expenses.....	172	-	-	172
	-----	---	---	-----
Operating income (loss).....	(8)	-	-	(8)
Other Income (Expense):				
Interest income.....	13	1	-	14
Interest expense, net of amounts capitalized.....	(24)	-	-	(24)
Minority interest in loss of consolidated joint venture and other.....	1	-	-	1
Equity in losses of subsidiaries.....	-	(12)	12	-
	-----	---	---	-----
Total other income (expense), net.....	(10)	(11)	12	(9)
	-----	---	---	-----
Income (loss) before income taxes.....	(18)	(11)	12	(17)
Income tax (provision) benefit, net.....	6	-	-	6
	-----	---	---	-----
Net income (loss).....	\$ (12)	\$ (11)	\$ 12	\$ (11)
	-----	---	---	-----
Net loss attributable to common shares.....	-	-	-	\$ (13)
	-----	---	---	-----
Weighted-average common shares outstanding.....	-	-	-	36
	-----	---	---	-----
Loss per common and common equivalent share.....	-	-	-	\$ (0.36)
	-----	---	---	-----

ECHOSTAR COMMUNICATIONS CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS
(CONTINUED)

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS-YEAR ENDED DECEMBER 31, 1996
(IN MILLIONS, EXCEPT PER SHARE DATA)

	DISH	ESBC- PC	C&E	ESBC	DBS CORP- PC	C&E	DBS CORP
	(IN MILLIONS, EXCEPT PER SHARE DATA)						
REVENUE:							
DTH products and technical services.....	\$ 136	\$ -	\$ -	\$ 136	\$ -	\$ -	\$ 136
DISH Network promotions-subscription television services and products.....	23	-	-	23	-	-	23
DISH Network subscription television services.....	38	-	-	38	-	-	38
C-band programming.....	12	-	-	12	-	-	12
Loan origination and participation income.....	1	-	-	1	-	-	1
Total revenue.....	210	-	-	210	-	-	210
EXPENSES:							
DTH products and technical services.....	124	-	-	124	-	-	124
DISH Network programming.....	19	-	-	19	-	-	19
C-band programming.....	11	-	-	11	-	-	11
Selling, general and administrative.....	87	-	-	87	-	-	87
Subscriber promotion subsidies....	35	-	-	35	-	-	35
Amortization of subscriber acquisition costs.....	16	-	-	16	-	-	16
Depreciation and amortization.....	27	-	-	27	-	-	27
Total expenses.....	319	-	-	319	-	-	319
Operating income (loss).....	(109)	-	-	(109)	-	-	(109)
Other Income (Expense):							
Interest income.....	4	10	-	14	-	-	14
Interest expense, net of amounts capitalized.....	(37)	(24)	-	(61)	(1)	-	(62)
Equity in losses of subsidiaries.....	-	(92)	92	-	(101)	101	-
Total other income (expense), net...	(33)	(106)	92	(47)	(102)	101	(48)
Income (loss) before income taxes...	(142)	(106)	92	(156)	(102)	101	(157)
Income tax (provision) benefit, net.....	50	5	-	55	-	-	55
Net income (loss).....	\$ (92)	\$ (101)	\$ 92	\$ (101)	\$ (102)	\$ 101	\$ (102)
Net loss attributable to common shares.....	-	-	-	-	-	-	-
Weighted-average common shares outstanding.....	-	-	-	-	-	-	-
Loss per common and common equivalent share.....	-	-	-	-	-	-	-

	ECC- PC	OTHER	C&E	ECC
REVENUE:				
DTH products and technical services.....	\$ -	\$ -	\$ -	\$ 136
DISH Network promotions-subscription television services and products.....	-	-	-	23
DISH Network subscription television services.....	-	-	-	38
C-band programming.....	-	-	-	12

Loan origination and participation income.....	-	2	-	3
	-----	-----	-----	-----
Total revenue.....	-	2	-	212
EXPENSES:				
DTH products and technical services.....	-	-	-	124
DISH Network programming.....	-	-	-	19
C-band programming.....	-	-	-	11
Selling, general and administrative.....	-	3	-	90
Subscriber promotion subsidies....	-	-	(1)	34
Amortization of subscriber acquisition costs.....	-	-	-	16
Depreciation and amortization....	-	-	-	27
	-----	-----	-----	-----
Total expenses.....	-	3	(1)	321
	-----	-----	-----	-----
Operating income (loss).....	-	(1)	1	(109)
Other Income (Expense):				
Interest income.....	1	-	-	15
Interest expense, net of amounts capitalized.....	-	-	-	(62)
Equity in losses of subsidiaries.....	(101)	-	101	-
	-----	-----	-----	-----
Total other income (expense), net...	(100)	-	101	(47)
	-----	-----	-----	-----
Income (loss) before income taxes...	(100)	(1)	102	(156)
Income tax (provision) benefit, net.....	(1)	1	-	55
	-----	-----	-----	-----
Net income (loss).....	\$ (101)	\$ -	\$ 102	\$ (101)
	-----	-----	-----	-----
Net loss attributable to common shares.....	-	-	-	\$ (102)
	-----	-----	-----	-----
Weighted-average common shares outstanding.....	-	-	-	41
	-----	-----	-----	-----
Loss per common and common equivalent share.....	-	-	-	\$ (2.52)
	-----	-----	-----	-----

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS--YEAR ENDED DECEMBER 31, 1995
(IN MILLIONS)

	DISH	ECC- PC	OTHER	C&E	ECC
	-----	-----	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:					
Net income (loss).....	\$ (12)	\$ (11)	\$ -	\$ 12	\$ (11)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:					
Equity in (earnings) losses of subsidiaries.....	-	12	-	(12)	-
Depreciation and amortization.....	3	-	-	-	3
Deferred income tax benefit.....	(5)	-	-	-	(5)
Amortization of debt discount and deferred financing costs.....	24	-	-	-	24
Other, net.....	1	-	-	-	1
Changes in current assets and current liabilities, net.....	(33)	-	-	-	(33)
	-----	-----	-----	-----	-----
Net cash flows provided by (used in) operating activities.....	(22)	1	-	-	(21)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Purchases of marketable investment securities.....	(3)	(22)	-	-	(25)
Sales of marketable investment securities.....	34	7	-	-	41
Purchases of restricted marketable investment securities.....	(15)	-	-	-	(15)
Advances (to) from affiliates, net.....	-	(20)	20	-	-
Purchases of property and equipment.....	(4)	-	-	-	(4)
Offering proceeds and investment earnings placed in escrow.....	(10)	-	-	-	(10)
Funds released from escrow accounts.....	122	-	-	-	122
Investment in convertible subordinated debentures from DBSI.....	-	(1)	-	-	(1)
Investment in DBSC.....	4	(4)	-	-	-
Long-term notes receivable from and investment in DBSC.....	-	(16)	-	-	(16)
Expenditures for satellite systems under construction.....	(110)	-	(20)	-	(130)
	-----	-----	-----	-----	-----
Net cash flows used in investing activities.....	18	(56)	-	-	(38)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Net proceeds from issuance of Class A Common Stock.....	-	63	-	-	63
	-----	-----	-----	-----	-----
Net cash flows provided by (used in) financing activities.....	-	63	-	-	63
	-----	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(4)	8	-	-	4
Cash and cash equivalents, beginning of year.....	18	-	-	-	18
	-----	-----	-----	-----	-----
Cash and cash equivalents, end of year.....	\$ 14	\$ 8	\$ -	\$ -	\$ 22
	-----	-----	-----	-----	-----

ECHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. CONDENSED CONSOLIDATING FINANCIAL INFORMATION FOR SUBSIDIARY GUARANTORS
(CONTINUED)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS--YEAR ENDED DECEMBER 31, 1996
(IN MILLIONS)

	DISH	ESBC- PC	C&E	ESBC	DBS CORP-PC	C&E	DBS CORP
	-----	-----	-----	-----	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income (loss).....	\$ (92)	\$ (101)	\$ 92	\$ (101)	\$ (102)	\$ 101	\$ (102)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:							
Equity in (earnings) losses of subsidiaries.....	--	92	(92)	--	101	(101)	--
Depreciation and amortization.....	27	--	--	27	--	--	27
Amortization of subscriber acquisition costs.....	16	--	--	16	--	--	16
Deferred income tax benefit.....	(45)	(5)	--	(50)	--	--	(50)
Amortization of debt discount and deferred financing costs.....	34	24	3	61	--	--	61
Other, net.....	10	--	--	10	--	--	10
Changes in current assets and current liabilities, net.....	14	--	--	14	1	--	15
Net cash flows provided by (used in) operating activities.....	(36)	10	3	(23)	--	--	(23)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchases of marketable investment securities.....	--	(138)	--	(138)	--	--	(138)
Sales of marketable investment securities.....	--	120	--	120	--	--	120
Purchases of restricted marketable investment securities.....	(21)	--	--	(21)	--	--	(21)
Funds released from restricted cash and marketable investment securities -- other.....	16	--	--	16	--	--	16
Advances (to) from affiliates, net.....	138	(268)	(3)	(133)	69	--	(64)
Purchases of property and equipment.....	(46)	--	--	(46)	--	--	(46)
Offering proceeds and investment earnings placed in escrow.....	(11)	(183)	--	(194)	--	--	(194)
Funds released from escrow accounts.....	84	136	--	220	--	--	220
Payments received on (investments in) convertible subordinated debentures from SSET.....	6	--	--	6	--	--	6
Investment in convertible subordinated debentures from DBSI.....	--	--	--	--	--	--	--
Long-term notes receivable from and investment in DBSC.....	--	--	--	--	--	--	--
Long-term note receivable from DBS Corp... Expenditures for satellite systems under construction.....	(112)	--	--	(112)	(26)	--	(138)
Expenditures for FCC authorizations.....	--	--	--	--	(55)	--	(55)
Other.....	--	--	--	--	--	--	--
Net cash flows used in investing activities.....	54	(333)	(3)	(282)	(12)	--	(294)
CASH FLOWS FROM FINANCING ACTIVITIES:							
Net proceeds from issuance of 1996							
Notes.....	--	337	--	337	--	--	337
Proceeds from note payable to ECC.....	--	--	--	--	12	--	12
Repayments of mortgage indebtedness and notes payable.....	(8)	--	--	(8)	--	--	(8)
Stock options exercised.....	--	--	--	--	--	--	--
Net cash flows provided by (used in) financing activities.....	(8)	337	--	329	12	--	341
Net increase (decrease) in cash and cash equivalents.....	10	14	--	24	--	--	24
Cash and cash equivalents, beginning of year.....	14	--	--	14	--	--	14
Cash and cash equivalents, end of year....	\$ 24	\$ 14	\$ --	\$ 38	\$ --	\$ --	\$ 38

	ECC- PC	OTHER	C&E	ECC
	-----	-----	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net income (loss).....	\$ (101)	\$ --	\$ 102	\$ (101)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:				
Equity in (earnings) losses of subsidiaries.....	101	--	(101)	--

Depreciation and amortization.....	--	--	--	27
Amortization of subscriber acquisition costs.....	--	--	--	16
Deferred income tax benefit.....	--	--	--	(50)
Amortization of debt discount and deferred financing costs.....	--	--	--	61
Other, net.....	(2)	--	--	8
Changes in current assets and current liabilities, net.....	4	--	(8)	11
	-----	---	-----	-----
Net cash flows provided by (used in) operating activities.....	2	--	(7)	(28)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of marketable investment securities.....	--	--	--	(138)
Sales of marketable investment securities.....	15	--	--	135
Purchases of restricted marketable investment securities.....	--	--	--	(21)
Funds released from restricted cash and marketable investment securities -- other.....	--	--	--	16
Advances (to) from affiliates, net.....	22	38	4	--
Purchases of property and equipment.....	--	(5)	--	(51)
Offering proceeds and investment earnings placed in escrow.....	--	--	--	(194)
Funds released from escrow accounts.....	--	--	--	220
Payments received on (investments in) convertible subordinated debentures from SSET.....	--	--	--	6
Investment in convertible subordinated debentures from DBSI.....	(3)	--	--	(3)
Long-term notes receivable from and investment in DBSC.....	(30)	--	--	(30)
Long-term note receivable from DBS Corp....	(12)	--	12	--
Expenditures for satellite systems under construction.....	--	(33)	--	(171)
Expenditures for FCC authorizations.....	--	--	--	(55)
Other.....	(3)	--	3	--
	-----	---	-----	-----
Net cash flows used in investing activities.....	(11)	--	19	(286)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds from issuance of 1996 Notes.....				
Notes.....	--	--	--	337
Proceeds from note payable to ECC.....	--	--	(12)	--
Repayments of mortgage indebtedness and notes payable.....	--	--	--	(8)
Stock options exercised.....	2	--	--	2
	-----	---	-----	-----
Net cash flows provided by (used in) financing activities.....	2	--	(12)	331
	-----	---	-----	-----
Net increase (decrease) in cash and cash equivalents.....	(7)	--	--	17
Cash and cash equivalents, beginning of year.....	8	--	--	22
	-----	---	-----	-----
Cash and cash equivalents, end of year....	\$ 1	\$ --	\$ --	\$ 39
	-----	---	-----	-----

ECHOSTAR COMMUNICATIONS CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. OPERATIONS IN GEOGRAPHIC AREAS

The Company sells its products on a worldwide basis and has established operations in Europe and the Pacific Rim. Information about the Company's operations in different geographic areas is as follows (in thousands):

	UNITED STATES	EUROPE	OTHER INTERNATIONAL	TOTAL
	-----	-----	-----	-----
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1994:				
Total revenue.....	\$ 137,233	\$ 24,072	\$ 29,678	\$ 190,983
Export sales.....	\$ 7,188			
Operating income.....	\$ 10,811	\$ 1,244	\$ 1,161	\$ 13,216
Other income (expense), net.....				(12,727)
Net income before income taxes.....				\$ 489
Identifiable assets.....	\$ 77,172	\$ 6,397	\$ 2,359	\$ 85,928
Corporate assets.....				386,564
Total assets.....				\$ 472,492
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1995:				
Total revenue.....	\$ 110,629	\$ 31,351	\$ 21,910	\$ 163,890
Export sales.....	\$ 6,317			
Operating income (loss).....	\$ (7,916)	\$ 146	\$ (257)	\$ (8,027)
Other income (expense), net.....				(9,204)
Loss before income taxes.....				\$ (17,231)
Identifiable assets.....	\$ 63,136	\$ 10,088	\$ 3,788	\$ 77,012
Corporate assets.....				546,079
Total assets.....				\$ 623,091
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 1996:				
Total revenue.....	\$ 173,919	\$ 26,984	\$ 10,508	\$ 211,411
Export sales.....	\$ 1,536			
Operating loss.....	\$ (107,175)	\$ (1,274)	\$ (896)	\$ (109,345)
Other income (expense), net.....				(46,334)
Loss before income taxes.....				\$ (155,679)
Identifiable assets.....	\$ 836,596	\$ 5,795	\$ 1,871	\$ 844,262
Corporate assets.....				297,118
Total assets.....				\$ 1,141,380

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. VALUATION AND QUALIFYING ACCOUNTS

The Company's valuation and qualifying accounts as of December 31, 1994, 1995 and 1996 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, 1994:				
Assets:				
Allowance for doubtful accounts.....	\$ 346	\$ 8	\$ (168)	\$ 186
Loan loss reserve.....	50	75	(30)	95
Reserve for inventory.....	1,403	329	(147)	1,585
Liabilities:				
Reserve for warranty costs.....	1,350	508	(458)	1,400
Other reserves.....	93	--	--	93
YEAR ENDED DECEMBER 31, 1995:				
Assets:				
Allowance for doubtful accounts.....	\$ 186	\$ 1,160	\$ (240)	\$ 1,106
Loan loss reserve.....	95	19	(36)	78
Reserve for inventory.....	1,585	1,511	(299)	2,797
Liabilities:				
Reserve for warranty costs.....	1,400	562	(949)	1,013
Other reserves.....	93	--	(1)	92
YEAR ENDED DECEMBER 31, 1996:				
Assets:				
Allowance for doubtful accounts.....	\$ 1,106	\$ 2,340	\$ (1,952)	\$ 1,494
Loan loss reserve.....	78	660	(94)	644
Reserve for inventory.....	2,797	4,304	(1,438)	5,663
Liabilities:				
Reserve for warranty costs.....	1,013	(250)	--	763
Other reserves.....	92	(92)	--	--

15. QUARTERLY FINANCIAL DATA (UNAUDITED)

The Company's quarterly results of operations are summarized as follows (in thousands):

	THREE MONTHS ENDED			
	MARCH 31	JUNE 30	SEPTEMBER 30	DECEMBER 31
YEAR ENDED DECEMBER 31, 1995:				
Total revenue.....	\$ 40,413	\$ 39,252	\$ 43,606	\$ 40,619
Operating income (loss).....	(698)	768	341	(8,438)
Net loss.....	(2,240)	(1,787)	(360)	(7,099)
Loss per common and common equivalent share	\$ (0.08)	\$ (0.06)	\$ (0.02)	\$ (0.20)
YEAR ENDED DECEMBER 31, 1996:				
Total revenue.....	\$ 41,467	\$ 73,524	\$ 42,402	\$ 54,018
Operating loss.....	(8,629)	(14,057)	(26,898)	(59,761)
Net loss.....	(7,221)	(22,554)	(26,518)	(44,693)
Loss per common and common equivalent share.....	\$ (0.19)	\$ (0.57)	\$ (0.66)	\$ (1.10)

In the fourth quarter of 1995 and each quarter in 1996, the Company incurred operating and net losses principally as a result of expenses incurred related to development of the EchoStar DBS System.

 NO DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS IN CONNECTION WITH THIS PREFERRED OFFERING OTHER THAN THOSE CONTAINED IN THIS PROSPECTUS AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ECHOSTAR OR THE UNDERWRITERS. THIS PROSPECTUS DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SECURITIES TO WHICH IT RELATES, NOR DOES IT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY SUCH SECURITIES TO ANY PERSON IN ANY JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED, OR IN WHICH THE PERSON MAKING SUCH OFFER OR SOLICITATION IS NOT QUALIFIED TO DO SO, OR TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH AN OFFER OR SOLICITATION. NEITHER THE DELIVERY OF THIS PROSPECTUS NOR ANY SALE MADE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF ECHOSTAR SINCE THE DATE HEREOF OR THAT INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

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2,000,000 SHARES

[LOGO]

ECHOSTAR COMMUNICATIONS
 CORPORATION
 % SERIES C CUMULATIVE
 CONVERTIBLE PREFERRED STOCK

 PROSPECTUS

DONALDSON, LUFKIN & JENRETTE
 SECURITIES CORPORATION

LEHMAN BROTHERS

OCTOBER , 1997

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 14. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following is an itemization of all expenses (subject to future contingencies) incomes or to be incurred by EchoStar. In connection with the issuance and distribution of the securities being offered, all expenses are estimated except the registration fee.

Registration and Filing Fee.....	\$ 76,667
NASD Filing Fee.....	20,000
Printing and Engraving.....	*
Accounting Fees and Expenses.....	*
Legal Fees and Expenses.....	*
Blue Sky Fees and Expenses.....	*
Transfer Agent Fees.....	*
Other.....	*

Total.....	\$ 800,000**

* To be provided by amendment.

** Estimated.

ITEM 15. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Chapter 78.751(1) of the Nevada revised Statutes allows EchoStar to indemnify any person made or threatened to be made a party to any action (except an action by or in the right of EchoStar, a "derivative action"), by reason of the fact that he is or was a director, officer, employee or agent of EchoStar, or is or was serving at the request of EchoStar as a director, officer, employee or agent of another corporation, against expenses including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding if he acted in a good faith manner which he reasonably believed to be in or not opposed to the best interests of EchoStar, and, with respect to any criminal proceeding, had no reasonable cause to believe that his conduct was unlawful. Under chapter 78.751(2), a similar standard of care applies to derivative actions, except that indemnification is limited solely to expenses (including attorneys' fees) incurred in connection with the defense or settlement of the action and court approval of the indemnification is required where the person seeking indemnification has been found liable to EchoStar. In addition, Chapter 78.751(5) allows EchoStar to advance payment of indemnifiable expenses prior to final disposition of the proceeding in question. Decisions as to the payment of indemnification are made by a majority of the Board of Directors at a meeting at which a quorum of disinterested directors is present, or by written opinion of special legal counsel, or by the stockholders.

Provisions relating to liability and indemnification of officers and directors of EchoStar for acts by such officers and directors are contained in Article IX of the Amended and Restated Articles of Incorporation of EchoStar and Article IX of EchoStar's Bylaws. These provisions state, among other things, that, consistent with and to the extent allowable under Nevada law, and upon the decision of a disinterested majority of EchoStar's Board of Directors, or a written opinion of outside legal counsel, or EchoStar's stockholders: (1) EchoStar shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative and whether formal or informal (other than an action by or in the right of EchoStar) by reason of the fact that he is or was a director, officer, employee, fiduciary or agent of

EchoStar, or is or was serving at the request of EchoStar as director, officer, employee, fiduciary or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding, if he conducted himself in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of EchoStar, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful; and (2) EchoStar shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of EchoStar to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee, fiduciary or agent of EchoStar, or is or was serving at the request of EchoStar as a director, officer, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of EchoStar and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have adjudged to be liable for negligence or misconduct in the performance of his duty to EchoStar unless and only to the extent that the court in which such action or suit was brought shall determine upon application that despite the adjudication of liability but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

ITEM 16. EXHIBITS.

EXHIBIT NO.	DESCRIPTION
1.1+	Form of Preferred Stock Underwriting Agreement between EchoStar, Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc.
1.2+	Form of Common Stock Underwriting Agreement between EchoStar, Donaldson, Lufkin & Jenrette Securities Corporation, BT Alex. Brown Incorporated and Unterberg Harris.
4.1*	Indenture of Trust between Dish and First Trust National Association ("First Trust"), as Trustee (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.2*	Warrant Agreement between EchoStar and First Trust, as Warrant Agent (incorporated by reference to Exhibit 4.2 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.3*	Security Agreement in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference to Exhibit 4.3 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.4*	Escrow and Distribution Agreement between Dish and First Trust (incorporated by reference to Exhibit 4.4 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).
4.5*	Pledge Agreement in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.1 hereto (incorporated by reference to Exhibit 4.5 to the Registration Statement of Form S-1 of Dish, Registration No. 33-76450).
4.6*	Intercreditor Agreement among First Trust , Continental Bank, N.A. and Martin Marietta Corporation ("Martin Marietta") (incorporated by reference to Exhibit 4.6 to the Registration Statement on Form S-1 of Dish, Registration No. 33-76450).

EXHIBIT NO.	DESCRIPTION
4.7*	Series A Preferred Stock Certificate of Designation of EchoStar (incorporated by reference to Exhibit 4.7 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
4.8*	Registration Rights Agreement by and between EchoStar and Charles W. Ergen (incorporated by reference to Exhibit 4.8 to the Registration Statement on Form S-1 of EchoStar, Registration No. 33-91276).
4.9*	Indenture of Trust between ESBC and First Trust, as Trustee (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.10*	Security Agreement of ESBC in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.11*	Escrow and Disbursement Agreement between ESBC and First Trust (incorporated by reference to Exhibit 4.11 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.12*	Pledge Agreement of ESBC in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.12 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.13*	Pledge Agreement of EchoStar in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.13 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.14*	Registration Rights Agreement by and between ESBC, EchoStar, Dish, Merger and Donaldson, Lufkin & Jenrette Securities Corporation (incorporated by reference to Exhibit 4.14 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).
4.15*	Registration Rights Agreement, dated as of June 25, 1997, by and among EDBS, EchoStar, ESBC, Dish, Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc.
4.16*	Indenture of Trust, dated as of June 25, 1997, between EDBS and First Trust National Association ("First Trust"), as Trustee.
4.17+	12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock Certificate of Designation of EchoStar.
4.18+	Registration Rights Agreement by and among EchoStar and Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers, Inc. dated as of October 2, 1997.
4.19+	Form of % Series C Cumulative Convertible Preferred Stock Certificate of Designation of EchoStar.
4.20+	Form of Deposit Agreement among EchoStar and American Securities Transfer & Trust, Inc.
5.1+	Opinion of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC regarding legality of securities being registered.

EXHIBIT NO.	DESCRIPTION
6.1+	Tax Opinion (included in Exhibit 5.1).
11*	Computation of Earnings per share (incorporated by reference to the Registration Statement on Form S-4, Commission No. 333-31929)
12+	Computation of Ratios
23.1+	Consent of Arthur Andersen LLP
23.2+	Consent of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC (included in Exhibit 5.1.).
24.1*	Powers of Attorney authorizing signature of Charles W. Ergen, R. Scott Zimmer, James DeFranco, Alan M. Angelich and Raymond L. Friedlob (incorporated by reference to Exhibit 24.1 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996, as amended, Commission file No. 0-26176).
24.2*	Power of Attorney of EchoStar and all affiliated entities (incorporated by reference to Exhibit 24.2 to the Registration Statement on Form S-4 of EchoStar, Registration No. 333-31929).
24.3+	Power of Attorney authorizing the signature of Charles W. Ergen, R. Scott Zimmer, James DeFranco, Raymond L. Friedlob and Alan M. Angelich.
27+	Financial Data Schedule (incorporated by reference to Exhibit 27 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996 and the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997).

* Incorporated by reference.

+ Filed herewith.

ITEM 17. UNDERTAKINGS.

(a) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, of otherwise, the Registrant has been Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(b) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this Registration statement:

(i) To include any prospectus required by section 10(a) (3) of the Securities Act.

(ii) To reflect in the prospectus any facts or events arising after the effective date of the Registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration statement.

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration statement or any material change to such information in the Registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(c) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the Registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the Registration statement shall be deemed to be a new Registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(d) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the forms of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(e) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of securities at that time shall be deemed to be the initial BONA FIDE offering thereof.

SIGNATURES

Pursuant to the requirement of Securities Act of 1933, as amended, the Registration certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized in the City of New York, State of New York, as of October 29, 1997.

ECHOSTAR COMMUNICATIONS COPORATION

By: /S/ DAVID K. MOSKOWITZ

David K. Moskowitz, Senior Vice President

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities and as of the date indicated:

SIGNATURE	TITLE	DATE
* ----- Charles W. Ergen	Chairman, Chief Executive Officer, President and Director (PRINCIPAL EXECUTIVE OFFICER)	October 29, 1997
* ----- Steven B. Schaver	Chief Operating Officer and Chief Financial Officer (PRINCIPAL EXECUTIVE OFFICER)	October 29, 1997
/S/ JOHN R. HAGER ----- John R. Hager	Treasurer and Controller (PRINCIPAL ACCOUNTING OFFICER)	October 29, 1997
* ----- Alan M. Angelich	Director	October 29, 1997
* ----- Raymond L. Friedlob	Director	October 29, 1997
* ----- James DeFranco	Director	October 29, 1997
* ----- R. Scott Zimmer	Director	October 29, 1997

*By: /S/ DAVID K. MOSKOWITZ

David K. Moskowitz,
Attorney-in-Fact

EXHIBIT INDEX

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4.9*	Indenture of Trust between ESBC and First Trust, as Trustee (incorporated by reference to Exhibit 4.9 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	
4.10*	Security Agreement of ESBC in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.10 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	
4.11*	Escrow and Disbursement Agreement between ESBC and First Trust (incorporated by reference to Exhibit 4.11 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	
4.12*	Pledge Agreement of ESBC in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.12 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	

EXHIBIT NO.	DESCRIPTION	PAGE
4.13*	Pledge Agreement of EchoStar in favor of First Trust, as Trustee under the Indenture filed as Exhibit 4.9 hereto (incorporated by reference to Exhibit 4.13 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	
4.14*	Registration Rights Agreement by and between ESBC, EchoStar, Dish, Merger and Donaldson, Lufkin & Jenrette Securities Corporation (incorporated by reference to Exhibit 4.14 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1995, Commission File No. 0-26176).....	
4.15*	Registration Rights Agreement, dated as of June 25, 1997, by and among EDBS, EchoStar, ESBC, Dish, Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc.....	
4.16*	Indenture of Trust, dated as of June 25, 1997, between EDBS and First Trust National Association ("First Trust"), as Trustee.....	
4.17+	12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock Certificate of Designation of EchoStar.....	
4.18+	Registration Rights Agreement by and among EchoStar and Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers, Inc. dated as of October 2, 1997.....	
4.19+	Form of % Series C Cumulative Convertible Preferred Stock Certificate of Designation of EchoStar.....	
4.20+	Form of Deposit Agreement among EchoStar and American Securities Transfer & Trust, Inc.....	
5.1+	Opinion of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC regarding legality of securities being registered.....	
6.1+	Tax Opinion (included in Exhibit 5.1).....	
11*	Computation of Earnings per share (incorporated by reference to the Registration Statement on Form S-4, Commission No. 333-31929).....	
12+	Computation of Ratios.....	
23.1+	Consent of Arthur Andersen LLP.....	
23.2+	Consent of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC (included in Exhibit 5.1)....	
24.1*	Powers of Attorney authorizing signature of Charles W. Ergen, R. Scott Zimmer, James DeFranco, Alan M. Angelich and Raymond L. Friedlob (incorporated by reference to Exhibit 24.1 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996, as amended, Commission file No. 0-26176).....	
24.2*	Power of Attorney of EchoStar and all affiliated entities (incorporated by reference to Exhibit 24.2 to the Registration Statement on Form S-4 of EchoStar, Registration No. 333-31929).....	
24.3+	Power of Attorney Authorizing the Signature of Charles W. Ergen, R. Scott Zimmer, James DeFranco, Raymond L. Friedlob and Alan M. Angelich.	
27*	Financial Data Schedule (incorporated by reference to Exhibit 27 to the Annual Report on Form 10-K of EchoStar for the year ended December 31, 1996 and the Quarterly Report on Form 10-Q of EchoStar for the quarterly period ended June 30, 1997).....	

* Incorporated by reference.

+ Filed herewith.

2,000,000 SHARES

ECHOSTAR COMMUNICATIONS CORPORATION

___% SERIES C CUMULATIVE CONVERTIBLE PREFERRED STOCK

UNDERWRITING AGREEMENT

OCTOBER [___], 1997

Donaldson, Lufkin & Jenrette Securities Corporation
Lehman Brothers Inc.

(as representatives (the "REPRESENTATIVES")
of the several Underwriters (as defined)
named in SCHEDULE I attached hereto)

c/o Donaldson, Lufkin & Jenrette Securities Corporation
277 Park Avenue
New York, New York 10172

Dear Sirs:

EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), proposes to issue and sell to the several underwriters named in SCHEDULE I attached hereto (the "UNDERWRITERS") Two Million (2,000,000) shares (the "FIRM SHARES") of the Company's [___] % Series C Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "PREFERRED STOCK"), subject to the terms and conditions set forth in this Underwriting Agreement (this "AGREEMENT"). Shares of Preferred Stock may be converted to shares of class A common stock, par value \$0.01 per share, of the Company (the "COMMON STOCK") in accordance with, and at the conversion rate specified by, the Company's [___]% Series C Cumulative Convertible Preferred Stock Certificate of Designation (the "CERTIFICATE OF DESIGNATION"). The Company also proposes to issue and sell to the several Underwriters not more than Three Hundred Thousand (300,000) additional shares of Preferred Stock (the "ADDITIONAL SHARES" and, together with the Firm Shares, the "SHARES") if requested by the Underwriters as provided in SECTION 2 hereof. The Shares are to be issued pursuant to the provisions of the Certificate of Designation which conforms substantially to the description thereof in the Registration Statement (as defined) and

delivered and purchased pursuant to the terms of this Agreement. The Shares and the Common Stock are more fully described in the Registration Statement.

1. REGISTRATION STATEMENT AND PROSPECTUS. The Company has prepared and filed with the Securities and Exchange Commission (the "COMMISSION") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively called the "ACT"), a registration statement on Form S-3 including a prospectus relating to the Shares, which may be amended. The registration statement as amended at the time when it becomes effective, including a registration statement (if any) filed pursuant to Rule 462(b) under the Act increasing the size of the offering registered under the Act and information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A or Rule 434 under the Act, is hereinafter referred to as the "REGISTRATION STATEMENT"; and the prospectus including any prospectus subject to completion taken together with any term sheet meeting the requirements of Rule 434(b) or Rule 434(c) under the Act in the form first used to confirm sales of Shares is hereinafter referred to as the "PROSPECTUS."

2. AGREEMENTS TO SELL AND PURCHASE.

(a) On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, the number of Firm Shares set forth opposite the name of each such Underwriter on SCHEDULE I attached hereto at a price per share of [] Dollars (\$[]) (the "PURCHASE PRICE").

(b) On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Company agrees to issue and sell the Additional Shares and the Underwriters shall have the right to purchase, severally and not jointly, up to Three Hundred Thousand (300,000) Additional Shares from the Company at the Purchase Price. Additional Shares may be purchased solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. The Underwriters may exercise their right to purchase Additional Shares in whole or in part from time to time by giving written notice thereof to the Company within thirty (30) days after the date of this Agreement. You shall give any such notice on behalf of the Underwriters and such notice shall specify the aggregate number of Additional Shares to be purchased pursuant to such exercise and the date for payment and delivery thereof. The date specified in any such notice shall be a business day (i) no earlier than the Closing Date (as defined), (ii) no later than ten (10) business days after such notice has been given and (iii) no earlier than two (2) business days after such notice has been

given. If any Additional Shares are to be purchased, each Underwriter, severally and not jointly, agrees to purchase from the Company the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) which bears the same proportion to the total number of Additional Shares to be purchased from the Company as the number of Firm Shares set forth opposite the name of such Underwriter in SCHEDULE I bears to the total number of Firm Shares.

(c) The Company hereby agrees and the Company shall, concurrently with the execution of this Agreement, deliver an agreement executed by each of the directors and officers of the Company as listed on SCHEDULE II attached hereto, in the form attached hereto as ATTACHMENT A, pursuant to which each such person agrees, not to offer, sell, contract to sell, grant any option to purchase, or otherwise dispose of any capital stock of the Company or any securities convertible into or exercisable or exchangeable for such capital stock or in any other manner transfer all or a portion of the economic consequences associated with the ownership of any such capital stock, except to the Underwriters pursuant to this Agreement, for a period of One Hundred Eighty (180) days after the date of the Prospectus without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation. Notwithstanding the foregoing, during such period (i) the Company may grant stock options pursuant to the Company's existing stock option plan and (ii) the Company may issue shares of its capital stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof.

3. TERMS OF PUBLIC OFFERING. The Company is advised by you that the Underwriters propose (i) to make a public offering of their respective portions of the Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Shares upon the terms set forth in the Prospectus.

4. DELIVERY AND PAYMENT.

(a) Delivery to the Underwriters of and payment for the Firm Shares shall be made at 10:00 a.m., New York City time, on the third or fourth business day (the "CLOSING DATE"), unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), following the date of the public offering, at such place as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Firm Shares may be varied by agreement between you and the Company.

(b) Delivery to the Underwriters of and payment for any Additional Shares to be purchased by the Underwriters shall be made at such place as you shall designate at 10:00 a.m., New York City time, on the date specified in the applicable exercise

notice given by you pursuant to SECTION 2 hereof (an "OPTION CLOSING DATE"). Any such Option Closing Date and the location of delivery of and the form of payment for such Additional Shares may be varied by agreement between you and the Company.

(c) Certificates for the Shares shall be registered in such names and issued in such denominations as you shall request in writing not later than two (2) full business days prior to the Closing Date or an Option Closing Date, as the case may be. Such certificates shall be made available to you for inspection not later than 9:30 a.m., New York City time, on the business day next preceding the Closing Date or the applicable Option Closing Date, as the case may be. Certificates in definitive form evidencing the Shares shall be delivered to you on the Closing Date or the applicable Option Closing Date, as the case may be, with any transfer taxes thereon duly paid by the Company, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire or certified or official bank checks payable in New York Clearing House/Federal funds to the order of the Company.

5. AGREEMENTS OF THE COMPANY. The Company agrees with you:

(a) To use its best efforts to cause the Registration Statement to become effective at the earliest possible time.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (iv) of the happening of any event during the period referred to in SECTION 5 (E) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) To furnish to you, without charge, three (3) signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, and to furnish to you and each Underwriter designated by you such

number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request.

(d) Not to file any amendment or supplement to the Registration Statement, whether before or after the time when it becomes effective, or to make any amendment or supplement to the Prospectus (including the issuance or filings of any term sheet within the meaning of Rule 434) of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission, promptly upon your reasonable request, any amendment to the Registration Statement or supplement to the Prospectus (including the issuance or filings of any term sheet within the meaning of Rule 434) which may be necessary or advisable in connection with the distribution of the Shares by you, and to use its best efforts to cause the same to become promptly effective.

(e) Promptly after the Registration Statement becomes effective, and from time to time thereafter for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in SECTION 5(E) hereof any event shall occur as a result of which, in the opinion of counsel for the Underwriters it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Shares, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Shares for offer and sale by the several Underwriters and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Shares and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(h) To mail and make generally available to its stockholders as soon as reasonably practicable an earnings statement covering a period of at least twelve (12) months after the effective date of the Registration Statement (but in no event commencing later than ninety (90) days after such date) which shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(i) During the period of five (5) years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its capital stock a financial report of the Company and the Subsidiaries (as defined) on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in SECTION 5(I) hereof, to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the holders of its capital stock or filed with the Commission and such other publicly available information concerning the Company and the Subsidiaries as you may reasonably request.

(k) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus and all amendments and supplements to any of them prior to or during the period specified in SECTION 5(E) hereof, (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in SECTION 5(E) hereof, (iii) the printing and delivery of this Agreement, the Preliminary and Supplemental Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection with the offering of the Shares (including in each case any disbursements of counsel for the Underwriters relating to such printing and delivery), (iv) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the

several states (including in each case the fees and disbursements of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) filings and clearance with the National Association of Securities Dealers, Inc. (the "NASD") in connection with the offering, (vi) the listing of the Shares on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") National Market System and (vii) furnishing such copies of the Registration Statement, the Prospectus and all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Shares by the Underwriters or by dealers to whom Shares may be sold.

(l) To use its best efforts to maintain the inclusion of the Preferred Stock in the Nasdaq National Market System (or on a national securities exchange) for a period of five (5) years after the effective date of the Registration Statement.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date or any Option Closing Date, as the case may be, and to satisfy all conditions precedent to the delivery of the Shares.

(n) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 517.075, Florida Statutes, relating to issuers doing business with the Government of Cuba or with any person or affiliate located in Cuba, and the Company further agrees that if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Registration Statement becomes or has become effective with the Commission (the "EFFECTIVE DATE") or with the Florida Department of Banking and Finance (the "DEPARTMENT"), whichever date is later, or if the information reported in the Prospectus, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to each Underwriter that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required

to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except that the representations and warranties set forth in this CLAUSE (B) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, and each Registration Statement filed pursuant to Rule 462(b) under the Act, if any, complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Each of the Company and the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties, and each is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and the Subsidiaries, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(e) The Company has authorized capital stock as set forth in the Registration Statement and the Prospectus under the caption "Capitalization". All outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights. The certificates for the Preferred Shares and the Common Stock are in due and proper form and the holders of each of the Preferred Shares, the Dividend Shares, the Conversion Shares and the Deposit Shares will not be subject to personal liability by reason of being such holders.

(f) The entities listed on SCHEDULE III attached hereto are the only subsidiaries, direct or indirect, of the Company (collectively, the "SUBSIDIARIES"). All of the

outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, directly or indirectly through one or more of the Subsidiaries, except as set forth in the Prospectus, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (each, a "LIEN").

(g) Each of this Agreement, the deposit agreement, among the Company and the deposit agent set forth therein (the "DEPOSIT AGREEMENT"), the Consent of the Series A Preferred Stockholders to the Issuance of the [__]% Series C Cumulative Convertible Preferred Stock, the Certificate of Designation and the instruments contemplated herein and therein (collectively, the "OPERATIVE DOCUMENTS") has been duly and validly authorized by all necessary corporate action on the part of the Company and has been duly executed and delivered by the Company.

(h) The Company is duly authorized and has reserved for such issuance a sufficient amount of duly and validly authorized securities to pay any and all dividends or other distributions on the Preferred Stock payable in Common Stock pursuant to the Certificate of Designation (the "Dividend Shares"). The Dividend Shares, when authorized and issued in accordance with the Certificate of Designation, will have been duly and validly authorized and, when executed countersigned and delivered in accordance with the Certificate of Designation, will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights. On the Closing Date or any Option Closing Date, the Dividend Shares will conform as to legal matters to the description thereof contained in the Prospectus.

(i) The Company is duly authorized and has reserved for such issuance a sufficient amount of duly and validly authorized securities to issue shares of Common Stock upon the conversion of the Preferred Stock pursuant to the Certificate of Designation (the "Conversion Shares"). The Conversion Shares, when issued upon conversion of the Preferred Stock in accordance with the Certificate of Designation, will have been duly and validly authorized and, when executed countersigned and delivered against the delivery of shares of Preferred Stock therefor in accordance with the Certificate of Designation, will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights. On the Closing Date or any Option Closing Date, Conversion Shares will conform as to legal matters to the description thereof contained in the Prospectus.

(j) The Company is duly authorized and has reserved for such issuance a sufficient amount of duly and validly authorized securities to issue and sell Common Stock pursuant to the Deposit Agreement (the "DEPOSIT SHARES"). The Deposit Shares, when

authorized and issued in accordance with the Deposit Agreement, will have been duly and validly authorized and, when executed, countersigned and delivered against payment therefor in accordance with the Deposit Agreement, will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights. On the Closing Date or any Option Closing Date, the Deposit Shares will conform as to legal matters to the description thereof contained in the Prospectus.

(k) Each of the Operative Documents will be legal, valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency, or similar laws effecting creditors' rights generally and (ii) rights of acceleration and availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date or any Option Closing Date, each of the Operative Documents will conform as to legal matters at the description thereof in the Prospectus.

(l) The Shares have been, duly and validly authorized and, when executed, countersigned and delivered against payment therefor in accordance with this Agreement will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights. On the Closing Date or any Option Closing Date, each of the Shares, will conform as to legal matters to the descriptions thereof contained in the Prospectus.

(m) Neither the Company nor any of the Subsidiaries is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound.

(n) The execution, delivery and performance of the Operative Documents, by the Company and compliance by the Company with all provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of the Subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound, or violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body

or agency having jurisdiction over the Company or any of the Subsidiaries or their respective property, or result in the imposition or creation of (or the obligation to create or impose) a Lien under, any agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them is bound, or to which any properties of the Company or any of the Subsidiaries is or may be subject, or result in the termination or revocation of any Authorization (as defined) of the Company or any of the Subsidiaries or result in any other impairment of the rights of the holder of any such Authorization.

(o) To the best knowledge of the Company, except as set forth in the Prospectus, there are no legal or governmental proceedings pending or threatened to which the Company or any of the Subsidiaries is or could be a party or to which any of their respective property is or could be subject, which might result, singly or in the aggregate, in a Material Adverse Effect.

(p) To the best knowledge of the Company, no action has been taken and no law, statute, rule or regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the execution, delivery and performance of any of the Operative Documents, the issuance of the Shares or suspends the sale of the Shares in any applicable jurisdiction; and no injunction, restraining order or other order or relief of any nature by a federal or state court or other tribunal of competent jurisdiction has been issued with respect to the Company or any of the Subsidiaries which would prevent or suspend the issuance or sale of the Shares in any applicable jurisdiction.

(q) Neither the Company nor any of the Subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS") or any provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

(r) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

(s) Except as set forth in the Prospectus, each of the Company and the Subsidiaries has such permits, licenses, consents, exemptions, franchises, authorizations and other approvals (each, an "AUTHORIZATION") of, and has made all filings with and notices to,

all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a Material Adverse Effect. Except as set forth in the Prospectus, each such Authorization is valid and in full force and effect and each of the Company and the Subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; and, except as set forth in the Prospectus, no event has occurred (including the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or result or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; and such Authorizations contain no restrictions that are burdensome to the Company or any of the Subsidiaries; except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction which would not, singly or in the aggregate, have a Material Adverse Effect.

(t) The Company and the Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property and assets owned by them which is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens and defects, except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries; and any real property and buildings held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and the Subsidiaries, in each case, except as described in the Prospectus.

(u) Except as set forth in the Prospectus, the Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names ("INTELLECTUAL PROPERTY") currently employed by them in connection with the business now operated by them, except where the failure to own or possess or otherwise be able to acquire such Intellectual Property would not, singly or in the aggregate, have a Material Adverse Effect; and, except as set forth in the Prospectus, neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of such

Intellectual Property which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(v) Except as set forth in the Prospectus, the Company and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; and neither the Company nor any of the Subsidiaries (i) has received notice from any insurer or agent of such insurer that substantial capital improvements or other material expenditures will have to be made in order to continue such insurance or (ii) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that would not have a Material Adverse Effect.

(w) Except as set forth in the Prospectus, no relationship, direct or indirect, exists between or among the Company or any of the Subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of the Subsidiaries, on the other hand, which would be required by the Act to be described in the Prospectus if the Prospectus were a prospectus included in a registration statement on Form S-3 filed with the Commission.

(x) There is no (i) significant unfair labor practice complaint, grievance or arbitration proceeding pending or threatened against the Company or any of the Subsidiaries before the National Labor Relations Board or any state or local labor relations board, (ii) strike, labor dispute, slowdown or stoppage pending or threatened against the Company or any of the Subsidiaries or (iii) union representation question existing with respect to the employees of the Company or any of the Subsidiaries, except in the case of CLAUSES (I), (II) AND (III), for such actions which, singly or in the aggregate, would not have a Material Adverse Effect. To the best knowledge of the Company, no collective bargaining organizing activities are taking place with respect to the Company or any of the Subsidiaries, except for such actions specified in CLAUSE (I), (II) OR (III) above, which, singly or in the aggregate, would not have a Material Adverse Effect.

(y) The Company and each of the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared

with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(z) All material tax returns required to be filed by the Company and each of the Subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of the Subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(aa) All indebtedness of the Company that will be repaid with the proceeds of the issuance and sale of the Shares, if any, was incurred for proper corporate purposes and in good faith and, except as set forth in the Prospectus, each of the Company and each Subsidiary was, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will be on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), solvent, and had, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will have on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), sufficient capital for carrying on their respective business and were, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will be on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), able to pay their respective debts as they mature.

(bb) The accountants, Arthur Andersen LLP, that have certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants with respect to the Company, as required by the Act and the Exchange Act. The historical financial statements, together with related schedules and notes, set forth in the Prospectus comply as to form in all material respects with the requirements applicable to registration statements on Form S-3 under the Act.

(cc) The historical financial statements, together with related schedules and notes, forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto) present fairly the consolidated financial position, results of operations and changes in financial position of the Company and the Subsidiaries on the basis stated in the Prospectus at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in

the Registration Statement (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(dd) The pro forma financial statements included in the Registration Statement have been prepared on a basis consistent with the historical financial statements of the Company and the Subsidiaries and give effect to assumptions made on a reasonable basis and in good faith and present fairly the historical and proposed transactions contemplated by the Prospectus; and such pro forma financial statements comply as to form in all material respects with the requirements applicable to pro forma financial statements included in registration statements on Form S-3 under the Act. The other pro forma financial and statistical information and data included in the Prospectus is, in all material respects, accurately presented and prepared on a basis consistent with the pro forma financial statements.

(ee) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the net proceeds thereof as described in the Prospectus and the Registration Statement, will not be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.

(ff) Neither the Company nor any of the Subsidiaries nor any agent thereof acting on the behalf of them has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Shares to violate Regulation G (12 C.F.R. Part 207), Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R. Part 221) or Regulation X (12 C.F.R. Part 224) of the Board of Governors of the Federal Reserve System.

(gg) Since the respective dates as of which information is given in the Prospectus other than as set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or the earnings, business, management or operations of the Company and the Subsidiaries, taken as a whole, (ii) there has not been any material adverse change or any development involving a prospective material adverse change in the capital stock or in the long-term debt of the Company or any of the Subsidiaries and (iii) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent.

(hh) The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida).

(ii) Each certificate signed by any officer of the Company and delivered to the Underwriters or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

(jj) Neither the Company nor any of the Subsidiaries has taken, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company or any of the Subsidiaries to facilitate the sale or resale of the Shares.

(kk) The present fair salable value of the assets of the Company and the Subsidiaries exceeds the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Company and the Subsidiaries as they become absolute and matured. The assets of the Company and the Subsidiaries do not constitute unreasonably small capital to carry out their businesses as conducted or proposed to be conducted. Neither the Company nor any of the Subsidiaries intends to, nor do they believe that they will, incur debts beyond their ability to pay such debts as they mature. Upon the issuance of the Shares, the present fair salable value of the assets of the Company and the Subsidiaries will exceed the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they become absolute and matured. The assets of the Company and the Subsidiaries, upon the issuance of the Shares, will not constitute unreasonably small capital to carry out their businesses as now conducted, including the capital needs of the Company and the Subsidiaries, taking into account the projected capital requirements and capital availability of the Company and the Subsidiaries.

(ll) Except as disclosed in the Prospectus, there are no holders of securities of either the Company or any of the Subsidiaries who, by reason of the filing or the execution by the Company or any of the Subsidiaries of this Agreement or the consummation of the transactions contemplated herein, have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

(mm) Other than this Agreement, there are no contracts, agreements or understandings between the Company or any of the Subsidiaries and any person that would give rise to a valid claim against the Company, any of the Subsidiaries or any of the Underwriters for a brokerage commission, finder's fee or like payment in connection with the issuance, purchase or sale of the Shares.

(nn) Neither the Company nor any of the Subsidiaries (i) is entering into the transactions contemplated under or in connection with this Agreement (collectively, the "TRANSACTIONS") with intent to hinder, delay or defraud any entity to which it is or will

become indebted; or (ii) (a) will receive less than reasonable equivalent value in exchange for entering into the Transactions and (b) (1) is insolvent on the date hereof or will become insolvent as a result of the Transactions, (2) is engaged in a business or a transaction for which any property remaining with it is unreasonably small capital or (3) intends to incur, or believes that it will incur, debts that will be beyond its ability to pay as such debts mature.

(oo) The Company has filed a registration statement pursuant to Section 12(g) of the Exchange Act to register the Shares, has filed an application to list the Shares on the Nasdaq National Market System.

(pp) The persons listed on SCHEDULE II attached hereto constitute each of the officers and directors of the Company.

(qq) There are no contracts, licenses, agreements, leases or documents of a character which are required under the Act to be filed as exhibits to the Registration Statement or to be summarized or described in the Prospectus which have not been so filed, summarized or described.

(rr) The documents incorporated by reference in the Registration Statement and the Prospectus, when they were filed (or, if an amendment with respect to such document was filed, when such amendment was filed), complied as to form in all material respects with the Exchange Act.

(ss) The form of the Certificate of Designation to be delivered hereunder is in proper form under Nevada law.

The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered to the Underwriters pursuant to SECTION 6 hereof, counsel to the Company and counsel to the Underwriters will rely upon the accuracy and truth of the foregoing representations and hereby consents to such reliance.

7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter, its directors, its officers and each person, if any, who controls such Underwriters within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments (the "LOSSES") (including, without limitation, any legal or other expenses incurred in connection with defending or investigating any matter, including any action that could give rise to any such Losses) caused by any untrue statement or alleged untrue statement of a material fact

contained in the Registration Statement or the Prospectus (or any amendment or supplement thereto) or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Losses are caused by (i) any such untrue statement or omission or alleged untrue statement or omission based upon information relating to such Underwriters furnished in writing to the Company by such Underwriters or (ii) the failure of the Underwriters to deliver any such document in a timely manner.

(b) Each Underwriter agrees to indemnify and hold harmless the Company and its respective directors and officers and each person who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company, to the same extent as the foregoing indemnity from the Company to such Underwriters but only with reference to information relating to such Underwriters furnished in writing to the Company by such Underwriters expressly for use in the Registration Statement or the Prospectus.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to SECTION 7(A) OR 7(B) hereof (the "INDEMNIFIED PARTY"), the Indemnified Party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the Indemnifying Party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both SECTIONS 7(A) AND 7(B) hereof, each Underwriter shall not be required to assume the defense of such action pursuant to this SECTION 7(C), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of such Underwriters). Any Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been specifically authorized in writing by the Indemnifying Party, (ii) the Indemnifying Party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume the defense of such action on behalf of the Indemnified Party). In any such case, the Indemnifying Party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations

or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation, in the case of the parties indemnified pursuant to SECTION 7(A) hereof, and by the Company, in the case of parties indemnified pursuant to SECTION 7(B) hereof. The Indemnifying Party shall indemnify and hold harmless the Indemnified Party from and against any and all Losses by reason of any settlement of any action (A) effected with its written consent or (B) effected without its written consent if the settlement is entered into more than ten (10) business days after the Indemnifying Party shall have received a request from the Indemnified Party for reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the Indemnifying Party) and, prior to the date of such settlement, the Indemnifying Party shall have failed to comply with such reimbursement request. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the Indemnified Party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the Indemnified Party, unless such settlement, compromise or judgment (1) includes an unconditional release of the Indemnified Party from all liability on Losses that are or could have been the subject matter of such action and (2) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the Indemnified Party.

(d) To the extent the indemnification provided for in this SECTION 7 is unavailable to an Indemnified Party or insufficient in respect of any Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and such Underwriters, on the other hand, from the offering of the Shares or (ii) if the allocation provided by CLAUSE (I) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in CLAUSE (I) above but also the fault of the Company and such Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative benefits received by the Company and such Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total discounts and commissions received by such Underwriters bear to the total price to investors of the Shares, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and each Underwriter shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or

alleged omission to state a material fact relates to information supplied by the Company or such Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Underwriters agree that it would not be just and equitable if contribution pursuant to this SECTION 7(D) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentence. The amount paid or payable by an Indemnified Party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Party in connection with investigating or defending any matter that could have given rise to such Losses. Notwithstanding the provisions of this SECTION 7, each Underwriter shall not be required to contribute any amount in excess of the amount by which the total price of the Shares purchased by it were sold to investors exceeds the amount of any damages which such Underwriters has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this SECTION 7(D) are several in proportion to the respective principal amount of Shares purchased by each of the Underwriters hereunder and not joint.

(e) The remedies provided for in this SECTION 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

8. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The obligations of each Underwriter to purchase the Firm Shares under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) The Registration Statement shall have become effective not later than 5:00 p.m. (and in the case of a Registration Statement filed under Rule 462(b) of the Act, not later than 10:00 p.m.), New York City time, on the date of this Agreement or at such later date and time as you may approve in writing, and at the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and no

proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c) On or after the date hereof there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating outlook for the Company, by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act.

(d) You shall have received on the Closing Date a certificate dated the Closing Date, signed by the Chairman, Chief Executive Officer and President of the Company, confirming the matters set forth in CLAUSES (A), (B), (C) AND (E) above.

(e) Since the respective dates as of which information is given in the Registration Statement or the Prospectus other than as set forth in the Registration Statement or the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or the earnings, business, management or operations of the Company and the Subsidiaries, taken as a whole, (ii) there shall not have been any change or any development involving a prospective change in the capital stock or in the long-term debt of the Company or any of the Subsidiaries and (iii) neither the Company nor any of the Subsidiaries shall have incurred any liability or obligation, direct or contingent, the effect of which, in any such case described in CLAUSE (I) THROUGH (III) above, in your reasonable judgment, is material and adverse and, in your reasonable judgment, makes it impracticable to market the Shares on the terms and in the manner contemplated in the Registration Statement or the Prospectus.

(f) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC, counsel for the Company, substantially to the effect set forth on ATTACHMENT B attached hereto. In addition, such counsel will advise that it has participated in conferences with directors, officers and other representatives of the Company and the Subsidiaries, and representatives of the independent public accountants for the Company, at which conferences the contents of the Registration Statement or the Prospectus and related matters were discussed, and, although such counsel has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus except as specified, no facts have come to such counsel's attention which lead such counsel to believe that the Registration Statement or the Prospectus on the effective date thereof (or any amendment thereof made prior to the Closing Date, as of the date of such

amendment), contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no view with respect to the financial statements and related notes, the financial statement schedules and other financial, statistical and accounting data included in the Registration Statement or the Prospectus). The opinion of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC described in this SECTION 8(F) shall be rendered to you at the request of the Company and shall so state therein.

(g) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of David K. Moskowitz, Senior Vice President. General Counsel and Secretary of the Company, substantially to the effect set forth on ATTACHMENT C attached hereto. In addition, such counsel shall state that he has participated in conferences with directors, officers and other representatives of the Company and the Subsidiaries, representatives of the independent public accountants for the Company, the Underwriters' representatives and counsel for the Underwriters, at which conferences the contents of the Registration Statement and the Prospectus and related matters were discussed, and, although such counsel has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus (other than those that such counsel must opine on pursuant to this SECTION 8(G)), no facts have come to such counsel's attention which lead such counsel to believe that the Registration Statement or the Prospectus on the effective date thereof (or any amendment thereof made prior to the Closing Date, as of the date of such amendment), contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no view with respect to the financial statements and related notes, the financial statement schedules and other financial, statistical and accounting data included in the Registration Statement or the Prospectus). The opinion of David K. Moskowitz described in this SECTION 8(G) shall be rendered to you at the request of the Company and shall so state therein.

(h) The Underwriters shall have received on the Closing Date an opinion, dated the Closing Date, of Steptoe & Johnson, regulatory counsel for the Company, in form and substance reasonably satisfactory to the Underwriters and counsel to the Underwriters.

(i) The Underwriters shall have received on the Closing Date an opinion, dated the Closing Date, of Paul, Hastings, Janofsky & Walker LLP, counsel for the Underwriters, in form and substance reasonably satisfactory to the Underwriters.

(j) The Underwriters shall have received, at the time this Agreement is executed and at the Closing Date, letters dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters from Arthur Andersen LLP, independent public accountants, containing the information and statements of the type ordinarily included in accountants' "comfort letters" to the Underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(k) The Shares shall have been approved by the NASD for trading on the Nasdaq National Market System.

(l) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

(m) The Company shall have delivered to you the agreements specified in SECTIONS 2(C) AND 5 hereof.

(n) The Representatives shall have received copies of lock-up letters from each of the directors and executive officers of the Company is substantially the form attached hereto as ATTACHMENT A.

9. EFFECTIVENESS OF AGREEMENT AND TERMINATION. This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

(a) This Agreement may be terminated at any time prior to the Closing Date by the Underwriters by written notice to the Company if any of the following has occurred: (i) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in the Underwriters' reasonable judgment, is material and adverse and would, in the Underwriters' reasonable judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Registration Statement and the Prospectus, (ii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the Nasdaq National Market System or limitation on prices for securities on any such exchange or the Nasdaq National Market System, (iii) the suspension of trading of any securities of the Company on any exchange or in the over-the-counter market, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your reasonable opinion materially and adversely

affects, or will materially and adversely affect, the business, prospects, financial condition or results of operations of the Company and the Subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the financial markets in the United States.

(b) If on the Closing Date or on any Option Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Shares which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of the Shares which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Shares to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of the Shares set forth opposite its name in SCHEDULE I bears to the aggregate principal amount of the Shares which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; PROVIDED, that in no event shall the aggregate principal amount of the Shares which any Underwriter has agreed to purchase pursuant to SECTION 2 hereof be increased pursuant to this SECTION 9 by an amount in excess of one-tenth of such principal amount of the Shares without the written consent of such Underwriter. If on the Closing Date or on any Option Closing Date any Underwriter or Underwriters shall fail or refuse to purchase the Shares and the aggregate principal amount of the Shares with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Shares to be purchased by all Underwriters and arrangements satisfactory to the Underwriters and the Company for purchase of such the Shares are not made within forty-eight (48) hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date any Option Closing Date, as applicable, but in no event for longer than seven (7) days, in order that the required changes, if any, in the Registration Statement or the Prospectus or any other documents or arrangements may be effected. Any action taken under this SECTION 9 shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

10. MISCELLANEOUS.

(a) Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Company, to 90 Inverness Circle East, Englewood,

Colorado 80112, Attention: General Counsel and (ii) if to any of the Underwriters, to such Underwriter, c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

(b) The respective indemnities, representations, warranties and other statements of the Company and the Underwriters set forth in or made pursuant to this Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Shares, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of the Underwriters, the officers or directors of the Underwriters, any person controlling the Underwriters, the Company, the officers or directors of the Company, or any person controlling the Company, (ii) acceptance of the Shares and payment for them hereunder and (iii) termination of this Agreement.

(c) If for any reason the Shares are not delivered by or on behalf of the Company as provided herein (other than as a result of any termination of this Agreement pursuant to SECTION 9 hereof), the Company agrees to reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them. Notwithstanding any termination of this Agreement, the Company shall be liable for all expenses which it has agreed to pay pursuant to SECTION 5(K) hereof. The Company also agrees to reimburse each Underwriter and its officers, directors and each person, if any, who controls such Underwriters within the meaning of Section 15 of the Act or Section 20 of the Exchange Act for any and all fees and expenses (including without limitation the fees and expenses of counsel) incurred by them in connection with enforcing their rights under this Agreement (including without limitation its rights under this SECTION 10(C)).

(d) Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Underwriters, the Underwriters' directors and officers, any controlling persons referred to herein, the directors of the Company and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "SUCCESSORS AND ASSIGNS" shall not include a purchaser of any of the Shares from any of the Underwriters merely because of such purchase.

(e) This Agreement shall be governed and construed in accordance with the laws of the State of New York.

(f) This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

[Signature Page Follows]

Please confirm that the foregoing correctly sets forth the agreement among the Company and the several Underwriters.

Very truly yours,

ECHOSTAR COMMUNICATIONS CORPORATION

By: _____
Name: David K. Moskowitz, Esq.
Title: Senior Vice President,
General Counsel and Secretary

Accepted and agreed to as of the date first above written by each of the Representatives acting severally on behalf of themselves and the Underwriters named above.

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

LEHMAN BROTHERS INC.

BY: DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: _____
Name:
Title:

SCHEDULE I
UNDERWRITERS(1)

UNDERWRITER

Firm Shares

Donaldson, Lufkin & Jenrette Securities Corporation
Lehman Brothers Inc.

TOTAL

2,000,000

1. Note: Conform to Final Prospectus

SCHEDULE II

OFFICERS AND DIRECTORS

Charles W. Ergen	Chairman, Chief Executive Officer, President and Director
R. Scott Zimmer	Vice Chairman and Vice President
James DeFranco	Executive Vice President and Director
Steven B. Schaver	Chief Operating Officer and Chief Financial Officer
David K. Moskowitz	Senior Vice President, General Counsel and Secretary
Alan M. Angelich	Director
Raymond L. Friedlob	Director
Michael T. Dugan	Senior Vice President, Consumer Products Division
John R. Hager	Treasurer and Controller

SCHEDULE III

SUBSIDIARIES

Direct Broadcasting Satellite Corporation
DirectSat Corporation
Dish Network Credit Corporation
Dish, Ltd.
E-Sat, Inc. (80% owned by Dish, Ltd.)
Echo Acceptance Corporation
Echonet Business Network, Inc.
Echosphere Corporation
Echosphere de Mexico, S. de R.L. de C.V.
EchoStar Capacity Corporation
EchoStar DBS Corporation
EchoStar Indonesia, Inc.
EchoStar International Corporation
EchoStar International (Mauritius) Limited
EchoStar Manufacturing and Distribution Private Limited (India)
EchoStar North America Corporation
EchoStar Real Estate Corporation
EchoStar Satellite Broadcasting Corporation
EchoStar Satellite Corporation
EchoStar Space Corporation
FlexTracker Sdn. Bhd.
Houston Tracker Systems, Inc.
HT Ventures, Inc.
Lenson Heath USA, Ltd. (a partnership)
Satellite Source, Inc.
Satrec Mauritius Limited (40% owned by EchoStar International Corporation)

ATTACHMENT A

FORM OF LOCK-UP LETTER

[LETTERHEAD OF OFFICER OR DIRECTOR
OF ECHOSTAR COMMUNICATIONS CORPORATION]

October [___], 1997

EchoStar Communications Corporation
90 Inverness Circle East
Englewood, Colorado 80112

Donaldson, Lufkin & Jenrette Securities Corporation
Lehman Brothers Inc.
(as representatives (the "REPRESENTATIVES")
of the several Underwriters (as defined)
named in SCHEDULE I attached hereto)
c/o Donaldson, Lufkin & Jenrette Securities Corporation
277 Park Avenue
New York, New York 10172

Re: Public Offering of Preferred Stock

Dear Ladies and Gentlemen:

The undersigned understands that Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. (together, the "REPRESENTATIVES"), as representatives of the several underwriters (the "UNDERWRITERS"), propose to enter into an Underwriting Agreement with EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), providing for the public offering (the "PUBLIC OFFERING") by the Underwriters, including the Representatives, of Two Million (2,000,000) shares of [___]% Series C Cumulative Convertible Preferred Stock, par value \$0.01 per share, of the Company (the "PREFERRED STOCK"). Shares of Preferred Stock may be converted to shares of class A common stock, par value \$0.01 per share, of the Company (the "COMMON STOCK") in accordance with, and at the conversion rate specified by, the Company's [___]% Series C Cumulative Convertible Preferred Stock Certificate of Designation.

In consideration of the Underwriters' agreement to purchase and undertake the Public Offering of the Company's Preferred Stock and for other good and valuable consideration, receipt of which is hereby acknowledged, the undersigned agrees not to, directly or indirectly, offer, sell, contact to sell, grant any portion to purchase or otherwise dispose of any shares of the Company's capital stock (including, without limitation, shares of the Company's capital stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and shares of the Company's capital stock which may be issued upon exercise of a stock option or warrant) or any securities convertible into or exercisable or exchangeable for such shares of the Company's capital stock or, in any manner, transfer all or a portion of the economic consequences associated with the ownership of the Company's capital stock, without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation, for a period of One Hundred Eighty (180) days after the commencement of the Public Offering.

In addition, the undersigned agrees that the Company may, and that the undersigned will, (i) with respect to any shares of the Company's capital stock for which the undersigned is the record holder, cause the transfer agent for the Company's capital stock to note stop transfer instructions with respect to such shares of the Company's capital stock on the transfer books and records of the Company and (ii) with respect to any shares of the Company's capital stock for which the undersigned is the beneficial holder but not the record holder, cause the record holder of such shares of the Company's capital stock to cause the transfer agent for the Company to note stop transfer instructions with respect to such shares of the Company's capital stock on the transfer books and records of the Company.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement, and that, upon request, the undersigned will execute any additional documents necessary or desirable in connection with the enforcement hereof. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and any obligation of the undersigned shall be binding upon the heirs, personal representatives, successors, and assigns of the undersigned.

Very truly yours,

(Signature)

(Name - Please Type)

(Address)

(Social Security or Taxpayer Identification No.)

Number of shares owned or subject to warrants, options or convertible securities:

Certificate number: _____

ATTACHMENT B

OPINION OF FSRP&T

1. The Company and each of the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties as described therein.

2. The Company and each of the Subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

3. All the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and are not subject to any preemptive or similar rights. The certificates for the Preferred Shares and the Common Stock, in due and proper form and the holders of each of the Preferred Shares, the Conversion Shares and the Deposit Shares will not be subject to personal liability by reason of being such holders.

4. All of the outstanding shares of capital stock of the Subsidiaries has been duly authorized and validly issued and are fully paid and non-assessable, and, in the case of the Subsidiaries, are owned by the Company, free and clear of any Lien except that share of DBS Corp. have been pledged as security for the repayment of the 1997 Notes; the shares of DBS Corp have been pledged as security for the repayment of the 1997 Notes; the shares of Dish have been pledged as security for the repayment of the 1996 Notes; and the shares of DirectSat Merger Corporation, EchoStar Acceptance Corporation, Echonet Business Network, Inc., Echosphere Corporation, EchoStar International Corporation, HT Ventures, Inc., EchoStar Satellite Corporation, Houston Tracker Systems, Inc. and Satellite Source, Inc. have been pledged as security for the repayment of the 1994 Notes.

5. The Shares have been, duly and validly authorized and, when executed, countersigned and delivered against payment therefor in accordance with this Agreement, will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights.

6. The Company has all requisite corporate power and authority (i) to enter into this Agreement and the other Operative Documents, and to adopt the Certificate

of Designation establishing the Shares and to file such certificates with the Secretary of State of the State of Nevada, (ii) and is duly authorized to issue and sell the Shares as contemplated hereby and in the Prospectus (iii) and is duly authorized to (a) authorize, declare and pay the Dividend shares, (b) issue the Conversion Shares and (c) authorize, issue and sell the Deposit Shares , and in the case of each of clauses (a) through (c), has reserved for such issuance a sufficient amount of duly and validly authorized securities to (1) pay the Dividend Shares pursuant to the Certificates of Designation, (2) when and if authorized, issue the Conversion Shares pursuant to the Certificate of Designation and (3) when and if authorized, issue and sell the Deposit Shares pursuant to the Deposit Agreement. With respect (A) to CLAUSES (A) AND (C), when authorized, or (B) to CLAUSES (A) THROUGH (C), when paid, issued or sold, then in each such case, such securities will have been duly authorized and validly issued and fully paid, non-assessable and not subject to any preemptive or similar rights, and (iv) to consummate the transactions contemplated by this Agreement. The Operative Documents have been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with their respective terms. Each of the Operative Documents conforms as to legal matters to the description thereof in the Prospectus.

7. The Common Stock, the Preferred Stock, the Firm Shares, the Additional Shares, the Dividend Shares, the Conversion Shares and the Deposit Shares conform to the descriptions thereof contained in the Registration Statement and the Prospectus under the caption "Description of EchoStar Capital Stock" and "Description of the Preferred Stock." The form of the Certificate of Designation to be delivered hereunder is in proper form under Nevada law.

8. The Company has filed a registration statement pursuant to Section 12(g) of the Exchange Act to register the Shares, the Conversion Shares, the Dividend Shares and the Deposit Shares. The Common Stock and the Preferred Stock are duly authorized for quotation on the Nasdaq National Market System. The Conversion Shares have been included in an additional listing application filed with the Nasdaq National Market System.

9. The Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission.

10. The statements under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources", "Certain Relationships and Related Transactions", "Management", "Description of EchoStar Capital Stock" and "Underwriting" in the Prospectus and Items 14 and 15 of Part

II of the Registration Statement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings.

11. Such counsel is of the opinion that the statements in the Prospectus under the caption "Certain Federal Income Tax Consequences" are accurate and fairly summarize the matters referred to therein in all material respects.

12. Neither the Company nor any of the Subsidiaries is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge, neither the Company nor any of the Subsidiaries is in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound.

13. The execution, delivery and performance of this Agreement, the other Operative Documents, and the consummation of the transactions contemplated thereby by the Company and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require, to such counsel's knowledge, any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the several states) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of the Subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument known to such counsel that is material to the Company and any of the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound, or violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Company or any of the Subsidiaries or their respective property, or result in the imposition or creation of (or the obligation to create or impose) a Lien under, any agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them is bound, or to which any properties of the Company or any of the Subsidiaries is or may be subject, or result in the termination or revocation of any Authorization of the Company or any of the Subsidiaries or result in any other impairment of the rights of the holder of any such Authorization.

14. Except as disclosed in the Prospectus, such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company or any

of the Subsidiaries is or could be a party or to which any of their respective property is or could be subject, which might result, singly or in the aggregate, in a Material Adverse Effect.

15. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the net proceeds thereof as described in the Prospectus and the Registration Statement, will not be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

16. Except as disclosed in the Prospectus, there are no holders of securities of either the Company or any of the Subsidiaries who, by reason of the filing or the execution by the Company or any of the Subsidiaries of this Agreement or the consummation of the transactions contemplated herein, have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

17. The Registration Statement (including any Registration Statement filed under 462(b) of the Act, if any) and the Prospectus and any supplement or amendment thereto (except for financial statements as to which no opinion need be expressed) comply as to form in all material respects with the Act.

18. To the best of such counsel's knowledge, there are no contracts, licenses, agreements, leases or documents of a character which are required under the Act to be filed as exhibits to the Registration Statement or to be summarized or described in the Prospectus which have not been filed, summarized or described.

19. The documents incorporated by reference in the Registration Statement and the Prospectus, when they were filed (or, if an amendment with respect to such document was filed, when such amendment was filed), complied as to form in all material respects with the Exchange Act.

ATTACHMENT C

OPINION OF IN-HOUSE COMPANY COUNSEL

1. The Company and each of the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties as described therein.

2. (i) Neither the Company nor any of the Subsidiaries is in violation of its respective certificate of incorporation or by-laws; (ii) to the best of such counsel's knowledge and except as would not have a Material Adverse Effect, neither the Company nor any of the Subsidiaries is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other material agreement, indenture, mortgage or deed of trust to which it is a party or by which it is bound or to which any of its properties is subject, or is in violation of any law, statute, rule, regulation, judgment or court decree applicable to the Company or any of the Subsidiaries; and (iii) to the best of such counsel's knowledge, there exists no condition that, with notice, the passage of time or otherwise, would constitute such a default under any such document or instrument.

3. To the best of such counsel's knowledge, and except as set forth in the Prospectus, there is (i) no action, suit or proceeding before or by any court, arbitrator or governmental agency, body or official, domestic or foreign, now pending, threatened or contemplated to which the Company or any of the Subsidiaries is or may be a party or to which the business or property of the Company or any of the Subsidiaries is or may be subject, (ii) no statute, rule, regulation or order that has been enacted, adopted or issued by any governmental agency or that has been proposed by any governmental body and (iii) no injunction, restraining order or order of any nature by a federal or state court or competent jurisdiction has been or may be issued that, in the case of CLAUSES (I), (II) AND (III) above, (a) is required to be disclosed in the Prospectus and that is not so disclosed, (b) would materially adversely affect the Company or any of the Subsidiaries or the property of any of them, (c) would interfere with or adversely affect the issuance or marketability of the Shares or (d) in any manner draw into question the validity of this Agreement or any other Operative Document; to the best of such counsel's knowledge, no contract, agreement, instrument or document of a character required to be described in the Prospectus in order to make the statements therein not misleading is not so described.

4. There are no holders of securities of either the Company or any of the Subsidiaries who, by reason of the filing or the execution by the Company or any of the

Subsidiaries of this Agreement or the consummation of the transactions contemplated herein have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

5. The Company and the Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property and assets owned by them which is material to the business of the Company and the Subsidiaries, in each case, to such counsel's knowledge, free and clear of all Liens and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries; and any real property and buildings held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with, to such counsel's knowledge, such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and the Subsidiaries, in each case except as described in the Prospectus.

6. Neither the Company nor any of the Subsidiaries has violated any Environmental Law or any provisions of ERISA, or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

7. Except as set forth in the Prospectus, each of the Company and the Subsidiaries has such Authorizations of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a Material Adverse Effect; except as set forth in the Prospectus, each such Authorization is valid and in full force and effect and each of the Company and the Subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; except as set forth in the Prospectus, no event has occurred (including the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or result or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; such Authorizations contain no restrictions that are burdensome to the Company or any of the Subsidiaries; and, except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction which would not, singly or in the aggregate, have a Material Adverse Effect.

8. The Company and/or any parties thereto that are subsidiaries or affiliates of the Company have duly and validly authorized, executed and delivered each of the satellite and launch contracts described in the Prospectus and (assuming due execution and delivery thereof by the other parties thereto) each of such satellite and launch contracts is the legally valid and binding agreement of such corporations enforceable against them in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

9. The Subsidiaries are the only subsidiaries, direct or indirect, of the Company. Except as otherwise described in the Prospectus or on SCHEDULE III of the Underwriting Agreement, the Company owns One Hundred Percent (100%) of the outstanding capital stock or other equity interests evidencing equity ownership of each of the Subsidiaries free and clear of any Lien; and all of such equity interests have been duly authorized, validly issued and are fully paid and nonassessable and, to the best of such counsel's knowledge, were not issued in violation of any preemptive or similar rights; there are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any such shares of capital stock or other equity interest of such Subsidiaries.

10. To the best of such counsel's knowledge, except as set forth in the Prospectus, the Company, and each Subsidiary (i) has operated in substantial compliance with the Communications Act of 1934, as amended (the "COMMUNICATIONS ACT") and the rules of the Federal Communications Commission (the "FCC") promulgated thereunder (the "FCC RULES") insofar as the Communications Act and the FCC Rules pertain to direct broadcast satellite services and coverage and to the manufacture and distribution of equipment subject to FCC Rules governing acceptance, certification and verification thereof, and (ii) has made all filings, reports, applications and submissions required thereunder for the provision of direct broadcast satellite services and coverage and for the manufacture and distribution of equipment subject to FCC Rules governing certification and verification of communications signals, which filings, reports, applications and submissions are true, complete and correct in all material respects; except where such failure to be in compliance or to make such filings would not, singly or in the aggregate, have a Material Adverse Effect.

11. Except as set forth in the Prospectus, there are no actions, suits or proceedings pending or, to the best of such counsel's knowledge, threatened by or before the FCC against or affecting the Company or any of the Subsidiaries or the business, property, business prospects, condition (financial or otherwise) or results of operations of the Company or any of the Subsidiaries, in which an unfavorable ruling, decision or finding is likely to have a Material Adverse Effect.

12. Each of the FCC licenses is valid and in effect on the date hereof, and to the best of such counsel's knowledge, based on inquiry of the Company and review of the FCC documents, the FCC licenses constitute the only licenses or other authorizations of the FCC as are presently required of the Company and the Subsidiaries under the Communications Act and the FCC Rules in order to provide the direct broadcast satellite services and coverage and related ground operations (including, without limitation, telemetry, tracking and control functions) proposed to be provided by the Company and the Subsidiaries, subject to continued performance of the terms of the FCC licenses and the continued satisfaction of the conditions specified in the FCC licenses and the FCC Rules pertaining to direct broadcast satellites services and coverage proposed to be provided by the Company and the Subsidiaries and timely application for and obtaining of additional FCC licenses, permits, consents, orders, approvals and other FCC authorizations as may be required by the FCC in the future.

13. Except as set forth in the Prospectus, the Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all Intellectual Property currently employed by them in connection with the business now operated by them except where the failure to own or possess or otherwise be able to acquire such Intellectual Property would not, singly or in the aggregate, have a Material Adverse Effect on the business, prospects, financial condition or results of operation of the Company and the Subsidiaries, taken as a whole; and, to the best of such counsel's knowledge after due inquiry, except as set forth in the Prospectus, neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of such Intellectual Property which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

14. To the best of such counsel's knowledge, after due inquiry, neither the Company nor any of the Subsidiaries has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Subsidiaries, taken as a whole.

15. The Company and each of the Subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("PERMITS"), including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus; to the best of such counsel's knowledge, after due inquiry, the

Company and each of the Subsidiaries has fulfilled and performed all of its material obligations with respect to such Permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such Permits contain no restrictions that are materially burdensome to the Company or any of the Subsidiaries.

5,000,000 SHARES

ECHOSTAR COMMUNICATIONS CORPORATION

CLASS A COMMON STOCK

UNDERWRITING AGREEMENT

OCTOBER [___], 1997

Donaldson, Lufkin & Jenrette Securities Corporation
BT Alex. Brown Incorporated
Unterberg Harris
(as representatives (the "REPRESENTATIVES")
of the several Underwriters (as defined)
named in SCHEDULE I attached hereto)
c/o Donaldson, Lufkin & Jenrette Securities Corporation
277 Park Avenue
New York, New York 10172

Dear Sirs:

EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), proposes to issue and sell to the several underwriters named in SCHEDULE I attached hereto (the "UNDERWRITERS") Five Million (5,000,000) shares (the "FIRM SHARES") of the Company's class A common stock, par value \$0.01 per share (the "COMMON STOCK"), subject to the terms and conditions set forth in this Underwriting Agreement (this "AGREEMENT"). The Company also proposes to issue and sell to the several Underwriters not more than Seven Hundred Fifty Thousand (750,000) additional shares of Common Stock (the "ADDITIONAL SHARES" and, together with the Firm Shares, the "SHARES") if requested by the Underwriters as provided in SECTION 2 hereof. The Shares are more fully described in the Registration Statement.

1. REGISTRATION STATEMENT AND PROSPECTUS. The Company has prepared and filed with the Securities and Exchange Commission (the "COMMISSION") in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations

of the Commission thereunder (collectively called the "ACT"), a registration statement on Form S-3 including a prospectus relating to the Shares, which may be amended. The registration statement as amended at the time when it becomes effective, including a registration statement (if any) filed pursuant to Rule 462(b) under the Act increasing the size of the offering registered under the Act and information (if any) deemed to be part of the registration statement at the time of effectiveness pursuant to Rule 430A or Rule 434 under the Act, is hereinafter referred to as the "REGISTRATION STATEMENT"; and the prospectus including any prospectus subject to completion taken together with any term sheet meeting the requirements of Rule 434(b) or Rule 434(c) under the Act in the form first used to confirm sales of Shares is hereinafter referred as the "PROSPECTUS."

2. AGREEMENTS TO SELL AND PURCHASE.

(a) On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Company agrees to issue and sell to the Underwriters, and each of the Underwriters, severally and not jointly, agrees to purchase from the Company, the number of Firm Shares set forth opposite the name of each such Underwriter on SCHEDULE I attached hereto at a price per share of [] Dollars (\$[]) (the "PURCHASE PRICE").

(b) On the basis of the representations, warranties and covenants contained in this Agreement, and subject to the terms and conditions contained herein, the Company agrees to issue and sell the Additional Shares and the Underwriters shall have the right to purchase, severally and not jointly, up to Seven Hundred Fifty Thousand (750,000) Additional Shares from the Company at the Purchase Price. Additional Shares may be purchased solely for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. The Underwriters may exercise their right to purchase Additional Shares in whole or in part from time to time by giving written notice thereof to the Company within thirty (30) days after the date of this Agreement. You shall give any such notice on behalf of the Underwriters and such notice shall specify the aggregate number of Additional Shares to be purchased pursuant to such exercise and the date for payment and delivery thereof. The date specified in any such notice shall be a business day (i) no earlier than the Closing Date (as defined), (ii) no later than ten (10) business days after such notice has been given and (iii) no earlier than two (2) business days after such notice has been given. If any Additional Shares are to be purchased, each Underwriter, severally and not jointly, agrees to purchase from the Company the number of Additional Shares (subject to such adjustments to eliminate fractional shares as you may determine) which bears the same proportion to the total number of Additional Shares to be purchased from the Company as the number of Firm Shares set forth opposite the name of such Underwriter in SCHEDULE I bears to the total number of Firm Shares.

(c) The Company hereby agrees and the Company shall, concurrently with the execution of this Agreement, deliver an agreement executed by each of the directors and officers of the Company as listed on SCHEDULE II attached hereto, in the form attached hereto as ATTACHMENT A, pursuant to which each such person agrees, not to offer, sell, contract to sell, grant any option to purchase, or otherwise dispose of any capital stock of the Company or any securities convertible into or exercisable or exchangeable for such capital stock or in any other manner transfer all or a portion of the economic consequences associated with the ownership of any such capital stock, except to the Underwriters pursuant to this Agreement, for a period of One Hundred Eighty (180) days after the date of the Prospectus without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation. Notwithstanding the foregoing, during such period (i) the Company may grant stock options pursuant to the Company's existing stock option plan and (ii) the Company may issue shares of its capital stock upon the exercise of an option or warrant or the conversion of a security outstanding on the date hereof.

3. TERMS OF PUBLIC OFFERING. The Company is advised by you that the Underwriters propose (i) to make a public offering of their respective portions of the Shares as soon after the effective date of the Registration Statement as in your judgment is advisable and (ii) initially to offer the Shares upon the terms set forth in the Prospectus.

4. DELIVERY AND PAYMENT.

(a) Delivery to the Underwriters of and payment for the Firm Shares shall be made at 10:00 a.m., New York City time, on the third or fourth business day (the "CLOSING DATE"), unless otherwise permitted by the Commission pursuant to Rule 15c6-1 of the Securities Exchange Act of 1934, as amended (the "EXCHANGE ACT"), following the date of the public offering, at such place as you shall designate. The Closing Date and the location of delivery of and the form of payment for the Firm Shares may be varied by agreement between you and the Company.

(b) Delivery to the Underwriters of and payment for any Additional Shares to be purchased by the Underwriters shall be made at such place as you shall designate at 10:00 a.m., New York City time, on the date specified in the applicable exercise notice given by you pursuant to SECTION 2 hereof (an "OPTION CLOSING DATE"). Any such Option Closing Date and the location of delivery of and the form of payment for such Additional Shares may be varied by agreement between you and the Company.

(c) Certificates for the Shares shall be registered in such names and issued in such denominations as you shall request in writing not later than two (2) full business days prior to the Closing Date or an Option Closing Date, as the case may be. Such certificates

shall be made available to you for inspection not later than 9:30 a.m., New York City time, on the business day next preceding the Closing Date or the applicable Option Closing Date, as the case may be. Certificates in definitive form evidencing the Shares shall be delivered to you on the Closing Date or the applicable Option Closing Date, as the case may be, with any transfer taxes thereon duly paid by the Company, for the respective accounts of the several Underwriters, against payment of the Purchase Price therefor by wire or certified or official bank checks payable in New York Clearing House/Federal funds to the order of the Company.

5. AGREEMENTS OF THE COMPANY. The Company agrees with you:

(a) To use its best efforts to cause the Registration Statement to become effective at the earliest possible time.

(b) To advise you promptly and, if requested by you, to confirm such advice in writing, (i) when the Registration Statement has become effective and when any post-effective amendment to it becomes effective, (ii) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information, (iii) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction, or the initiation of any proceeding for such purposes, and (iv) of the happening of any event during the period referred to in SECTION 5 (E) below which makes any statement of a material fact made in the Registration Statement or the Prospectus untrue or which requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal or lifting of such order at the earliest possible time.

(c) To furnish to you, without charge, four (4) signed copies of the Registration Statement as first filed with the Commission and of each amendment to it, including all exhibits, and to furnish to you and each Underwriter designated by you such number of conformed copies of the Registration Statement as so filed and of each amendment to it, without exhibits, as you may reasonably request.

(d) Not to file any amendment or supplement to the Registration Statement, whether before or after the time when it becomes effective, or to make any amendment or supplement to the Prospectus (including the issuance or filings of any term sheet within the meaning of Rule 434) of which you shall not previously have been advised or to which you shall reasonably object; and to prepare and file with the Commission,

promptly upon your reasonable request, any amendment to the Registration Statement or supplement to the Prospectus (including the issuance or filings of any term sheet within the meaning of Rule 434) which may be necessary or advisable in connection with the distribution of the Shares by you, and to use its best efforts to cause the same to become promptly effective.

(e) Promptly after the Registration Statement becomes effective, and from time to time thereafter for such period as in the opinion of counsel for the Underwriters a prospectus is required by law to be delivered in connection with sales by an Underwriter or a dealer, to furnish to each Underwriter and dealer as many copies of the Prospectus (and of any amendment or supplement to the Prospectus) as such Underwriter or dealer may reasonably request.

(f) If during the period specified in SECTION 5(E) hereof any event shall occur as a result of which, in the opinion of counsel for the Underwriters it becomes necessary to amend or supplement the Prospectus in order to make the statements therein, in the light of the circumstances when the Prospectus is delivered to a purchaser, not misleading, or if it is necessary to amend or supplement the Prospectus to comply with any law, forthwith to prepare and file with the Commission an appropriate amendment or supplement to the Prospectus so that the statements in the Prospectus, as so amended or supplemented, will not in the light of the circumstances when it is so delivered, be misleading, or so that the Prospectus will comply with law, and to furnish to each Underwriter and to such dealers as you shall specify, such number of copies thereof as such Underwriter or dealers may reasonably request.

(g) Prior to any public offering of the Shares, to cooperate with you and counsel for the Underwriters in connection with the registration or qualification of the Shares for offer and sale by the several Underwriters and by dealers under the state securities or Blue Sky laws of such jurisdictions as you may request, to continue such qualification in effect so long as required for distribution of the Shares and to file such consents to service of process or other documents as may be necessary in order to effect such registration or qualification.

(h) To mail and make generally available to its stockholders as soon as reasonably practicable an earnings statement covering a period of at least twelve (12) months after the effective date of the Registration Statement (but in no event commencing later than ninety (90) days after such date) which shall satisfy the provisions of Section 11(a) of the Act, and to advise you in writing when such statement has been so made available.

(i) During the period of five (5) years after the date of this Agreement, (i) to mail as soon as reasonably practicable after the end of each fiscal year to the record holders of its capital stock a financial report of the Company and the Subsidiaries (as defined) on a consolidated basis (and a similar financial report of all unconsolidated subsidiaries, if any), all such financial reports to include a consolidated balance sheet, a consolidated statement of operations, a consolidated statement of cash flows and a consolidated statement of shareholders' equity as of the end of and for such fiscal year, together with comparable information as of the end of and for the preceding year, certified by independent certified public accountants, and (ii) to mail and make generally available as soon as practicable after the end of each quarterly period (except for the last quarterly period of each fiscal year) to such holders, a consolidated balance sheet, a consolidated statement of operations and a consolidated statement of cash flows (and similar financial reports of all unconsolidated subsidiaries, if any) as of the end of and for such period, and for the period from the beginning of such year to the close of such quarterly period, together with comparable information for the corresponding periods of the preceding year.

(j) During the period referred to in SECTION 5(I) hereof, to furnish to you as soon as available a copy of each report or other publicly available information of the Company mailed to the holders of its capital stock or filed with the Commission and such other publicly available information concerning the Company and the Subsidiaries as you may reasonably request.

(k) To pay all costs, expenses, fees and taxes incident to (i) the preparation, printing, filing and distribution under the Act of the Registration Statement (including financial statements and exhibits), each preliminary prospectus and all amendments and supplements to any of them prior to or during the period specified in SECTION 5(E) hereof, (ii) the printing and delivery of the Prospectus and all amendments or supplements to it during the period specified in SECTION 5(E) hereof, (iii) the printing and delivery of this Agreement, the Preliminary and Supplemental Blue Sky Memoranda and all other agreements, memoranda, correspondence and other documents printed and delivered in connection with the offering of the Shares (including in each case any disbursements of counsel for the Underwriters relating to such printing and delivery), (iv) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the several states (including in each case the fees and disbursements of counsel for the Underwriters relating to such registration or qualification and memoranda relating thereto), (v) filings and clearance with the National Association of Securities Dealers, Inc. (the "NASD") in connection with the offering, (vi) the listing of the Shares on the National Association of Securities Dealers Automated Quotation System ("NASDAQ") National Market System and (vii) furnishing such copies of the Registration Statement, the Prospectus and

all amendments and supplements thereto as may be requested for use in connection with the offering or sale of the Shares by the Underwriters or by dealers to whom Shares may be sold.

(l) To use its best efforts to maintain the inclusion of the Common Stock in the Nasdaq National Market System (or on a national securities exchange) for a period of five (5) years after the effective date of the Registration Statement.

(m) To use its best efforts to do and perform all things required or necessary to be done and performed under this Agreement by the Company prior to the Closing Date or any Option Closing Date, as the case may be, and to satisfy all conditions precedent to the delivery of the Shares.

(n) The Company confirms as of the date hereof that it is in compliance with all provisions of Section 517.075, Florida Statutes, relating to issuers doing business with the Government of Cuba or with any person or affiliate located in Cuba, and the Company further agrees that if it commences engaging in business with the government of Cuba or with any person or affiliate located in Cuba after the date the Registration Statement becomes or has become effective with the Commission (the "EFFECTIVE DATE") or with the Florida Department of Banking and Finance (the "DEPARTMENT"), whichever date is later, or if the information reported in the Prospectus, if any, concerning the Company's business with Cuba or with any person or affiliate located in Cuba changes in any material way, the Company will provide the Department notice of such business or change, as appropriate, in a form acceptable to the Department.

6. REPRESENTATIONS AND WARRANTIES OF THE COMPANY. The Company represents and warrants to each Underwriter that:

(a) The Registration Statement has become effective; no stop order suspending the effectiveness of the Registration Statement is in effect, and no proceedings for such purpose are pending before or threatened by the Commission.

(b) (i) Each part of the Registration Statement, when such part became effective, did not contain and each such part, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Registration Statement and the Prospectus comply and, as amended or supplemented, if applicable, will comply in all material respects with the Act and (iii) the Prospectus does not contain and, as amended or supplemented, if applicable, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, except

that the representations and warranties set forth in this CLAUSE (B) do not apply to statements or omissions in the Registration Statement or the Prospectus based upon information relating to any Underwriter furnished to the Company in writing by such Underwriter through you expressly for use therein.

(c) Each preliminary prospectus filed as part of the registration statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the Act, and each Registration Statement filed pursuant to Rule 462(b) under the Act, if any, complied when so filed in all material respects with the Act; and did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(d) Each of the Company and the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties, and each is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a material adverse effect on the business, prospects, financial condition or results of operations of the Company and the Subsidiaries, taken as a whole (a "MATERIAL ADVERSE EFFECT").

(e) The Company has authorized capital stock as set forth in the Registration Statement and the Prospectus under the caption "Capitalization". All outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and not subject to any preemptive or similar rights. The certificates for the Common Stock are in due and proper form and the holders of the Common Stock will not be subject to personal liability by reason of being such holders.

(f) The entities listed on SCHEDULE III attached hereto are the only subsidiaries, direct or indirect, of the Company (collectively, the "SUBSIDIARIES"). All of the outstanding shares of capital stock of each of the Subsidiaries have been duly authorized and validly issued and are fully paid and non-assessable, and are owned by the Company, directly or indirectly through one or more of the Subsidiaries, except as set forth in the Prospectus, free and clear of any security interest, claim, lien, encumbrance or adverse interest of any nature (each, a "LIEN").

(g) Each of this Agreement and the instruments contemplated herein (collectively, the "OPERATIVE DOCUMENTS") has been duly and validly authorized by all

necessary corporate action on the part of the Company and has been executed and delivered by the Company.

(h) Each of the Operative Documents will be legal, valid and binding agreements of the Company, enforceable against the Company in accordance with their respective terms except as (i) the enforceability thereof may be limited by bankruptcy, insolvency, or similar laws effecting creditors' rights generally and (ii) rights of acceleration and availability of equitable remedies may be limited by equitable principles of general applicability. On the Closing Date or any Option Closing Date, each of the Operative Documents will conform as to legal matters at the description thereof in the Prospectus.

(i) The Shares have been duly and validly authorized and, when executed, countersigned and delivered against payment therefor in accordance with this Agreement will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights. On the Closing Date or any Option Closing Date, the Shares will conform as to legal matters to the description thereof contained in the Prospectus.

(j) Neither the Company nor any of the Subsidiaries is in violation of its respective charter or by-laws or in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound.

(k) The execution, delivery and performance of the Operative Documents by the Company and compliance by the Company with all provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require any consent, approval, authorization or other order of, or qualification with, any court or governmental body or agency and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of the Subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound, or violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Company or any of the Subsidiaries or their respective property, or result in the imposition or creation of (or the obligation to create or impose) a Lien under, any agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them is bound, or to which any properties of the Company or any of the Subsidiaries is or may be subject, or result in the termination or revocation of

any Authorization (as defined) of the Company or any of the Subsidiaries or result in any other impairment of the rights of the holder of any such Authorization.

(l) To the best knowledge of the Company, except as set forth in the Prospectus, there are no legal or governmental proceedings pending or threatened to which the Company or any of the Subsidiaries is or could be a party or to which any of their respective property is or could be subject, which might result, singly or in the aggregate, in a Material Adverse Effect.

(m) To the best knowledge of the Company, no action has been taken and no law, statute, rule or regulation or order has been enacted, adopted or issued by any governmental agency or body which prevents the execution, delivery and performance of any of the Operative Documents, the issuance of the Shares or suspends the sale of the Shares in any applicable jurisdiction; and no injunction, restraining order or other order or relief of any nature by a federal or state court or other tribunal of competent jurisdiction has been issued with respect to the Company or any of the Subsidiaries which would prevent or suspend the issuance or sale of the Shares in any applicable jurisdiction.

(n) Neither the Company nor any of the Subsidiaries has violated any foreign, federal, state or local law or regulation relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("ENVIRONMENTAL LAWS") or any provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

(o) There are no costs or liabilities associated with Environmental Laws (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties) which would, singly or in the aggregate, have a Material Adverse Effect.

(p) Except as set forth in the Prospectus, each of the Company and the Subsidiaries has such permits, licenses, consents, exemptions, franchises, authorizations and other approvals (each, an "AUTHORIZATION") of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a Material Adverse Effect. Except as set forth in the Prospectus, each such Authorization is valid and in full force and effect and

each of the Company and the Subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; and, except as set forth in the Prospectus, no event has occurred (including the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or result or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; and such Authorizations contain no restrictions that are burdensome to the Company or any of the Subsidiaries; except where such failure to be valid and in full force and effect or to be in compliance, the occurrence of any such event or the presence of any such restriction which would not, singly or in the aggregate, have a Material Adverse Effect.

(q) The Company and the Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property and assets owned by them which is material to the business of the Company and the Subsidiaries, in each case free and clear of all Liens and defects, except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries; and any real property and buildings held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and the Subsidiaries, in each case, except as described in the Prospectus.

(r) Except as set forth in the Prospectus, the Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks and trade names ("INTELLECTUAL PROPERTY") currently employed by them in connection with the business now operated by them, except where the failure to own or possess or otherwise be able to acquire such Intellectual Property would not, singly or in the aggregate, have a Material Adverse Effect; and, except as set forth in the Prospectus, neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of such Intellectual Property which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(s) Except as set forth in the Prospectus, the Company and each of the Subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are prudent and customary in the businesses in which they are engaged; and neither the Company nor any of the Subsidiaries (i) has received notice

from any insurer or agent of such insurer that substantial capital improvements or other material expenditures will have to be made in order to continue such insurance or (ii) has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers at a cost that would not have a Material Adverse Effect.

(t) Except as set forth in the Prospectus, no relationship, direct or indirect, exists between or among the Company or any of the Subsidiaries, on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company or any of the Subsidiaries, on the other hand, which would be required by the Act to be described in the Prospectus if the Prospectus were a prospectus included in a registration statement on Form S-3 filed with the Commission.

(u) There is no (i) significant unfair labor practice complaint, grievance or arbitration proceeding pending or threatened against the Company or any of the Subsidiaries before the National Labor Relations Board or any state or local labor relations board, (ii) strike, labor dispute, slowdown or stoppage pending or threatened against the Company or any of the Subsidiaries or (iii) union representation question existing with respect to the employees of the Company or any of the Subsidiaries, except in the case of CLAUSES (I), (II) AND (III), for such actions which, singly or in the aggregate, would not have a Material Adverse Effect. To the best knowledge of the Company, no collective bargaining organizing activities are taking place with respect to the Company or any of the Subsidiaries, except for such actions specified in CLAUSE (I), (II) OR (III) above, which, singly or in the aggregate, would not have a Material Adverse Effect.

(v) The Company and each of the Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

(w) All material tax returns required to be filed by the Company and each of the Subsidiaries in any jurisdiction have been filed, other than those filings being contested in good faith, and all material taxes, including withholding taxes, penalties and interest, assessments, fees and other charges due pursuant to such returns or pursuant to any assessment received by the Company or any of the Subsidiaries have been paid, other than those being contested in good faith and for which adequate reserves have been provided.

(x) All indebtedness of the Company that will be repaid with the proceeds of the issuance and sale of the Shares, if any, was incurred for proper corporate purposes and in good faith and, except as set forth in the Prospectus, each of the Company and each Subsidiary was, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will be on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), solvent, and had, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will have on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), sufficient capital for carrying on their respective business and were, at the time of the incurrence of such indebtedness that will be repaid with the proceeds of the issuance and sale of the Shares, and will be on the Closing Date or any Option Closing Date (after giving effect to the application of the proceeds from the issuance of the Shares), able to pay their respective debts as they mature.

(y) The accountants, Arthur Andersen LLP, that have certified the financial statements and supporting schedules included in the Registration Statement are independent public accountants with respect to the Company, as required by the Act and the Exchange Act. The historical financial statements, together with related schedules and notes, set forth in the Prospectus comply as to form in all material respects with the requirements applicable to registration statements on Form S-3 under the Act.

(z) The historical financial statements, together with related schedules and notes, forming part of the Registration Statement and the Prospectus (and any amendment or supplement thereto) present fairly the consolidated financial position, results of operations and changes in financial position of the Company and the Subsidiaries on the basis stated in the Prospectus at the respective dates or for the respective periods to which they apply; such statements and related schedules and notes have been prepared in accordance with generally accepted accounting principles consistently applied throughout the periods involved, except as disclosed therein; and the other financial and statistical information and data set forth in the Registration Statement (and any amendment or supplement thereto) is, in all material respects, accurately presented and prepared on a basis consistent with such financial statements and the books and records of the Company.

(aa) The pro forma financial statements included in the Registration Statement have been prepared on a basis consistent with the historical financial statements of the Company and the Subsidiaries and give effect to assumptions made on a reasonable basis and in good faith and present fairly the historical and proposed transactions contemplated by the Prospectus; and such pro forma financial statements comply as to form in all material respects with the requirements applicable to pro forma financial statements

included in registration statements on Form S-3 under the Act. The other pro forma financial and statistical information and data included in the Prospectus is, in all material respects, accurately presented and prepared on a basis consistent with the pro forma financial statements.

(bb) The Company is not and, after giving effect to the offering and sale of the Shares and the application of the net proceeds thereof as described in the Prospectus and the Registration Statement, will not be, an "investment company," as such term is defined in the Investment Company Act of 1940, as amended.

(cc) Neither the Company nor any of the Subsidiaries nor any agent thereof acting on the behalf of them has taken, and none of them will take, any action that might cause this Agreement or the issuance or sale of the Shares to violate Regulation G (12 C.F.R. Part 207), Regulation T (12 C.F.R. Part 220), Regulation U (12 C.F.R. Part 221) or Regulation X (12 C.F.R. Part 224) of the Board of Governors of the Federal Reserve System.

(dd) Since the respective dates as of which information is given in the Prospectus other than as set forth in the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or the earnings, business, management or operations of the Company and the Subsidiaries, taken as a whole, (ii) there has not been any material adverse change or any development involving a prospective material adverse change in the capital stock or in the long-term debt of the Company or any of the Subsidiaries and (iii) neither the Company nor any of the Subsidiaries has incurred any material liability or obligation, direct or contingent.

(ee) The Company has complied with all provisions of Section 517.075, Florida Statutes (Chapter 92-198, Laws of Florida).

(ff) Each certificate signed by any officer of the Company and delivered to the Underwriters or counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the matters covered thereby.

(gg) Neither the Company nor any of the Subsidiaries has taken, directly or indirectly, any action designed to, or that might reasonably be expected to, cause or result in stabilization or manipulation of the price of any security of the Company or any of the Subsidiaries to facilitate the sale or resale of the Shares.

(hh) The present fair salable value of the assets of the Company and the Subsidiaries exceeds the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Company and the Subsidiaries as they become absolute and matured. The assets of the Company and the Subsidiaries do not constitute unreasonably small capital to carry out their businesses as conducted or proposed to be conducted. Neither the Company nor any of the Subsidiaries intends to, nor do they believe that they will, incur debts beyond their ability to pay such debts as they mature. Upon the issuance of the Shares, the present fair salable value of the assets of the Company and the Subsidiaries will exceed the amount that will be required to be paid on or in respect of its existing debts and other liabilities (including contingent liabilities) as they become absolute and matured. The assets of the Company and the Subsidiaries, upon the issuance of the Shares, will not constitute unreasonably small capital to carry out their businesses as now conducted, including the capital needs of the Company and the Subsidiaries, taking into account the projected capital requirements and capital availability of the Company and the Subsidiaries.

(ii) Except as disclosed in the Prospectus, there are no holders of securities of either the Company or any of the Subsidiaries who, by reason of the filing or the execution by the Company or any of the Subsidiaries of this Agreement or the consummation of the transactions contemplated herein, have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

(jj) Other than this Agreement, there are no contracts, agreements or understandings between the Company or any of the Subsidiaries and any person that would give rise to a valid claim against the Company, any of the Subsidiaries or any of the Underwriters for a brokerage commission, finder's fee or like payment in connection with the issuance, purchase or sale of the Shares.

(kk) Neither the Company nor any of the Subsidiaries (i) is entering into the transactions contemplated under or in connection with this Agreement (collectively, the "TRANSACTIONS") with intent to hinder, delay or defraud any entity to which it is or will become indebted; or (ii) (a) will receive less than reasonable equivalent value in exchange for entering into the Transactions and (b) (1) is insolvent on the date hereof or will become insolvent as a result of the Transactions, (2) is engaged in a business or a transaction for which any property remaining with it is unreasonably small capital or (3) intends to incur, or believes that it will incur, debts that will be beyond its ability to pay as such debts mature.

(ll) The Company has filed a registration statement pursuant to Section 12(g) of the Exchange Act to register the Shares, has filed an application to list the Shares

on the Nasdaq National Market System, and has received notification that the listing has been approved, subject to notice of issuance of the Shares.

(mm) The persons listed on SCHEDULE II attached hereto constitute each of the officers and directors of the Company.

(nn) There are no contracts, licenses, agreements, leases or documents of a character which are required under the Act to be filed as exhibits to the Registration Statement or to be summarized or described in the Prospectus which have not been so filed, summarized or described.

(oo) The documents incorporated by reference in the Registration Statement and the Prospectus, when they were filed (or, if an amendment with respect to such document was filed, when such amendment was filed), complied as to form in all material respects with the Exchange Act.

The Company acknowledges that the Underwriters and, for purposes of the opinions to be delivered to the Underwriters pursuant to SECTION 6 hereof, counsel to the Company and counsel to the Underwriters will rely upon the accuracy and truth of the foregoing representations and hereby consents to such reliance.

7. INDEMNIFICATION.

(a) The Company agrees to indemnify and hold harmless each Underwriter, its directors, its officers and each person, if any, who controls such Underwriters within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities and judgments (the "LOSSES") (including, without limitation, any legal or other expenses incurred in connection with defending or investigating any matter, including any action that could give rise to any such Losses) caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus (or any amendment or supplement thereto) or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Losses are caused by (i) any such untrue statement or omission or alleged untrue statement or omission based upon information relating to such Underwriters furnished in writing to the Company by such Underwriters or (ii) the failure of the Underwriters to deliver any such document in a timely manner.

(b) Each Underwriter agrees to indemnify and hold harmless the Company and its respective directors and officers and each person who controls (within the

meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company, to the same extent as the foregoing indemnity from the Company to such Underwriters but only with reference to information relating to such Underwriters furnished in writing to the Company by such Underwriters expressly for use in the Registration Statement or the Prospectus.

(c) In case any action shall be commenced involving any person in respect of which indemnity may be sought pursuant to SECTION 7(A) OR 7(B) hereof (the "INDEMNIFIED PARTY"), the Indemnified Party shall promptly notify the person against whom such indemnity may be sought (the "INDEMNIFYING PARTY") in writing and the Indemnifying Party shall assume the defense of such action, including the employment of counsel reasonably satisfactory to the Indemnified Party and the payment of all fees and expenses of such counsel, as incurred (except that in the case of any action in respect of which indemnity may be sought pursuant to both SECTIONS 7(A) AND 7(B) hereof, each Underwriter shall not be required to assume the defense of such action pursuant to this SECTION 7(C), but may employ separate counsel and participate in the defense thereof, but the fees and expenses of such counsel, except as provided below, shall be at the expense of such Underwriters). Any Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been specifically authorized in writing by the Indemnifying Party, (ii) the Indemnifying Party shall have failed to assume the defense of such action or employ counsel reasonably satisfactory to the Indemnified Party or (iii) the named parties to any such action (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party, and the Indemnified Party shall have been advised by such counsel that there may be one or more legal defenses available to it which are different from or additional to those available to the Indemnifying Party (in which case the Indemnifying Party shall not have the right to assume the defense of such action on behalf of the Indemnified Party). In any such case, the Indemnifying Party shall not, in connection with any one action or separate but substantially similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) for all Indemnified Parties and all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by Donaldson, Lufkin & Jenrette Securities Corporation, in the case of the parties indemnified pursuant to SECTION 7(A) hereof, and by the Company, in the case of parties indemnified pursuant to SECTION 7(B) hereof. The Indemnifying Party shall indemnify and hold harmless the Indemnified Party from and against any and all Losses by reason of any settlement of any action (A) effected with its written consent or (B) effected without its written consent if the settlement is entered into more than ten (10) business days after the Indemnifying Party shall have received a request from the Indemnified Party for

reimbursement for the fees and expenses of counsel (in any case where such fees and expenses are at the expense of the Indemnifying Party) and, prior to the date of such settlement, the Indemnifying Party shall have failed to comply with such reimbursement request. No Indemnifying Party shall, without the prior written consent of the Indemnified Party, effect any settlement or compromise of, or consent to the entry of judgment with respect to, any pending or threatened action in respect of which the Indemnified Party is or could have been a party and indemnity or contribution may be or could have been sought hereunder by the Indemnified Party, unless such settlement, compromise or judgment (1) includes an unconditional release of the Indemnified Party from all liability on claims that are or could have been the subject matter of such action and (2) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of the Indemnified Party.

(d) To the extent the indemnification provided for in this SECTION 7 is unavailable to an Indemnified Party or insufficient in respect of any Losses, then each Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall contribute to the amount paid or payable by such Indemnified Party as a result of such Losses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and such Underwriters, on the other hand, from the offering of the Shares or (ii) if the allocation provided by CLAUSE (I) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in CLAUSE (I) above but also the fault of the Company and such Underwriters in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative benefits received by the Company and such Underwriters shall be deemed to be in the same proportion as the total net proceeds from the offering of the Shares (before deducting expenses) received by the Company and the total discounts and commissions received by such Underwriters bear to the total price to investors of the Shares, in each case as set forth in the table on the cover page of the Prospectus. The relative fault of the Company and each Underwriter shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or such Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and such Underwriters agree that it would not be just and equitable if contribution pursuant to this SECTION 7(D) were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding sentence. The amount paid or payable by an Indemnified Party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Party in connection

with investigating or defending any matter that could have given rise to such Losses. Notwithstanding the provisions of this SECTION 7, each Underwriter shall not be required to contribute any amount in excess of the amount by which the total price of the Shares purchased by it were sold to investors exceeds the amount of any damages which such Underwriters has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this SECTION 7(D) are several in proportion to the respective principal amount of Shares purchased by each of the Underwriters hereunder and not joint.

(e) The remedies provided for in this SECTION 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Party at law or in equity.

8. CONDITIONS OF UNDERWRITERS' OBLIGATIONS. The obligations of each Underwriter to purchase the Firm Shares under this Agreement are subject to the satisfaction of each of the following conditions:

(a) All the representations and warranties of the Company contained in this Agreement shall be true and correct on the Closing Date with the same force and effect as if made on and as of the Closing Date.

(b) The Registration Statement shall have become effective not later than 5:00 p.m. (and in the case of a Registration Statement filed under Rule 462(b) of the Act, not later than 10:00 p.m.), New York City time, on the date of this Agreement or at such later date and time as you may approve in writing, and at the Closing Date no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been commenced or shall be pending before or contemplated by the Commission.

(c) On or after the date hereof there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating outlook for the Company, by any "nationally recognized statistical rating organization" as such term is defined for purposes of Rule 436(g)(2) under the Act.

(d) You shall have received on the Closing Date a certificate dated the Closing Date, signed by the Chairman, Chief Executive Officer and President of the Company, confirming the matters set forth in CLAUSES (A), (B), (C) AND (E) above.

(e) Since the respective dates as of which information is given in the Registration Statement or the Prospectus other than as set forth in the Registration Statement or the Prospectus (exclusive of any amendments or supplements thereto subsequent to the date of this Agreement), (i) there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or the earnings, business, management or operations of the Company and the Subsidiaries, taken as a whole, (ii) there shall not have been any change or any development involving a prospective change in the capital stock or in the long-term debt of the Company or any of the Subsidiaries and (iii) neither the Company nor any of the Subsidiaries shall have incurred any liability or obligation, direct or contingent, the effect of which, in any such case described in CLAUSE (I) THROUGH (III) above, in your reasonable judgment, is material and adverse and, in your reasonable judgment, makes it impracticable to market the Shares on the terms and in the manner contemplated in the Registration Statement or the Prospectus.

(f) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC, counsel for the Company, substantially to the effect set forth on ATTACHMENT B attached hereto. In addition, such counsel will advise that it has participated in conferences with directors, officers and other representatives of the Company and the Subsidiaries, and representatives of the independent public accountants for the Company, at which conferences the contents of the Registration Statement or the Prospectus and related matters were discussed, and, although such counsel has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus except as specified, no facts have come to such counsel's attention which lead such counsel to believe that the Registration Statement or the Prospectus on the effective date thereof (or any amendment thereof made prior to the Closing Date, as of the date of such amendment), contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no view with respect to the financial statements and related notes, the financial statement schedules and other financial, statistical and accounting data included in the Registration Statement or the Prospectus). The opinion of Friedlob Sanderson Raskin Paulson & Tourtillott, LLC described in this SECTION 8(F) shall be rendered to you at the request of the Company and shall so state therein.

(g) You shall have received on the Closing Date an opinion (satisfactory to you and counsel for the Underwriters), dated the Closing Date, of David K. Moskowitz, Senior Vice President. General Counsel and Secretary of the Company, substantially to the effect set forth on ATTACHMENT C attached hereto. In addition, such counsel shall state that he has participated in conferences with directors, officers and other representatives of the Company and the Subsidiaries, representatives of the independent public accountants for the Company, the Underwriters' representatives and counsel for the Underwriters, at which conferences the contents of the Registration Statement and the Prospectus and related matters were discussed, and, although such counsel has not independently verified and is not passing upon and assumes no responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement or the Prospectus (other than those that such counsel must opine on pursuant to this SECTION 8(G)), no facts have come to such counsel's attention which lead such counsel to believe that the Registration Statement or the Prospectus on the effective date thereof (or any amendment thereof made prior to the Closing Date, as of the date of such amendment), contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading (it being understood that such counsel need express no view with respect to the financial statements and related notes, the financial statement schedules and other financial, statistical and accounting data included in the Registration Statement or the Prospectus). The opinion of David K. Moskowitz described in this SECTION 8(G) shall be rendered to you at the request of the Company and shall so state therein.

(h) The Underwriters shall have received on the Closing Date an opinion, dated the Closing Date, of Steptoe & Johnson, regulatory counsel for the Company, in form and substance reasonably satisfactory to the Underwriters and counsel to the Underwriters.

(i) The Underwriters shall have received on the Closing Date an opinion, dated the Closing Date, of Paul, Hastings, Janofsky & Walker LLP, counsel for the Underwriters, in form and substance reasonably satisfactory to the Underwriters.

(j) The Underwriters shall have received, at the time this Agreement is executed and at the Closing Date, letters dated the date hereof or the Closing Date, as the case may be, in form and substance satisfactory to the Underwriters from Arthur Andersen LLP, independent public accountants, containing the information and statements of the type ordinarily included in accountants' "comfort letters" to the Underwriters with respect to the financial statements and certain financial information contained in the Registration Statement and the Prospectus.

(k) The Shares shall have been approved by the NASD for trading on the Nasdaq National Market System.

(l) The Company shall not have failed at or prior to the Closing Date to perform or comply with any of the agreements herein contained and required to be performed or complied with by the Company at or prior to the Closing Date.

(m) The Company shall have delivered to you the agreements specified in SECTIONS 2(C) AND 5 hereof.

(n) The Representatives shall have received copies of lock-up letters from each of the directors and executive officers of the Company in substantially the form attached hereto as ATTACHMENT A.

9. EFFECTIVENESS OF AGREEMENT AND TERMINATION. This Agreement shall become effective upon the execution and delivery of this Agreement by the parties hereto.

(a) This Agreement may be terminated at any time prior to the Closing Date by the Underwriters by written notice to the Company if any of the following has occurred: (i) any outbreak or escalation of hostilities or other national or international calamity or crisis or change in economic conditions or in the financial markets of the United States or elsewhere that, in the Underwriters' reasonable judgment, is material and adverse and would, in the Underwriters' reasonable judgment, make it impracticable to market the Shares on the terms and in the manner contemplated in the Registration Statement and the Prospectus, (ii) the suspension or material limitation of trading in securities on the New York Stock Exchange, the American Stock Exchange, the Chicago Board of Options Exchange, the Chicago Mercantile Exchange, the Chicago Board of Trade or the Nasdaq National Market System or limitation on prices for securities on any such exchange or the Nasdaq National Market System, (iii) the suspension of trading of any securities of the Company on any exchange or in the over-the-counter market, (iv) the enactment, publication, decree or other promulgation of any federal or state statute, regulation, rule or order of any court or other governmental authority which in your reasonable opinion materially and adversely affects, or will materially and adversely affect, the business, prospects, financial condition or results of operations of the Company and the Subsidiaries, taken as a whole, (v) the declaration of a banking moratorium by either federal or New York State authorities or (vi) the taking of any action by any federal, state or local government or agency in respect of its monetary or fiscal affairs which in your reasonable opinion has a material adverse effect on the financial markets in the United States.

(b) If on the Closing Date or on any Option Closing Date any one or more of the Underwriters shall fail or refuse to purchase the Shares which it or they have agreed to purchase hereunder on such date and the aggregate principal amount of the Shares which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount of the Shares to be purchased on such date by all Underwriters, each non-defaulting Underwriter shall be obligated severally, in the proportion which the principal amount of the Shares set forth opposite its name in SCHEDULE I bears to the aggregate principal amount of the Shares which all the non-defaulting Underwriters, as the case may be, have agreed to purchase, or in such other proportion as you may specify, to purchase the Shares which such defaulting Underwriter or Underwriters, as the case may be, agreed but failed or refused to purchase on such date; PROVIDED, that in no event shall the aggregate principal amount of the Shares which any Underwriter has agreed to purchase pursuant to SECTION 2 hereof be increased pursuant to this SECTION 9 by an amount in excess of one-tenth of such principal amount of the Shares without the written consent of such Underwriter. If on the Closing Date or on any Option Closing Date any Underwriter or Underwriters shall fail or refuse to purchase the Shares and the aggregate principal amount of the Shares with respect to which such default occurs is more than one-tenth of the aggregate principal amount of the Shares to be purchased by all Underwriters and arrangements satisfactory to the Underwriters and the Company for purchase of such the Shares are not made within forty-eight (48) hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter and the Company. In any such case which does not result in termination of this Agreement, either you or the Company shall have the right to postpone the Closing Date or any Option Closing Date, as applicable, but in no event for longer than seven (7) days, in order that the required changes, if any, in the Registration Statement or the Prospectus or any other documents or arrangements may be effected. Any action taken under this SECTION 9 shall not relieve any defaulting Underwriter from liability in respect of any default of any such Underwriter under this Agreement.

10. MISCELLANEOUS.

(a) Notices given pursuant to any provision of this Agreement shall be addressed as follows: (i) if to the Company, to 90 Inverness Circle East, Englewood, Colorado 80112, Attention: General Counsel and (ii) if to any of the Underwriters, to such Underwriter, c/o Donaldson, Lufkin & Jenrette Securities Corporation, 277 Park Avenue, New York, New York 10172, Attention: Syndicate Department, or in any case to such other address as the person to be notified may have requested in writing.

(b) The respective indemnities, representations, warranties and other statements of the Company and the Underwriters set forth in or made pursuant to this

Agreement shall remain operative and in full force and effect, and will survive delivery of and payment for the Shares, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of the Underwriters, the officers or directors of the Underwriters, any person controlling the Underwriters, the Company, the officers or directors of the Company, or any person controlling the Company, (ii) acceptance of the Shares and payment for them hereunder and (iii) termination of this Agreement.

(c) If for any reason the Shares are not delivered by or on behalf of the Company as provided herein (other than as a result of any termination of this Agreement pursuant to SECTION 9 hereof), the Company agrees to reimburse the Underwriters for all out-of-pocket expenses (including the fees and disbursements of counsel) reasonably incurred by them. Notwithstanding any termination of this Agreement, the Company shall be liable for all expenses which it has agreed to pay pursuant to SECTION 5(K) hereof. The Company also agrees to reimburse each Underwriter and its officers, directors and each person, if any, who controls such Underwriters within the meaning of Section 15 of the Act or Section 20 of the Exchange Act for any and all fees and expenses (including without limitation the fees and expenses of counsel) incurred by them in connection with enforcing their rights under this Agreement (including without limitation its rights under this SECTION 10(C)).

(d) Except as otherwise provided, this Agreement has been and is made solely for the benefit of and shall be binding upon the Company, the Underwriters, the Underwriters' directors and officers, any controlling persons referred to herein, the directors of the Company and their respective successors and assigns, all as and to the extent provided in this Agreement, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "SUCCESSORS AND ASSIGNS" shall not include a purchaser of any of the Shares from any of the Underwriters merely because of such purchase.

(e) This Agreement shall be governed and construed in accordance with the laws of the State of New York.

(f) This Agreement may be signed in various counterparts which together shall constitute one and the same instrument.

[Signature Page Follows]

Please confirm that the foregoing correctly sets forth the agreement among the Company and the several Underwriters.

Very truly yours,

EHOSTAR COMMUNICATIONS CORPORATION

By: _____
Name: David K. Moskowitz, Esq.
Title: Senior Vice President,
General Counsel and Secretary

Accepted and agreed to as of the date first above written by each of the Representatives acting severally on behalf of themselves and the Underwriters named above.

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

BT ALEX. BROWN INCORPORATED

UNTERBERG HARRIS

BY: DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION

By: _____
Name:
Title:

SCHEDULE I
UNDERWRITERS(1)

UNDERWRITER

FIRM SHARES

Donaldson, Lufkin & Jenrette Securities Corporation

BT Alex. Brown Incorporated

Unterberg Harris

TOTAL

5,000,000

1. Note: Conform to Final Prospectus

SCHEDULE II

OFFICERS AND DIRECTORS

Charles W. Ergen	Chairman, Chief Executive Officer, President and Director
R. Scott Zimmer	Vice Chairman and Vice President
James DeFranco	Executive Vice President and Director
Steven B. Schaver	Chief Operating Officer and Chief Financial Officer
David K. Moskowitz	Senior Vice President, General Counsel and Secretary
Alan M. Angelich	Director
Raymond L. Friedlob	Director
Michael T. Dugan	Senior Vice President, Consumer Products Division
John R. Hager	Treasurer and Controller

SCHEDULE III

SUBSIDIARIES

Direct Broadcasting Satellite Corporation
DirectSat Corporation
Dish Network Credit Corporation
Dish, Ltd.
E-Sat, Inc. (80% owned by Dish, Ltd.)
Echo Acceptance Corporation
Echonet Business Network, Inc.
Echosphere Corporation
Echosphere de Mexico, S. de R.L. de C.V.
EchoStar Capacity Corporation
EchoStar DBS Corporation
EchoStar Indonesia, Inc.
EchoStar International Corporation
EchoStar International (Mauritius) Limited
EchoStar Manufacturing and Distribution Private Limited (India)
EchoStar North America Corporation
EchoStar Real Estate Corporation
EchoStar Satellite Broadcasting Corporation
EchoStar Satellite Corporation
EchoStar Space Corporation
FlexTracker Sdn. Bhd.
Houston Tracker Systems, Inc.
HT Ventures, Inc.
Lenson Heath USA, Ltd. (a partnership)
Satellite Source, Inc.
Satrec Mauritius Limited (40% owned by EchoStar International Corporation)

ATTACHMENT A

FORM OF LOCK-UP LETTER

[LETTERHEAD OF OFFICER OR DIRECTOR
OF ECHOSTAR COMMUNICATIONS CORPORATION]

October [___], 1997

EchoStar Communications Corporation

90 Inverness Circle East
Englewood, Colorado 80112

Donaldson, Lufkin & Jenrette Securities Corporation
BT Alex. Brown Incorporated
Unterberg Harris

(as representatives (the "REPRESENTATIVES")
of the several Underwriters (as defined)
named in SCHEDULE I attached hereto)

c/o Donaldson, Lufkin & Jenrette Securities Corporation
277 Park Avenue
New York, New York 10172

Re: Public Offering of Common Stock

Dear Ladies and Gentlemen:

The undersigned understands that Donaldson, Lufkin & Jenrette Securities Corporation, BT Alex. Brown Incorporated and Unterberg Harris (collectively, the "REPRESENTATIVES"), as representatives of the several underwriters (the "UNDERWRITERS"), propose to enter into an Underwriting Agreement with EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), providing for the public offering (the "PUBLIC OFFERING") by the Underwriters, including the Representatives, of Five Million (5,000,000) shares of class A common stock, par value \$0.01 per share, of the Company (the "COMMON STOCK").

In consideration of the Underwriters' agreement to purchase and undertake the Public Offering of the Company's Common Stock and for other good and valuable

consideration, receipt of which is hereby acknowledged, the undersigned agrees not to, directly or indirectly, offer, sell, contact to sell, grant any portion to purchase or otherwise dispose of any shares of the Company's capital stock (including, without limitation, shares of the Company's capital stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and shares of the Company's capital stock which may be issued upon exercise of a stock option or warrant) or any securities convertible into or exercisable or exchangeable for such shares of the Company's capital stock or, in any manner, transfer all or a portion of the economic consequences associated with the ownership of the Company's capital stock, without the prior written consent of Donaldson, Lufkin & Jenrette Securities Corporation, for a period of One Hundred Eighty (180) days after the commencement of the Public Offering.

In addition, the undersigned agrees that the Company may, and that the undersigned will, (i) with respect to any shares of the Company's capital stock for which the undersigned is the record holder, cause the transfer agent for the Company's capital stock to note stop transfer instructions with respect to such shares of the Company's capital stock on the transfer books and records of the Company and (ii) with respect to any shares of the Company's capital stock for which the undersigned is the beneficial holder but not the record holder, cause the record holder of such shares of the Company's capital stock to cause the transfer agent for the Company to note stop transfer instructions with respect to such shares of the Company's capital stock on the transfer books and records of the Company.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this letter agreement, and that, upon request, the undersigned will execute any additional documents necessary or desirable in connection with the enforcement hereof. All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned and any obligation of the undersigned shall be binding upon the heirs, personal representatives, successors, and assigns of the undersigned.

Very truly yours,

(Signature)

(Name - Please Type)

(Address)

(Social Security or Taxpayer Identification No.)

Number of shares owned or subject to warrants, options or convertible securities:

Certificate number: _____

ATTACHMENT B

OPINION OF FSRP&T

1. The Company and each of the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties as described therein.

2. The Company and each of the Subsidiaries is duly qualified and is in good standing as a foreign corporation authorized to do business in each jurisdiction in which the nature of its business or its ownership or leasing of property requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect.

3. All the outstanding shares of capital stock of the Company have been duly authorized and validly issued and are fully paid, non-assessable and are not subject to any preemptive or similar rights. The certificates for the Common Stock are in due and proper form and the holders of the Common Stock will not be subject to personal liability by reason of being such holders.

4. All of the outstanding shares of capital stock of the Subsidiaries has been duly authorized and validly issued and are fully paid and non-assessable, and, in the case of the Subsidiaries, are owned by the Company, free and clear of any Lien, except that the shares of DBS Corp have been pledged as security for the repayment of the 1997 Notes; the shares of Dish have been pledged as security for the repayment of the 1996 Notes; and the shares of DirectSat Merger Corporation, EchoStar Acceptance Corporation, Echonet Business Network, Inc., Echosphere Corporation, EchoStar International Corporation, HT Ventures, Inc., EchoStar Satellite Corporation, Houston Tracker Systems, Inc., and Satellite Source, Inc. have been pledged as security for the repayment of the 1994 Notes.

5. The Shares have been duly and validly authorized and, when executed, countersigned and delivered against payment therefor in accordance with this Agreement, will be duly and validly issued and outstanding, fully paid and non-assessable and will not have been issued in violation of or subject to any preemptive rights.

6. The Company has all requisite corporate power and authority to (i) enter into this Agreement and the other Operative Documents, (ii) issue and sell the Shares as contemplated hereby and in the Prospectus, and when issued, such Shares will have been duly authorized and validly issued and fully paid, non-assessable and not subject to any

preemptive or similar rights, and (iii) consummate the transactions contemplated by this Agreement. The Operative Documents have been duly and validly authorized by all necessary corporate action on the part of the Company, has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company enforceable against the Company in accordance with their respective terms. Each of the Operative Documents conforms as to legal matters to the description thereof in the Prospectus.

7. The Common Stock, the Firm Shares and the Additional Shares conform to the descriptions thereof contained in the Registration Statement and the Prospectus under the caption "Description of EchoStar Capital Stock".

8. The Company has filed a registration statement pursuant to Section 12(g) of the Exchange Act to register the Shares and the Shares to be sold under this Agreement to the Underwriters are duly authorized for quotation on the Nasdaq National Market System.

9. The Registration Statement has become effective under the Act, no stop order suspending its effectiveness has been issued and no proceedings for that purpose are, to the knowledge of such counsel, pending before or contemplated by the Commission.

10. The statements under the captions "Management's Discussion and Analysis of Financial Condition and Results of Operations--Liquidity and Capital Resources", "Certain Relationships and Related Transactions", "Management", "Description of EchoStar Capital Stock" and "Underwriting" in the Prospectus and Items 14 and 15 of Part II of the Registration Statement, insofar as such statements constitute a summary of the legal matters, documents or proceedings referred to therein, fairly present the information called for with respect to such legal matters, documents and proceedings.

11. Neither the Company nor any of the Subsidiaries is in violation of its respective charter or by-laws and, to the best of such counsel's knowledge, neither the Company nor any of the Subsidiaries is in default in the performance of any obligation, agreement, covenant or condition contained in any indenture, loan agreement, mortgage, lease or other agreement or instrument that is material to the Company and the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound.

12. The execution, delivery and performance of this Agreement and the other Operative Documents and compliance by the Company with all the provisions hereof and thereof and the consummation of the transactions contemplated hereby and thereby will not require, to such counsel's knowledge, any consent, approval, authorization or other order

of, or qualification with, any court or governmental body or agency (except such as may be required under the securities or Blue Sky laws of the several states) and will not conflict with or constitute a breach of any of the terms or provisions of, or a default under, the charter or by-laws of the Company or any of the Subsidiaries or any indenture, loan agreement, mortgage, lease or other agreement or instrument known to such counsel that is material to the Company and any of the Subsidiaries, taken as a whole, to which the Company or any of the Subsidiaries is a party or by which the Company or any of the Subsidiaries or their respective property is bound, or violate or conflict with any applicable law or any rule, regulation, judgment, order or decree of any court or any governmental body or agency having jurisdiction over the Company or any of the Subsidiaries or their respective property, or result in the imposition or creation of (or the obligation to create or impose) a Lien under, any agreement or instrument to which the Company or any of the Subsidiaries is a party or by which it or any of them is bound, or to which any properties of the Company or any of the Subsidiaries is or may be subject, or result in the termination or revocation of any Authorization of the Company or any of the Subsidiaries or result in any other impairment of the rights of the holder of any such Authorization.

13. Except as disclosed in the Prospectus, such counsel does not know of any legal or governmental proceedings pending or threatened to which the Company or any of the Subsidiaries is or could be a party or to which any of their respective property is or could be subject, which might result, singly or in the aggregate, in a Material Adverse Effect.

14. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the net proceeds thereof as described in the Prospectus and the Registration Statement, will not be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

15. Except as disclosed in the Prospectus, there are no holders of Securities of either the Company or any of the Subsidiaries of this Agreement or the consummation of the transactions contemplated herein, have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

16. The Registration Statement (including any Registration Statement filed under 462(b) of the Act, if any) and the Prospectus and any supplement or amendment thereto (except for financial statements as to which no opinion need be expressed) comply as to form in all material respects with the Act.

17. To the best of such counsel's knowledge, there are no contracts, licenses, agreements, leases or documents of a character which are required under the Act to be filed as exhibits to the Registration Statement or to be summarized or described in the Prospectus which have not been filed, summarized or described.

18. The documents incorporated by reference in the Registration Statement and the Prospectus, when they were filed (or, if an amendment with respect to such document has been filed, when such amendment was filed), complied as to form in all material respects with the Exchange Act.

ATTACHMENT C

OPINION OF IN-HOUSE COMPANY COUNSEL

1. The Company and each of the Subsidiaries has been duly incorporated, is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation and has the corporate power and authority to carry on its business as described in the Prospectus and to own, lease and operate its properties as described therein.

2. (i) Neither the Company nor any of the Subsidiaries is in violation of its respective certificate of incorporation or by-laws; (ii) to the best of such counsel's knowledge and except as would not have a Material Adverse Effect, neither the Company nor any of the Subsidiaries is in default in the performance of any obligation, agreement or condition contained in any bond, debenture, note or any other evidence of indebtedness or in any other material agreement, indenture, mortgage or deed of trust to which it is a party or by which it is bound or to which any of its properties is subject, or is in violation of any law, statute, rule, regulation, judgment or court decree applicable to the Company or any of the Subsidiaries; and (iii) to the best of such counsel's knowledge, there exists no condition that, with notice, the passage of time or otherwise, would constitute such a default under any such document or instrument.

3. To the best of such counsel's knowledge, and except as set forth in the Prospectus, there is (i) no action, suit or proceeding before or by any court, arbitrator or governmental agency, body or official, domestic or foreign, now pending, threatened or contemplated to which the Company or any of the Subsidiaries is or may be a party or to which the business or property of the Company or any of the Subsidiaries is or may be subject, (ii) no statute, rule, regulation or order that has been enacted, adopted or issued by any governmental agency or that has been proposed by any governmental body and (iii) no injunction, restraining order or order of any nature by a federal or state court or competent jurisdiction has been or may be issued that, in the case of CLAUSES (I), (II) AND (III) above, (a) is required to be disclosed in the Prospectus and that is not so disclosed, (b) would materially adversely affect the Company or any of the Subsidiaries or the property of any of them, (c) would interfere with or adversely affect the issuance or marketability of the Shares or (d) in any manner draw into question the validity of this Agreement or any other Operative Document; to the best of such counsel's knowledge, no contract, agreement, instrument or document of a character required to be described in the Prospectus in order to make the statements therein not misleading is not so described.

4. Except as disclosed in the Prospectus, there are no holders of securities of either the Company or any of the Subsidiaries who, by reason of the filing or the execution by the Company or any of the Subsidiaries of this Agreement or the consummation of the transactions contemplated herein, have the right to request or demand that the Company or any of the Subsidiaries register under the Act securities held by them.

5. The Company and the Subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property and assets owned by them which is material to the business of the Company and the Subsidiaries; in each case, to such counsel's knowledge, free and clear of all Liens and defects except such as are described in the Prospectus or such as do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and the Subsidiaries; and any real property and buildings held under lease by the Company and the Subsidiaries are held by them under valid, subsisting and enforceable leases with, to such counsel's knowledge, such exceptions as are not material and do not interfere with the use made and proposed to be made of such property and buildings by the Company and the Subsidiaries, in each case except as described in the Prospectus.

6. Neither the Company nor any of the Subsidiaries has violated any Environmental Law or any provisions of ERISA, or the rules and regulations promulgated thereunder, except for such violations which, singly or in the aggregate, would not have a Material Adverse Effect.

7. Except as set forth in the Prospectus, each of the Company and the Subsidiaries has such Authorizations of, and has made all filings with and notices to, all governmental or regulatory authorities and self-regulatory organizations and all courts and other tribunals, including without limitation, under any applicable Environmental Laws, as are necessary to own, lease, license and operate its respective properties and to conduct its business, except where the failure to have any such Authorization or to make any such filing or notice would not, singly or in the aggregate, have a Material Adverse Effect; except as set forth in the Prospectus, each such Authorization is valid and in full force and effect and each of the Company and the Subsidiaries is in compliance with all the terms and conditions thereof and with the rules and regulations of the authorities and governing bodies having jurisdiction with respect thereto; except as set forth in the Prospectus, no event has occurred (including the receipt of any notice from any authority or governing body) which allows or, after notice or lapse of time or both, would allow, revocation, suspension or termination of any such Authorization or result or, after notice or lapse of time or both, would result in any other impairment of the rights of the holder of any such Authorization; such Authorizations contain no restrictions that are burdensome to the Company or any of the Subsidiaries; and, except where such failure to be valid and in full force and effect or to be in compliance, the

occurrence of any such event or the presence of any such restriction which would not, singly or in the aggregate, have a Material Adverse Effect.

8. The Company and/or any parties thereto that are subsidiaries or affiliates of the Company have duly and validly authorized, executed and delivered each of the satellite and launch contracts described in the Prospectus and (assuming due execution and delivery thereof by the other parties thereto) each of such satellite and launch contracts is the legally valid and binding agreement of such corporations enforceable against them in accordance with their terms, subject to applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally and to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

9. The Subsidiaries are the only subsidiaries, direct or indirect, of the Company. Except as otherwise described in the Prospectus or on SCHEDULE III of the Underwriting Agreement, the Company owns One Hundred Percent (100%) of the outstanding capital stock or other equity interests evidencing equity ownership of each of the Subsidiaries free and clear of any Lien; and all of such equity interests have been duly authorized, validly issued and are fully paid and nonassessable and, to the best of such counsel's knowledge, were not issued in violation of any preemptive or similar rights; there are no outstanding rights, warrants or options to acquire, or instruments convertible into or exchangeable for, any such shares of capital stock or other equity interest of such Subsidiaries.

10. To the best of such counsel's knowledge, except as set forth in the Prospectus, the Company, and each Subsidiary (i) has operated in substantial compliance with the Communications Act of 1934, as amended (the "COMMUNICATIONS ACT") and the rules of the Federal Communications Commission (the "FCC") promulgated thereunder (the "FCC RULES") insofar as the Communications Act and the FCC Rules pertain to direct broadcast satellite services and coverage and to the manufacture and distribution of equipment subject to FCC Rules governing acceptance, certification and verification thereof, and (ii) has made all filings, reports, applications and submissions required thereunder for the provision of direct broadcast satellite services and coverage and for the manufacture and distribution of equipment subject to FCC Rules governing certification and verification of communications signals, which filings, reports, applications and submissions are true, complete and correct in all material respects; except where such failure to be in compliance or to make such filings would not, singly or in the aggregate, have a Material Adverse Effect.

11. Except as set forth in the Prospectus, there are no actions, suits or proceedings pending or, to the best of such counsel's knowledge, threatened by or before the FCC against or affecting the Company or any of the Subsidiaries or the business, property,

business prospects, condition (financial or otherwise) or results of operations of the Company or any of the Subsidiaries, in which an unfavorable ruling, decision or finding is likely to have a Material Adverse Effect.

12. Each of the FCC licenses is valid and in effect on the date hereof, and to the best of such counsel's knowledge, based on inquiry of the Company and review of the FCC documents, the FCC licenses constitute the only licenses or other authorizations of the FCC as are presently required of the Company and the Subsidiaries under the Communications Act and the FCC Rules in order to provide the direct broadcast satellite services and coverage and related ground operations (including, without limitation, telemetry, tracking and control functions) proposed to be provided by the Company and the Subsidiaries, subject to continued performance of the terms of the FCC licenses and the continued satisfaction of the conditions specified in the FCC licenses and the FCC Rules pertaining to direct broadcast satellites services and coverage proposed to be provided by the Company and the Subsidiaries and timely application for and obtaining of additional FCC licenses, permits, consents, orders, approvals and other FCC authorizations as may be required by the FCC in the future.

13. Except as set forth in the Prospectus, the Company and the Subsidiaries own or possess, or can acquire on reasonable terms, all Intellectual Property currently employed by them in connection with the business now operated by them except where the failure to own or possess or otherwise be able to acquire such Intellectual Property would not, singly or in the aggregate, have a Material Adverse Effect on the business, prospects, financial condition or results of operation of the Company and the Subsidiaries, taken as a whole; and, to the best of such counsel's knowledge after due inquiry, except as set forth in the Prospectus, neither the Company nor any of the Subsidiaries has received any notice of infringement of or conflict with asserted rights of others with respect to any of such Intellectual Property which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

14. To the best of such counsel's knowledge, after due inquiry, neither the Company nor any of the Subsidiaries has violated any Environmental Laws, nor any federal or state law relating to discrimination in the hiring, promotion or pay of employees nor any applicable federal or state wages and hours laws, nor any provisions of the Employee Retirement Income Security Act of 1974, as amended, or the rules and regulations promulgated thereunder, which in each case might result in any material adverse change in the business, prospects, financial condition or results of operation of the Company and the Subsidiaries, taken as a whole.

15. The Company and each of the Subsidiaries has such permits, licenses, franchises and authorizations of governmental or regulatory authorities ("PERMITS"),

including, without limitation, under any applicable Environmental Laws, as are necessary to own, lease and operate its respective properties and to conduct its business in the manner described in the Prospectus; to the best of such counsel's knowledge, after due inquiry, the Company and each of the Subsidiaries has fulfilled and performed all of its material obligations with respect to such Permits and no event has occurred which allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the holder of any such Permit, subject in each case to such qualification as may be set forth in the Prospectus; and, except as described in the Prospectus, such Permits contain no restrictions that are materially burdensome to the Company or any of the Subsidiaries.

ECHOSTAR COMMUNICATIONS CORPORATION
CERTIFICATE OF CORRECTION
FOR THE
CERTIFICATE OF DESIGNATION
FILED OCTOBER 1, 1997

ESTABLISHING THE
VOTING POWERS, DESIGNATIONS, PREFERENCES, LIMITATIONS,
RESTRICTIONS, AND RELATIVE RIGHTS OF

12-1/8% SERIES B SENIOR
REDEEMABLE EXCHANGEABLE PREFERRED STOCK

Certificate of Correction to Certificate of Designation filed
pursuant to Section 78.1955 of the
General Corporation Law of Nevada

Each of Charles W. Ergen, President, and David K. Moskowitz, the Senior Vice President, General Counsel and Secretary of EchoStar Communications Corporation (the "Issuer"), a corporation organized and existing under the General Corporation Law of the State of Nevada, pursuant to authority conferred pursuant to the provisions of Ch. 208, Sec. 2, Page 693 of the Advance Sheets of the Nevada Legislature, Sixty-Ninth Session (1997) do hereby correct the Certificate of Designations for the Issuer's 12-1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 filed by the Issuer on October 1, 1997, to include Clauses 8.2(d)(vi)(B) and 8.2(d)(vi)(C), the introductory paragraph to Section 8.3, and Section 8.3(a), which had been approved by the Board of Directors but were

inadvertently omitted from the original filing of the Certificate of Designation for the Issuer's 12-1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 and a typographical error included in Paragraph 14.7(a)(ii) of the Certificate of Designation. For the avoidance of confusion, the entire resolution establishing the voting powers, designations, preferences, limitations, restrictions, and relative rights of the Issuer's 12-1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 (inclusive of the corrected Clauses, Sections, and Paragraphs) is set forth in full below. Certain capitalized terms used herein are defined in Article 12.

RESOLVED, that pursuant to the authority vested in the Board of Directors of the corporation by the Articles of Incorporation, the Board of Directors does hereby provide for the issue of a series of Preferred Stock, \$0.01 par value, of the Corporation, to be designated "12-1/8% Series B Senior Redeemable Exchangeable Preferred Stock" (referred to herein as the "Senior Preferred Stock"), having the number of shares and, to the extent that the designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions of such Senior Preferred Stock are not stated and expressed in the Articles of Incorporation, the powers, preferences and relative and other special rights and the qualifications, limitations and restrictions thereof, as follows:

1 DESIGNATION AND NUMBER OF SHARES

1.1 The series will be known as the 12-1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004.

1.2 The Senior Preferred Stock will be a series consisting of 900,000 shares of the authorized but unissued preferred stock of this corporation (the "Issuer").

2 DIVIDENDS

2.1 Holders of Senior Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, dividends on the Senior Preferred Stock at a rate per annum equal to 12-1/8% of the liquidation preference per share.

(a) All dividends will be cumulative, whether or not earned or declared, compounded on a quarterly basis on January 1, April 1, July 1, and October 1 of each year from the Issuance Date, commencing January 1, 1998. Subject to Section 2.2, the Issuer may pay dividends, at its option, in cash or in additional fully paid and non-assessable shares of Senior Preferred Stock having an aggregate liquidation preference equal to the amount of such dividends.

(b) Each distribution in the form of a dividend (whether in cash or in additional shares of Senior Preferred Stock) shall be payable in arrears to holders of record as they appear on the stock books of the Issuer on each record date following the Issuance Date, such payment to be made not more than 60 days following each respective record date. Such record dates will be established in accordance with the General Corporation Law of Nevada.

2.2 (a) Subject to this Section 2.2, no full dividends may be declared or paid or funds set apart for the payment of dividends on any Parity Securities (as defined below) for any period unless:

(i) full cumulative dividends on the Senior Preferred Stock shall have been or contemporaneously are declared and paid in full through the immediately preceding dividend payment date, and

(ii) if the dividend on the Parity Securities is declared as payable in cash, a sum in cash is set apart for the next succeeding payment on the Senior Preferred Stock at the next succeeding dividend payment date.

If full dividends are not so paid, the Senior Preferred Stock will share dividends pro rata with any Parity Securities.

(b) No dividends may be paid or set apart for payment on Parity Securities or Junior Securities (as defined), except dividends:

(i) on Junior Securities payable in additional shares of Junior Securities, and

(ii) on Parity Securities payable in additional shares of Parity Securities or Junior Securities,

provided, however, that, notwithstanding the provisions of Sections 2.2(a)(ii), 2.2(b)(i) and 2.2(b)(ii), whether or not full dividends have been or will be paid in cash on the shares of the Senior Preferred Stock, the Issuer shall be entitled to declare and pay cash dividends on Parity Securities and Junior Securities to the extent that

(1) the funds for such cash dividend payments are derived, directly or indirectly, from the proceeds of an offering of Parity Securities or Junior Securities with respect to which such cash dividends are to be paid (or a concurrent offering of related securities), and

(2) provided that in connection with such offering it is disclosed to the purchasers of such Parity Securities or Junior Securities, as the case may be, in an offering memorandum, prospectus, or similar communication, that a portion of the proceeds thereof may be used for the payment of cash dividends on such securities (any transaction in which the Issuer obtains the right to make cash dividend payments on Parity Securities or Junior Securities pursuant to this provision being referred to as a "Self-Funding Event").

(c) No Junior Securities or Parity Securities may be repurchased, redeemed or otherwise retired nor may funds be set apart for payment with respect thereto if full cumulative and unpaid dividends have not been paid in cash on the Senior Preferred Stock through the immediately preceding dividend payment date or contemporaneously provided for; provided that, notwithstanding the foregoing:

(x) cash dividends may be paid on Parity Securities and Junior Securities to the extent permitted by Section 2.2(b), and

(y) the Issuer may repurchase, redeem or otherwise retire or set aside funds for those purposes with respect to any Parity Securities or Junior Securities in exchange for or out of the net proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of other Parity Securities or Junior Securities (other than Disqualified Stock), as the case may be, of the Issuer.

(d) In the event that the Issuer shall at any time pay any dividend on any Equity Interest (as defined), other than the Senior Preferred Stock, in cash, then in such event the Issuer shall be required to make a cash dividend payment on the next succeeding

dividend payment date with respect to the Senior Preferred Stock and shall be required to continue to make such payments in cash until the Issuer shall have made a dividend payment on its other outstanding Equity Interests in a form other than cash; provided that:

(i) the requirements of this Section 2.2(d) shall not be applicable if the source of the cash dividend payment in respect of any such Equity Interest was a Self-Funding Event, and

(ii) subject to the provisions of this Certificate of Designation, the Issuer shall not be prohibited from making dividend payments in cash or kind on different dividend payment dates.

2.3 The Senior Preferred Stock will be exchangeable, at the option of the Issuer, into the Exchange Notes, unissued shares of Senior Preferred Stock, or a newly authorized series of preferred stock, at any time, after the Issuance Date.

3 RANKING

3.1 The Senior Preferred Stock will, with respect to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer, rank:

(a) senior to all classes of common stock and to each series of preferred stock existing on the date of this Certificate of Designation and each other class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation, the terms of which do not expressly provide that such class or series will rank senior to or on a parity with the Senior Preferred Stock as to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer (collectively, with the Common Stock, referred to as the "Junior Securities");

(b) subject to certain conditions, on a parity with any class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation by the Board of Directors, the terms of which expressly provide that such class or series will rank on a parity with the Senior Preferred Stock as to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer (collectively, referred to as "Parity Securities"); and

(c) subject to certain conditions, junior to each class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation by the Board of Directors, the terms of which expressly provide that such

class or series will rank senior to the Senior Preferred Stock as to dividend distributions and distributions upon liquidation, winding-up or dissolution of the Issuer (collectively referred to as "Senior Securities").

3.2 The Issuer is entitled to amend its articles of incorporation to authorize one or more additional series of preferred stock, file certificates of designation, and issue without restriction, from time to time, any series of Junior Securities, Parity Securities or Senior Securities, PROVIDED, HOWEVER, that the Issuer may not issue any new class of Parity Securities or Senior Securities without the prior approval of the holders of at least 50% of the shares of the Senior Preferred Stock then outstanding, voting or consenting, as the case may be, together as one class, except that without the approval of the holders of Senior Preferred Stock, the Issuer may amend its articles of incorporation to authorize additional series of preferred stock, file certificates of designation, and issue and have outstanding shares of Parity Securities,

(x) issued from time to time in exchange for, or the proceeds of which are used to redeem or repurchase, any or all of the shares of Senior Preferred Stock or other Parity Securities, or

(y) with an aggregate liquidation preference, at any one time outstanding, not to exceed \$100 million.

3.3 The Issuer's 8% Series A Cumulative Preferred Stock is hereby subordinated to the Senior Preferred Stock with respect to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer.

4 REDEMPTION OF SENIOR PREFERRED STOCK

4.1 OPTIONAL REDEMPTION

(a) Except as provided in the next paragraph, shares of the Senior Preferred Stock will not be redeemable prior to July 1, 2000. Thereafter, the Senior Preferred Stock will be subject to redemption at the option of the Issuer in cash, in whole or in part, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as a percentage of the liquidation preference thereof) set forth below, together with accumulated and unpaid dividends thereon to the applicable redemption date (including an amount in cash equal to a prorated dividend for the period from the dividend payment date immediately prior to the redemption date to the redemption date) if redeemed during the 12-month period beginning on July 1 of the years indicated below (provided that the Issuer may pay the amount of any

pro-rated or accumulated dividend in additional shares of Senior Preferred Stock if the Issuer is, at such time, contractually prohibited from paying dividends in cash):

YEAR	PERCENTAGE
2000.....	106.0625%
2001.....	104.0417%
2002.....	102.0208%
Thereafter.....	100.0000%

(b) Notwithstanding the foregoing, at any time prior to July 1, 2000, the Issuer may redeem shares of the Senior Preferred Stock at a redemption price, payable in cash, equal to 112.125% of the liquidation preference thereof, plus an amount equal to a prorated dividend for the period from the dividend payment date immediately prior to the redemption date (provided that the Issuer may pay the amount of any pro-rated or accumulated dividend in additional shares of Senior Preferred Stock if the Issuer is, at such time, contractually prohibited from paying dividends in cash) (subject to the right of holders of the Senior Preferred Stock on any relevant record dates to receive dividends due on relevant dividend payment dates), with the net proceeds of one public or private sale of Equity Interests (other than Disqualified Stock) of the Issuer or any of its Subsidiaries (other than proceeds from a sale to the Issuer or any of its Subsidiaries); PROVIDED that

(i) Senior Preferred Stock representing at least two-thirds in aggregate liquidation preference of all Senior Preferred Stock originally issued remains outstanding immediately after the occurrence of such redemption and

(ii) such redemption occurs within 120 days of the date of the closing of any such sale; and, provided further, that the Issuer may pay the amount of any pro-rated or accumulated dividend in additional shares of Senior Preferred Stock if the Issuer is, at such time, contractually prohibited from paying dividends in cash.

(c) In the event of a partial redemption of the Senior Preferred Stock, the shares to be redeemed will be selected on a pro rata basis, except that the Issuer may redeem all shares of the Senior Preferred Stock held by any holder of fewer than ten shares (or all shares of the Senior Preferred Stock owned by any holder who would hold less than ten shares as a result of such redemption), as determined by the Issuer. No partial redemption of the Senior Preferred Stock may be authorized or made unless prior thereto all accumulated and unpaid dividends thereon shall have been paid in cash or declared and a sum set apart for such payment (provided that the Issuer may pay the amount of any pro-rated or accumulated

dividend in additional shares of Senior Preferred Stock if the Issuer is, at such time, contractually prohibited from paying dividends in cash).

4.2 MANDATORY REDEMPTION

The Senior Preferred Stock will be subject to mandatory redemption (subject to the legal availability of funds therefor but without regard to any contractual or other restrictions with respect thereto) in whole on July 1, 2004 at a price, payable in cash, equal to the liquidation preference thereof, plus all accumulated and unpaid dividends to the date of redemption.

5 CHANGE OF CONTROL

5.1 In the event of a Change of Control, the Issuer will be required (subject to any contractual and other restrictions with respect thereto and the legal availability of funds therefor) to make an offer to purchase to each holder of the Senior Preferred Stock to repurchase all or any part of such holder's Senior Preferred Stock at a cash purchase price equal to 101% of the liquidation preference thereof, plus accumulated and unpaid dividends (if any) to the date of repurchase (the "Change of Control Payment"); provided that any such obligation to make such an offer shall not become effective until such time as the 1997 Notes and the 1996 Notes have been paid in full or have otherwise matured. The Offer to Purchase must be made within 30 days following a Change of Control, or the date the offer becomes effective (if later), must remain open for at least 30 and not more than 40 days and must comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable securities laws and regulations.

5.2 The foregoing provision is not waivable by the Issuer.

6 LIQUIDATION PREFERENCE

6.1 Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, holders of the Senior Preferred Stock will be entitled to be paid, out of assets of the Issuer available for distribution, \$1,000 per share, being the liquidation preference per share, plus an amount in cash equal to all accumulated and unpaid dividends thereon to the date fixed for liquidation, dissolution or winding-up (including an amount equal to a prorated dividend for the period from the last dividend payment date to the date fixed for liquidation, dissolution or winding-up), before any distribution is made on any Junior Securities, including, without limitation, the common stock. If, upon any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, the amounts payable with respect to the Senior Preferred Stock and all other Parity Securities are not paid in full, the holders of the

Senior Preferred Stock and the Parity Securities will share equally and ratably in any distribution of assets of the Issuer in proportion to the full liquidation preference and accumulated and unpaid dividends to which each is entitled. After payment of the full amount of the liquidation preferences and accumulated and unpaid dividends to which they are entitled, the holders of shares of the Senior Preferred Stock will not be entitled to any further participation in any distribution of assets of the Issuer. However, neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Issuer nor the consolidation or merger of the Issuer with or into one or more corporations will be deemed to be a liquidation, dissolution or winding-up of the Issuer.

7 VOTING RIGHTS

7.1 Holders of the Senior Preferred Stock have no voting rights with respect to general corporate matters except as provided by law or as set forth herein.

7.2 (a) If

(i) dividends on the Senior Preferred Stock are in arrears and unpaid for four consecutive quarterly periods or six quarterly periods (whether or not consecutive);

(ii) the Issuer fails to discharge any redemption obligation with respect to the Senior Preferred Stock;

(iii) a breach or violation of the provisions set forth in Section 8, below, occurs and the breach or violation continues for a period of 30 days or more;

(iv) an Orbital Event occurs; or

(v) a default occurs on the obligation to pay principal of, interest on or any other payment obligation when due (a "Default Payment") at final maturity on one or more classes of Indebtedness of the Issuer, DBS Corp or any Restricted Subsidiary of DBS Corp, whether such Indebtedness exists on the Senior Preferred Stock Issuance Date or is incurred thereafter, having individually or in the aggregate an outstanding principal amount of \$5,000,000 or more, or any other Default Payment occurs on one or more such classes of Indebtedness having individually or in the aggregate an outstanding principal amount of \$5,000,000 or more and such class or classes of Indebtedness are declared due and payable prior to their respective maturities,

then the number of directors constituting the Board of Directors will be adjusted to permit the holders of the majority of the then outstanding Senior Preferred Stock, voting separately as a class, to elect two directors, and

(b) the approval of holders of a majority of the outstanding shares of the Senior Preferred Stock, voting as a separate class, will be required for any merger, consolidation or sale of substantially all of the assets of the Issuer, except as permitted pursuant to the covenant entitled "Merger or Consolidation" in Section 8.4, below.

7.3 Each event described in clause (a) of Section 7.2, above is referred to herein as a "Voting Rights Triggering Event." Voting rights arising as a result of a Voting Rights Triggering Event will continue only until such time as all dividends in arrears on the Senior Preferred Stock are paid in full and any failure, breach or default referred to in clause (a) of Section 7.2 is remedied.

7.4 The Issuer may not amend the Articles of Incorporation so as to affect adversely the specified rights, preferences, privileges or voting rights of holders of shares of the Senior Preferred Stock, or authorize the issuance of any additional shares of the Senior Preferred Stock (other than shares of the Senior Preferred Stock which are used to pay accrued dividends on the Senior Preferred Stock and other than as stated above in Section 3, "Ranking"), without the affirmative vote or consent of the holders of at least a majority of the then outstanding shares of the Senior Preferred Stock, voting or consenting, as the case may be, as one class.

7.5 Except as set forth in this Certificate of Designation,

(a) the creation, authorization or issuance of any shares of Junior Securities, Parity Securities or Senior Securities or

(b) an increase or decrease in the amount of authorized capital stock of any class, including any preferred stock,

shall not require the consent of the holders of the Senior Preferred Stock and shall not be deemed to affect adversely the rights, preferences, privileges or voting rights of holders of shares of the Senior Preferred Stock.

7.6 Any exercise of the voting rights contained herein will be subject to applicable provisions of the Communications Act including, without limitation, the requirements of prior approval for transfer of control or assignment of Title III licenses (as that term is defined in the Communications Act).

8 CERTAIN COVENANTS

8.1 RESTRICTED PAYMENTS. (a) DBS Corp shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any distribution on account of any Equity Interests of DBS Corp or any of its Subsidiaries, other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of DBS Corp or dividends or distributions payable to DBS Corp or any Wholly Owned Subsidiary of DBS Corp (other than Unrestricted Subsidiaries of DBS Corp);

(ii) purchase, redeem or otherwise acquire or retire for value any outstanding Equity Interests of DBS Corp, any of its Subsidiaries or any other Affiliate of DBS Corp, other than any such Equity Interests owned by DBS Corp or any of its Wholly Owned Subsidiaries (other than Unrestricted Subsidiaries of DBS Corp); or

(iii) make any Restricted Investment

(all such prohibited payments and other actions set forth in clauses (i), (ii), and (iii) above being collectively referred to as "Restricted Payments") unless, at the time of such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof;

(2) 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 DBS Corp would not have exceeded 6.0 to 1; and

(3) such Restricted Payment, together with the aggregate of all other Restricted Payments made by DBS Corp after the Issuance Date, is less than the sum of: (A) the difference of cumulative (x) Consolidated Cash Flow 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) 150% of Consolidated Interest Expense of DBS Corp, each as determined for the period (taken as one accounting period) from October 1, 1997 to the end of DBS Corp'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 received by DBS Corp and its Subsidiaries from the issue or sale of Equity

Interests (other than Disqualified Stock) of DBS Corp or the Issuer (other than Equity Interests sold to a Subsidiary of DBS Corp or the Issuer, and PROVIDED that any sale of Equity Interests of the Issuer shall only be included in such calculation to the extent that the proceeds thereof are contributed to the capital of DBS Corp other than as Disqualified Stock or Indebtedness), since June 25, 1997.

(b) The foregoing provisions of Section 8.2(a) will not prohibit:

(i) 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 the Certificate of Designation;

(ii) the redemption, repurchase, retirement or other acquisition of any Equity Interests of DBS Corp in exchange for, or out of the net proceeds of, the substantially concurrent sale (other than to a Subsidiary of DBS Corp) of other Equity Interests of DBS Corp (other than Disqualified Stock);

(iii) the payment of dividends on, or the redemption of, the Dish Preferred Stock;

(iv) Investments in an aggregate amount not to exceed \$20 million; PROVIDED that such Investments are in businesses of the type described under " - Activities of the Issuer" contained in Section 8.5;

(v) 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) \$25.0 million plus (B) 30% 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;

(vi) the purchase of employee stock options, or capital stock issued pursuant to the exercise of employee stock options, in an aggregate amount not to exceed \$2 million in any calendar year and in an aggregate amount not to exceed \$10 million since the Issuance Date;

(vii) a Permitted Refinancing (as defined below in Section 8.2, " - - Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interests of Subsidiaries");

(viii) Investments in an amount equal to the net proceeds received by DBS Corp or any of its Restricted Subsidiaries from the issue and sale of Equity Interests of the

Issuer (other than Equity Interests sold to a Subsidiary of the Issuer and other than Disqualified Stock), since June 25, 1997; PROVIDED that the entity making such Investment (if other than the Issuer) receives a capital contribution from the Issuer in an amount greater than or equal to the amount of such Investment;

(ix) the purchase of odd-lots of Equity Interests of the Issuer, in an amount not to exceed \$1 million in the aggregate;

(x) Investments in ExpressVu, Inc. or an Affiliate thereof, in an amount not to exceed the amount necessary to exercise the purchase options granted, through the Issuance Date, to the Issuer or its Subsidiaries with respect to ExpressVu, Inc.;

(xi) Investments in ABCN, Inc. or an Affiliate thereof, in an amount not to exceed the amount necessary to exercise the purchase options granted, through the Issuance Date, to the Issuer or its Subsidiaries with respect to ABCN, Inc.; or

(xii) the payment of any dividend, or making of any distribution or Investment, the proceeds of which are, within five Business Days of receipt thereof, used to pay (x) for the construction, launch, operation or insurance of EchoStar III, PROVIDED that at the time of any such payment, distribution or Investment, EchoStar III shall be owned by the Issuer or any Wholly Owned Subsidiary of the Issuer, or (y) any cash dividend on the Senior Preferred Stock.

Restricted Payments made pursuant to clauses (i) and (viii) shall be included as Restricted Payments in any computation made pursuant to clause 8.2(c)(iii) above.

(c) Not later than the date of making any Restricted Payment, DBS Corp shall deliver an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by clause 8.2(b), above, were computed, which calculations shall be based upon the Issuer's latest available financial statements.

8.2 INCURRENCE OF INDEBTEDNESS, ISSUANCE OF DISQUALIFIED STOCK AND ISSUANCE OF PREFERRED EQUITY INTERESTS OF SUBSIDIARIES. (a) DBS Corp shall not, and DBS Corp shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guaranty or otherwise become directly or indirectly liable with respect to (collectively, "incur") any Indebtedness (including Acquired Debt) or issue any Disqualified Stock and DBS Corp shall not permit any of its Restricted Subsidiaries to issue any Preferred Equity Interest; PROVIDED, HOWEVER, that notwithstanding the foregoing DBS Corp and each of its Restricted Subsidiaries may incur Indebtedness or issue Disqualified Stock or Preferred

Equity Interests if, after giving effect to the incurrence of such Indebtedness or the issuance of such Disqualified Stock or Preferred Equity Interests and the application of the net proceeds thereof, the Indebtedness to Cash Flow Ratio of DBS Corp would not have exceeded 6.0 to 1.

- (b) The foregoing limitation will not apply to:
- (i) the incurrence of the Deferred Payments and letters of credit with respect thereto;
 - (ii) the incurrence of Bank Debt;
 - (iii) the incurrence of Indebtedness in an aggregate amount not to exceed \$15 million upon a finding by DBS Corp (evidenced by a resolution of the Board of Directors of the Issuer set forth in an Officers' Certificate) that such Indebtedness is necessary to finance costs in connection with the development, construction, launch or insurance of EchoStar III or IV (or any permitted replacements thereof);
 - (iv) Indebtedness between and among DBS Corp and each of its Restricted Subsidiaries;
 - (v) Acquired Debt of a Person incurred prior to the date upon which such Person was acquired by DBS Corp or any of its Subsidiaries (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 aggregate principal amount not to exceed \$15 million, PROVIDED that such Indebtedness and the holders thereof do not at any time have direct or indirect recourse to any property or assets of DBS Corp or any of its Restricted Subsidiaries other than the property and assets of such acquired entity and its Subsidiaries;
 - (vi) Existing Indebtedness;
 - (vii) additional Indebtedness in an aggregate amount not to exceed \$15 million at any one time outstanding;

- (viii) the incurrence of Purchase Money Indebtedness by DBS Corp and any Restricted Subsidiary in an aggregate amount not to exceed \$30 million at any one time outstanding; or
- (ix) the incurrence by DBS Corp or any of its Restricted Subsidiaries of Indebtedness issued in exchange for, or the proceeds of which are used to extend, refinance, renew, replace, substitute or refund Indebtedness referred to in clauses (i), (iii), (v), (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 extended, refinanced, renewed, replaced, substituted or refunded; and (B) the Refinancing Indebtedness shall have a final maturity later than, and a Weighted Average Life to Maturity equal to or greater than; the final maturity and Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced or refunded.

(c) In addition, the Issuer shall not incur any Indebtedness (including Acquired Debt), and the Issuer shall not permit any Subsidiary of the Issuer which owns any Equity Interests (including for these purposes any debt security that is convertible into, or exchangeable for, Capital Stock) in DBS Corp (a "Bound Subsidiary") to issue Disqualified Stock or Preferred Equity Interests or incur any Indebtedness (including Acquired Debt); PROVIDED, HOWEVER, that, notwithstanding the foregoing the Issuer may incur Indebtedness, and Bound Subsidiaries may incur Indebtedness or issue Disqualified Stock or Preferred Equity Interests if, after giving effect to the incurrence of such Indebtedness or the issuance of the Disqualified Stock or Preferred Equity Interests, and the application of the net proceeds thereof, the Indebtedness to Cash Flow Ratio of the Issuer would not have exceeded 6.0 to 1.

(d) The foregoing limitation in Section 8.3(c) will not apply to any of the following:

(i) Indebtedness between and among the Issuer and each of its Subsidiaries;

(ii) Acquired Debt of a Person incurred prior to the date upon which such Person was acquired by the Issuer or any of its Bound Subsidiaries (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 aggregate principal amount not to exceed \$15 million, PROVIDED that such Indebtedness and the holders thereof do not at any time have direct or indirect recourse to any property or assets of the Issuer or any of its Bound Subsidiaries other than the property and assets of such acquired entity and its subsidiaries;

(iii) Existing Indebtedness or Indebtedness incurred in connection with the exchange of the Senior Preferred Stock for Exchange Notes;

(iv) Additional Indebtedness in an aggregate amount not to exceed \$25 million at any one time outstanding;

(v) The incurrence of Purchase Money Indebtedness by the Issuer or any Bound Subsidiary in an aggregate amount not to exceed \$10 million at any one time outstanding;

(vi) The incurrence by the Issuer or any of its Bound Subsidiaries of Indebtedness issued in exchange for, or the proceeds of which are used to extend, refinance, renew, replace, substitute or refund Indebtedness referred to in clauses (ii), (iii), (iv) and (v) 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 extended, refinanced, renewed, replaced substituted or refunded; (B) the refinancing Indebtedness shall have a final maturity later than, and a Weighted Average Life to Maturity equal to or greater than, the final maturity and Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced or refunded; and (C) the Refinancing Indebtedness shall be subordinated in right of payment to the debt being refinanced, if at all, on terms at least as favorable to the holders of such debt as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced or refunded; (a "Permitted Refinancing").

8.3 ASSET SALES. If DBS Corp or any of its Restricted Subsidiaries, in a single transaction or a series of related transactions:

(a) sells, leases, conveys or otherwise disposes of any assets (including by way of a sale-and-leaseback transaction), other than (i) sales of inventory in the ordinary course of business, (ii) sales to DBS Corp or a Wholly Owned Restricted Subsidiary of DBS Corp by any Restricted Subsidiary of DBS Corp, (iii) sales of accounts receivable by EAC or DNCC for cash in an amount at least equal to the fair market value of such accounts receivable or (iv) sales of rights to satellite launches (PROVIDED that the sale, lease,

conveyance or other disposition of all or substantially all of the assets of the Issuer shall be governed by the provisions of the Exchange Indenture described below in Section 14);

(b) issue or sell equity securities of any Restricted Subsidiary of DBS Corp, in either case, which assets or securities (i) have a fair market value (as determined in good faith by the Board of Directors of the Issuer evidenced by a resolution of the Board of Directors of the Issuer and set forth in an Officers' Certificate; PROVIDED, HOWEVER, that if the fair market value of such assets exceeds \$20 million, the fair market value shall be determined by an investment banking firm of national standing selected by the Issuer) in excess of \$10 million or (ii) are sold or otherwise disposed of for net proceeds in excess of \$10 million (each of the foregoing, an "Asset Sale") then:

(A) DBS Corp 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 Issuer evidenced by a resolution of the Board of Directors of the Issuer and set forth in an Officers' Certificate; PROVIDED, HOWEVER, that if the fair market value of such assets exceeds \$20 million, the fair market value shall be determined by an investment banking firm of national standing selected by the Issuer) of the assets sold or otherwise disposed of; and

(B) at least 80% of the consideration therefor received by DBS Corp or such Restricted Subsidiary, as the case may be, is in the form of cash or Cash Equivalents; provided, however, that DBS Corp may consider up to \$15 million of non-cash assets at any one time 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.

(c) Any Net Proceeds from any Asset Sale that are not applied or invested in the business of the Issuer within 180 days after such Asset Sale, or not applied to an offer to repurchase 1994 Notes required by the 1994 Notes Indenture, the 1996 Notes required by the 1996 Notes Indenture, and 1997 Notes required by the 1997 Notes Indenture shall be applied to an offer to purchase Senior Preferred Stock at a purchase price of 101% of the liquidation preference thereof, plus accumulated and unpaid dividends to the date of purchase; provided that any such obligation to make such an offer shall not become effective until such time as the 1997 Notes and the 1996 Notes have been paid in full or have otherwise matured.

(d) Notwithstanding the foregoing, any transaction which would not constitute an Asset Sale, or which would not be subject to the terms of the Asset Sale covenant

contained in the 1997 Notes Indenture, shall not constitute an Asset Sale for purposes of this Asset Sale covenant.

8.4 MERGER OR CONSOLIDATION. Without the affirmative vote or consent of holders of a majority of the issued and outstanding shares of Senior Preferred Stock, voting or consenting, as the case may be, as one class, the Issuer shall not, in a single transaction or series of related transactions, consolidate or merge with or into, or sell, assign, transfer, lease, convey or otherwise dispose of all or substantially all of its assets to, another Person or adopt a plan of liquidation unless: (A) either (i) the Issuer is surviving or continuing Person or (2) the Person (if other than the Issuer) formed by such consolidation or into which the Issuer is merged or the Person that acquires by conveyance, transfer or lease the properties and assets of the Issuer as an entirety or substantially as an entirety or, in the case of a plan of liquidation, the Person to which assets of the Issuer have been transferred, shall be a corporation, partnership or trust organized and existing under the laws of the United States or any State thereof or the District of Columbia; (B) the Senior Preferred Stock shall be converted into or exchanged for and shall become shares of such successor, transferee or resulting Person, having in respect of such successor, transferee or resulting Person the same powers, preferences and relative participating, optional or other special rights and the qualifications, limitations or restrictions thereon, the Senior Preferred Stock had immediately prior to such transaction; and (C) the Issuer has delivered prior to the consummation of the proposed transaction an Officers' Certificate and an Opinion of Counsel, each stating that such consolidation, merger or transfer complies with the terms hereof and that all conditions precedent herein relating to such transaction have been satisfied. For purposes of the foregoing, the transfer (by lease, assignment, sale or otherwise, in a single transaction or series of related transactions) of all or substantially all of the properties or assets of one or more Subsidiaries of the Issuer, the Capital Stock of which constitutes all or substantially all of the properties and assets of the Issuer, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Issuer.

8.5 ACTIVITIES OF THE ISSUER. Neither the Issuer nor any of its 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 satellite 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, the acquisition, transmission, broadcast, production and other provision of programming therewith and the manufacturing, distribution and financing of equipment (including consumer electronic equipment) relating thereto.

8.6 DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES. DBS Corp shall not, and DBS Corp shall not permit any of its Restricted Subsidiaries 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 distributions to DBS Corp 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 DBS Corp or any of its Subsidiaries;
- (b) make loans or advances to DBS Corp or any of its Subsidiaries; or
- (c) transfer any of its properties or assets to DBS Corp or any of its Subsidiaries, except for such encumbrances or restrictions existing under or by reasons of:
 - (i) Existing Indebtedness and existing agreements as in effect on the Issuance Date;
 - (ii) any Credit Agreement containing any encumbrances or restrictions that are no more restrictive with respect to the provisions set forth in clauses (a), (b) and (c) above than the 1994 Credit Agreement as in effect on the date of its expiration;
 - (iii) applicable law or regulation;
 - (iv) 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 the Certificate of Designation;
 - (v) by reason of customary non-assignment provisions in leases entered into in the ordinary course of business and consistent with past practices; or

- (vi) Refinancing Indebtedness, as defined in " - Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interests of Subsidiaries", Section 8.2 hereof), 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.

8.7 ACCOUNTS RECEIVABLE SUBSIDIARY. DBS Corp:

(a) may, and may permit any of its Subsidiaries to, notwithstanding the provisions of the covenant in Section 8.1 hereof entitled "Restricted Payments" or any other requirements of this Certificate of Designation, 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 DBS Corp and its Subsidiaries or (B) payments required in connection with the termination of all then existing arrangements relating to the sale of accounts receivable or participation interests therein by an Accounts Receivable Subsidiary (PROVIDED that the Accounts Receivable Subsidiary shall receive cash, Cash Equivalents and accounts receivable having an aggregate fair market value not less than the amount of such payments in exchange therefor) and (ii) in the form of Accounts Receivable Subsidiary Notes to the extent permitted by clause (b) below;

(b) shall not, and shall not permit any of its Subsidiaries to, sell accounts receivable to an Accounts Receivable Subsidiary except for consideration in an amount not less than that which would be obtained in an arm's length transaction and solely in the form of cash or Cash Equivalents; PROVIDED that an Accounts Receivable Subsidiary may pay the purchase price for any such accounts receivable in the form of Accounts Receivable Subsidiary Notes so long as, after giving effect to the issuance of any such Accounts Receivable Subsidiary Notes, the aggregate principal amount of all Accounts Receivable Subsidiary Notes outstanding shall not exceed 20% of the aggregate purchase price paid for all outstanding accounts receivable purchased by an Accounts Receivable Subsidiary since the Issuance Date (and not written-off or required to be written off in accordance with the normal business practice of an Accounts Receivable Subsidiary);

(c) shall not permit an Accounts Receivable Subsidiary to sell any accounts receivable purchased from DBS Corp and 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 DBS Corp or any of its Subsidiaries with respect to the accounts receivable sold by DBS Corp or any of its Subsidiaries to an Accounts Receivable Subsidiary or with respect to the servicing thereof; PROVIDED that neither DBS Corp 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 DBS Corp 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 DBS Corp 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 DBS Corp or a Subsidiary of DBS Corp on a monthly basis as a distribution all available cash and Cash Equivalents not held in a collection account pledged to acquirors 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 DBS Corp, (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 DBS Corp 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 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.

8.8 PROHIBITION ON STOCK PLEDGE. The Issuer shall not, and shall not permit any Subsidiary to, grant any lien on, or security interest in, or otherwise pledge as collateral, any of the capital stock of DBS Corp or any Bound Subsidiary, except for any lien, security interest, or pledge which may be granted in connection with an extension, renewal, refinancing, or refunding of Indebtedness existing on the Issuance Date, provided that no additional capital stock of DBS Corp or any Bound Subsidiary is used as collateral for such extension, renewal, refinancing, or refunding.

8.9 TRANSACTIONS WITH AFFILIATES. The Issuer shall not, and shall not permit any of its Subsidiaries 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 DBS Corp or its Subsidiaries than those that would have been obtained in a comparable transaction by DBS Corp or such Subsidiaries with an unrelated Person;

(b) if such Affiliate Transaction involves aggregate payments in excess of \$500,000, DBS Corp delivers to the transfer agent a resolution of the Board of Directors of DBS Corp set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with clause (a) above and such Affiliate Transaction is approved by a majority of disinterested members of the Board of Directors of the Issuer; and

(c) if such Affiliate Transaction involves aggregate payments in excess of \$15 million, DBS Corp delivers to the transfer agent an opinion as to the fairness to DBS Corp or such Subsidiaries from a financial point of view of such Affiliate Transaction issued by an investment banking firm of national standing;

PROVIDED, HOWEVER, that (i) the payment of compensation to directors and management of the Issuer in amounts approved by the Compensation Committee of the Board of Directors of the Issuer (which shall consist of a majority of outside directors); (ii) transactions between

or among DBS Corp and its Wholly Owned Subsidiaries (other than Unrestricted Subsidiaries of DBS Corp); (iii) the transfer of rights and interests in any permits or licenses relating to the use of channels at the 166DEG. West Longitude or 175DEG. WL orbital slot; (iv) transactions permitted by clauses (1), (3), (5), (6), (7), (9) and (12) of the second paragraph of the covenant in Section 8.1 hereof entitled "Restricted Payments"; and (v) any transactions between or among the Issuer and any Subsidiary of the Issuer which is not also a Subsidiary of DBS Corp, shall, in each case, not be deemed Affiliate Transactions.

8.10 REPORTS. Whether or not required by the rules and regulations of the SEC, so long as any shares of the Senior Preferred Stock remain outstanding, the Issuer 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 Issuer 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 mailed to the holders of Senior Preferred Stock, in each case, within 15 days of filing with the SEC. If the Issuer is not subject to the requirements of such Section 13 or 15(d) of the Exchange Act, the Issuer 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 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 and mailed to the holders of Senior Preferred Stock within 120 days after the end of the Issuer's fiscal years and within 60 days after the end of each of the first three quarters of each such fiscal year.

8.11 PAYMENTS FOR CONSENTS. None of the Issuer, DBS Corp nor any of their Subsidiaries may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of Senior Preferred Stock for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Certificate of Designation unless such consideration is offered to be paid or agreed to be paid to all holders of the Senior Preferred Stock that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

9 NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, INCORPORATORS AND STOCKHOLDERS.

9.1 No director, officer, employee, incorporator or stockholder of DBS Corp, the Issuer or any of their Affiliates, as such, shall have any liability for any obligations of DBS

Corp, the Issuer and any of their Affiliates under the Senior Preferred Stock or the Certificate of Designation or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of the Senior Preferred Stock waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Senior Preferred Stock.

10 LEGAL DEFEASANCE AND COVENANT DEFEASANCE

10.1 The Issuer may, at its option and at any time, elect to have all obligations discharged with respect to the outstanding the Senior Preferred Stock ("Legal Defeasance"). Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire obligation under the outstanding the Senior Preferred Stock, except for: (a) the rights of holders of outstanding the Senior Preferred Stock to receive dividend, distribution and premium payments when such payments are due, or on the redemption date, as the case may be; (b) the Issuer's obligations with respect to the Senior Preferred Stock concerning issuing temporary Certificates, registration of Certificates, mutilated, destroyed, lost or stolen Certificates, and the maintenance of an office or agency for payment and money for security payments held in trust; and (c) the Legal Defeasance provisions of the Certificates. In addition, the Issuer may, at its option and at any time, elect to have all obligations released with respect to certain covenants that are described in the Certificate of Designation ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a breach of any covenant with respect to the Certificates.

10.2 In order to exercise either Legal Defeasance or Covenant Defeasance: (i) the Issuer must irrevocably deposit with a Trustee, in trust, for the benefit of the holders of the Senior Preferred Stock, cash in U.S. dollars, non-callable U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants selected by the trustee, to pay the aggregate liquidation preference, premium (if any), plus all accumulated and unpaid dividends to the redemption date, (ii) in the case of Legal Defeasance, the Issuer shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that (A) the Issuer has received from, or there has been published by the Internal Revenue Service, a ruling or (B) since the Issuance Date, there has been a change in the applicable Federal income tax law, in each case to the effect that, and based thereon such opinion of counsel shall confirm that, the holders of such Senior Preferred Stock 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 in the same amount, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; (iii) in the case of Covenant Defeasance, the Issuer shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to such trustee confirming that the

holders of the Senior Preferred Stock 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; (iv) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Certificate of Designation or any other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party; (v) the Issuer shall have delivered to the trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of such Senior Preferred Stock over the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and (vi) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

11 AMENDMENT, SUPPLEMENT AND WAIVER

11.1 Without the consent of any holder of the Senior Preferred Stock, the Issuer may amend or supplement this Certificate of Designation to cure any ambiguity, defect or inconsistency, to provide for uncertificated Senior Preferred Stock in addition to or in place of certificated Senior Preferred Stock, to provide for the assumption of the Issuer's obligations to holders of the Senior Preferred Stock in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the holders of the Senior Preferred Stock or that does not adversely affect the legal rights under this Certificate of Designation of any such holder.

12 CERTAIN DEFINITIONS

Set forth below are certain defined terms used in this Certificate of Designation.

12.1 "ACCOUNTS RECEIVABLE SUBSIDIARY" means one Unrestricted Subsidiary of DBS Corp specifically designated as an Accounts Receivable Subsidiary for the purpose of financing the accounts receivable of DBS Corp or any Subsidiary, and PROVIDED that any such designation shall not be deemed to prohibit DBS Corp or any Subsidiary from financing accounts receivable through any other entity, including without limitation, any other Unrestricted Subsidiary.

12.2 "ACCOUNTS RECEIVABLE SUBSIDIARY NOTES" means the notes to be issued by the Accounts Receivable Subsidiary for the purchase of accounts receivable.

12.3 "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.

12.4 "ADDITIONAL PAYMENT OBLIGATIONS" means the portion of the payment obligations, under any vendor financing arrangements, of any of DBS Corp, the Issuer or any of DBS Corp's Subsidiaries with respect to the construction, launch or insurance of EchoStar IV in excess of \$15.0 million.

12.5 "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 the Issuer or an officer of the Issuer with a policy making function, shall be deemed an Affiliate of the Issuer or any of its Subsidiaries, solely by reason of such individual's employment, position or responsibilities by or with respect to the Issuer or any of its Subsidiaries.

12.6 "BANK DEBT" means Indebtedness incurred pursuant to the Credit Agreement in an aggregate amount not to exceed 90% of the accounts receivable of the borrowers under the Credit Agreement eligible for inclusion in the borrowing base under the Credit Agreement, plus 75% of the inventory of the Credit Agreement borrowers under the Credit Agreement eligible for inclusion in the borrowing base under the Credit Agreement, plus 100% of the cash collateral and marketable securities of the Borrowers under the Credit Agreement eligible for inclusion in the borrowing base under the Credit Agreement.

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

12.8 "BUSINESS DAY" means any day other than a Legal Holiday.

12.9 "CAPITAL LEASE" means, at the time any determination thereof is made, any lease of property, real or personal, in respect of which the present value of the minimum

rental commitment would be capitalized on a balance sheet of the lessee in accordance with GAAP.

12.10 "CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at such time be so required to be capitalized on the balance sheet in accordance with GAAP.

12.11 "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.

12.12 "CASH EQUIVALENTS" means: (a) U.S. dollars; (b) securities issued or directly and fully guaranteed or insured by the U.S. 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; and (e) commercial paper rated P-1, A-1 or the equivalent thereof by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively, and in each case maturing within six months after the date of acquisition.

12.13 "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 Principals and their Related Parties or an entity controlled by the Principals and their Related Parties cease to (i) be the "beneficial owners" (as defined in Rule 13(d)(3) under the Exchange Act) of at least 30% of the total Equity Interests in the Issuer and (ii) have the voting power to elect at least a majority of the Board of Directors of the Issuer; (b) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors; (c) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that the Principals and their Related Parties or any entity controlled by the Principals and their Related Parties cease to be the "beneficial owners" (as defined in Rule 13(d)(3) under the Exchange Act) of at least 30% of the total Equity Interests in DBS Corp and have the voting power to elect at least a majority of the Board of Directors of DBS Corp, or (d) the first day on which a majority of the members of the Board of Directors of DBS Corp are not Continuing Directors.

12.14 "COMMUNICATIONS ACT" means the Communications Act of 1934, as amended.

12.15 "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 of the 1997 Notes.

12.16 "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.

12.17 "CONSOLIDATED NET INCOME" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its 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 such 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.

12.18 "CONSOLIDATED NET WORTH" means, with respect to any Person, the sum of: (a) the stockholders' equity of such Person; plus (b) the amount reported on such Person's most recent balance sheet with respect to any series of preferred stock (other than Disqualified Stock) that by its terms is not entitled to the payment of dividends unless such dividends may be declared and paid only out of net earnings in respect of the year of such declaration and payment, but only to the extent of any cash received by such person upon issuance of such

preferred stock, less: (i) all write-ups (other than write-ups resulting from foreign currency translations and write-ups of tangible assets of a going concern business made within 12 months after the acquisition of such business) subsequent to the date of the Exchange Indenture in the book value of any asset owned by such person or a consolidated Subsidiary of such person; and (ii) all unamortized debt discount and expense and unamortized deferred charges, all of the foregoing determined in accordance with GAAP.

12.19 "CONTINUING DIRECTOR" means, as of any date of determination, any member of the Board of Directors of DBS Corp or the Issuer, as the case may be, who: (a) was a member of such Board of Directors on the Issuance Date; 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.

12.20 "CREDIT AGREEMENT" means any one or more credit agreements (which may include or consist of revolving credits) between DBS Corp, the Issuer or any of DBS Corp's Restricted Subsidiaries and one or more banks or other financial institutions providing financing for the business of DBS Corp, the Issuer and DBS Corp's Restricted Subsidiaries, PROVIDED that the lenders party to the Credit Agreement may not be Affiliates of the Issuer.

12.21 "DBS" means direct broadcast satellite.

12.22 "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.

12.23 "DEFERRED PAYMENTS" means Indebtedness to satellite contractors incurred in connection with the construction and launch of EchoStar I, EchoStar II, EchoStar III and EchoStar IV in an amount not to exceed \$135.0 million.

12.24 "DISH" means Dish, Ltd., a Nevada corporation.

12.25 "DISH PREFERRED STOCK" means Dish's 8% Series A Cumulative Senior Preferred Stock having an aggregate liquidation preference not in excess of \$15.1 million.

12.26 "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 July 1, 2004.

12.27 "DNCC" means Dish Network Credit Corporation, a Colorado corporation.

12.28 "DBS CORP" means EchoStar DBS Corporation, a Colorado corporation.

12.29 "ECHOSTAR DBS SYSTEM" means the digital direct broadcast satellite system of the Issuer.

12.30 "ECHOSTAR I" means Dish's high-powered direct broadcast satellite designated as EchoStar I in the Offering Memorandum.

12.31 "ECHOSTAR II" means Dish's high-powered direct broadcast satellite designated as EchoStar II in the Offering Memorandum.

12.32 "ECHOSTAR III" means the high-powered direct broadcast satellite being constructed by DBSC as of the Issuance Date, and any replacement satellite thereof.

12.33 "ECHOSTAR IV" means the high-powered direct broadcast satellite being constructed by a subsidiary of the Issuer, and any replacement satellite thereof.

12.34 "ECHOSTAR RECEIVER SYSTEM" means a satellite dish, digital satellite receiver, remote control and related components, used in connection with the DBS service provided by the Issuer and its Subsidiaries.

12.35 "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.

12.36 "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).

12.37 "ESBC" means EchoStar Satellite Broadcasting Corporation.

12.38 "ESC" means EchoStar Satellite Corporation.

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

12.40 "EXCHANGE INDENTURE" means the indenture for the Exchange Notes (as defined in Section 14), the form of which is on file at the principal executive offices of the

Issuer, the terms of which may be modified to the extent the corresponding terms in the Senior Preferred Stock have been modified in accordance with this Certificate of Designation.

12.41 "EXCHANGE SECURITIES" means the Exchange Notes, the Senior Preferred Stock, or other series of preferred stock to be issued in exchange for the outstanding Senior Preferred Stock on the Exchange Date.

12.42 "EXISTING INDEBTEDNESS" means any Indebtedness of the Issuer and its Subsidiaries in existence on the Issuance Date or any Indebtedness arising after the Issuance Date if such Indebtedness resulted from a contractual commitment outstanding on the Issuance Date which related to the construction, launch, or insurance of any satellite owned by or under contract to the Issuer or any of its Subsidiaries as of the Issuance Date, until such amounts are repaid.

12.43 "FCC" means Federal Communications Commission.

12.44 "FULL-CONUS ORBITAL SLOT" means the 101, 110 or 119 degrees West Longitude orbital slot.

12.45 "GAAP" means 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, HOWEVER; that these definitions and all ratios and calculations contained in the covenants "Restricted Payments" in Section 8.1 hereof, "Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interests of Subsidiaries" in Section 8.2 hereof, "Asset Sales" in Section 8.3 hereof, and "Dividend and Other Payment Restrictions Affecting Subsidiaries" in Section 8.6 hereof, shall be determined in accordance with GAAP as in effect and applied by the Issuer and its Subsidiaries on the Issuance Date, consistently applied; PROVIDED, FURTHER, that in the event of any change in GAAP or in any change by the Issuer or any of its Subsidiaries in GAAP applied that would result in any change in any such ratio or calculation, the Issuer shall deliver to the Trustee, each time any such ratio or calculation is required to be determined or made, an Officers' Certificate setting forth the computations showing the effect of such change or application on such ratio or calculation.

12.46 "GLOBAL NOTE" means a note evidencing all or part of the Exchange Notes issued to the Depositary for such Exchange Notes.

12.47 "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 of America is pledged.

12.48 "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.

12.49 "GUARANTOR" means any entity that executes a Guarantee of the obligations of the Issuer under the Exchange Notes, and their respective successors and assigns.

12.50 "HEDGING OBLIGATIONS" means, with respect to any person, the obligations of such person under: (a) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and (b) other agreements or arrangements designed to protect such person against fluctuations in interest rates.

12.51 "HOLDER" means a Person in whose name an Exchange Note is registered.

12.52 "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 Guarantee of items that would be included within this definition.

12.53 "INDEBTEDNESS TO CASH FLOW RATIO" means, with respect to any Person, the ratio of: (a) the Indebtedness of such Person and its 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 DBS Corp or any of its 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.

12.54 "INDEPENDENT SUBSIDIARY" means any Subsidiary of the Issuer which (i) maintains separate books and records from the Issuer and observes all corporate formalities, (ii) pays all of its liabilities out of its own funds, (iii) in all dealings with the public identifies itself under its own name and as a separate and distinct entity, (iv) does not commingle its assets with those of any other Person, and (v) includes at least one independent member on its board of directors.

12.55 "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.

12.56 "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.

12.57 "ISSUANCE DATE" means the date on which the Senior Preferred Stock is originally issued under this Certificate of Designation.

12.58 "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.

12.59 "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 Issuer) 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.

12.60 "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).

12.61 "NET PROCEEDS" means the aggregate cash proceeds received by the Issuer, DBS Corp or any Restricted Subsidiaries of DBS Corp, 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 DBS Corp or any Restricted Subsidiary of DBS Corp to cash.

12.62 "1994 NOTES INDENTURE" means the Indenture relating to the 1994 Notes.

12.63 "1994 NOTES" means the 12 7/8% Senior Discount Notes due 2004 of Dish.

12.64 "1994 CREDIT AGREEMENT" has the meaning set forth in the 1996 Notes Indenture.

12.65 "1996 NOTES INDENTURE" means the Indenture relating to the 1996 Notes.

12.66 "1996 NOTES" means the 13 1/8% Senior Discount Notes due 2004 of ESBC.

12.67 "1997 NOTES INDENTURE" means the Indenture relating to the 1997 Notes.

12.68 "1997 NOTES" means the 12 1/2% Senior Secured Notes due 2002 of DBS Corp.

12.69 "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.

12.70 "OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

12.71 "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.

12.72 "OFFICERS' CERTIFICATE" means a certificate signed on behalf of the Issuer by two Officers of the Issuer, one of whom must be the principal executive officer, principal financial officer, treasurer or principal accounting officer of the Issuer.

12.73 "OPINION OF COUNSEL" means an opinion from legal counsel, who may be an employee of or counsel to the Issuer (or any Guarantor, if applicable), any Subsidiary of the Issuer (or any Guarantor, if applicable) or the Trustee.

12.74 "ORBITAL EVENT" means the first date on which the Issuer and its Subsidiaries do not have the right to use orbital slot authorizations granted by the FCC covering a minimum of 21 transponders at a single Full-CONUS Orbital Slot.

12.75 "PERMITTED INVESTMENTS" means: (a) Investments in DBS Corp or in a Wholly Owned Subsidiary of DBS Corp, other than Unrestricted Subsidiaries of DBS Corp, (b) Investments in Cash Equivalents and Marketable Securities; (c) conversion of debentures of SSET and DBS Industries, Inc. ("DBSI"), in accordance with their terms, into Equity Interests of SSET and DBSI; and (d) Investments by DBS Corp or any Subsidiary of DBS Corp in a Person if, as a result of such Investment: (i) such Person becomes a Wholly Owned Restricted Subsidiary of DBS Corp, 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, DBS Corp or a Wholly Owned Subsidiary of DBS Corp that is not an Unrestricted Subsidiary of DBS Corp.

12.76 "PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock issuer, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

12.77 "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.

12.78 "PRINCIPALS" means Charles W. Ergen, James DeFranco, R. Scott Zimmer, Steven B. Schaver and David K. Moskowitz.

12.79 "PURCHASE MONEY INDEBTEDNESS" means indebtedness of the Issuer, any of its Bound Subsidiaries, DBS Corp, or any Restricted Subsidiaries of DBS Corp incurred (within 180 days of such purchase) to finance the purchase of any assets of the Issuer, any Bound Subsidiary, DBS Corp or any Restricted Subsidiaries of DBS Corp: (a) to the extent the amount of Indebtedness thereunder does not exceed 80% of the purchase cost of such assets; (b) to the extent the purchase cost of such assets is or should be included in "additions to property, plant and equipment" in accordance with GAAP; (c) to the extent that such Indebtedness is not recourse to the Issuer, any Bound Subsidiary, DBS Corp or any of its Restricted Subsidiaries or any of their respective assets, other than the assets so purchased; and (d) if the purchase of such assets is not part of an acquisition of any Person.

12.80 "RECEIVER SUBSIDY" means a subsidy, rebate or other similar payment by the Issuer 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 cost of such EchoStar Receiver System, together with the cost of installation of such EchoStar Receiver System.

12.81 "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 Receivables 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.

12.82 "RELATED PARTY" means, with respect to any Principal, (a) the spouse and each immediate family member of such Principal and (b) each trust, corporation, partnership or other entity of which such Principal beneficially holds an 80% or more controlling interest.

12.83 "REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement among the Issuer, Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc.

12.84 "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.

12.85 "RESTRICTED INVESTMENT" means an Investment other than Permitted Investments.

12.86 "RESTRICTED SUBSIDIARY" 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 DBS Corp or one or more Subsidiaries of DBS Corp or a combination thereof, other than Unrestricted Subsidiaries.

12.87 "SATELLITE RECEIVER" means any satellite receiver capable of receiving programming from the EchoStar DISH Network.

12.88 "SEC" means the Securities and Exchange Commission.

12.89 "SECURITIES ACT" means the Securities Act of 1933, as amended.

12.90 "SSET" means Satellite Systems Engineering Technologies, Inc. and its Affiliates.

12.91 "SUBSIDIARY" means, with respect to any person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of such person or a combination thereof.

12.92 "TIA" means the Trust Indenture Act of 1939 as in effect on the date on which the Indenture is qualified under the TIA.

12.93 "TRUSTEE" means the party named as such above until a successor replaces it in accordance with the applicable provisions of the Exchange Indenture and thereafter means the successor serving hereunder.

12.94 "TT&C" means telemetry, tracking and control.

12.95 "UNRESTRICTED SUBSIDIARY" means; (A) EchoStar Real Estate Corporation, EchoStar Real Estate Corporation II, EchoStar International (Mauritius) Ltd., EchoStar Manufacturing and Distribution Pvt. Ltd. and Satrec Mauritius Ltd.; and (B) any Subsidiary of DBS Corp designated as an Unrestricted Subsidiary in a resolution of the Board of Directors of DBS Corp: (a) no portion of the Indebtedness or any other obligation (contingent or otherwise) of which, at the time of such designation: (i) is guaranteed by DBS Corp or any other Subsidiary of DBS Corp (other than another Unrestricted Subsidiary); (ii) is recourse to or obligates DBS Corp or any other Subsidiary of DBS Corp (other than another Unrestricted Subsidiary) in any way; or (iii) subjects any property or asset of DBS Corp or any other Subsidiary of DBS Corp (other than another Unrestricted Subsidiary), directly or indirectly, contingently or otherwise, to satisfaction thereof; (b) with which neither DBS Corp nor any other Subsidiary of DBS Corp (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 DBS Corp or such other Subsidiary than those that might be obtained at the time from persons who are not Affiliates of DBS Corp; (c) with which neither DBS Corp nor any other Subsidiary of DBS Corp (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 and (d) which does not provide direct broadcast services in any capacity other than as a selling, billing and collection agent for one or more of DBS Corp and

its Restricted Subsidiaries; PROVIDED, HOWEVER, that none of DBS Corp, EchoStar Satellite Broadcasting Corporation, Dish, EchoStar Satellite Corporation, DirectSat Corporation, Echo Acceptance Corporation, Houston Tracker Systems, Inc., EchoStar International Corporation and Echosphere Corporation may be designated as Unrestricted Subsidiaries. At the time that DBS Corp designates a Subsidiary as an Unrestricted Subsidiary, DBS Corp 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 DBS Corp evidenced by a resolution of the Board of Directors of DBS Corp and set forth in an Officers' Certificate delivered to the Trustee; PROVIDED, HOWEVER, that if the fair market value of such Subsidiary exceeds \$10 million, the fair market value shall be determined by an investment banking firm of national standing selected by DBS Corp) of such Subsidiary; PROVIDED that DBS Corp may designate DNCC as an Unrestricted Subsidiary at any time and such designation shall not be deemed a Restricted Investment if, but only if, the provisions of clauses (B) (a), (b), (c) and (d) shall have been complied with prior to such designation. An Unrestricted Subsidiary may be designated as a Restricted Subsidiary of DBS Corp if, at the time of such designation after giving pro forma effect thereto as if such designation had occurred at the beginning of the applicable four-quarter period, DBS Corp would be permitted to incur at least \$1.00 of additional Indebtedness pursuant to the Cash Flow Ratio test set forth in the covenant in Section 8.2 hereof entitled "--Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interest of Subsidiaries."

12.96 "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.

12.97 "WHOLLY OWNED RESTRICTED SUBSIDIARY" means a Wholly Owned Subsidiary of DBS Corp that is a Restricted Subsidiary of the Issuer.

12.98 "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.

13 EXCHANGE

13.1 The Issuer may, at the sole option of the Board of Directors (subject to the legal availability of funds therefor), at any time after the Issuance Date, exchange all, but not

less than all, of the outstanding shares of the Senior Preferred Stock, including any shares of the Senior Preferred Stock issued as payment for dividends, into: (i) shares of Senior Preferred Stock; (ii) shares of 12-1/8% Series C Senior Exchangeable Redeemable Preferred Stock due 2004 which will have the same rights and preferences as the Senior Preferred Stock, subject to the conditions set forth in the following paragraph; or (iii) Exchange Notes due 2004 (either a "Senior Exchange Security" and together "Senior Exchange Securities"). In order to effect such exchange, the Issuer shall (a) if necessary to satisfy the condition set forth in clause (B) in the following paragraph file a registration statement with the SEC relating to the exchange; and (b) if a registration statement is filed with the SEC pursuant to clause (a), use commercially reasonable efforts to cause such registration statement to be declared effective as soon as practicable by the SEC unless the opinion referred to in clause (B) in the following paragraph shall have been subsequently delivered.

13.2 In order to effectuate such exchange, the Issuer shall send a written notice of exchange by mail to each holder of record of the Senior Preferred Stock, which notice shall state: (i) that the Issuer is exchanging the Senior Preferred Stock into Senior Exchange Securities pursuant to the Certificate of Designation and (ii) the date fixed for exchange (the "Exchange Date"), which date shall, subject to compliance with applicable law, not be less than 10 days nor more than 60 days following the date on which such notice is mailed (except as provided in the last sentence of this paragraph). On the Exchange Date, if the conditions set forth in clauses (A) through (E) below are satisfied, the Issuer shall issue Senior Exchange Securities in exchange for the Senior Preferred Stock as provided in the next paragraph, PROVIDED that on the Exchange Date: (A) there shall be legally available funds sufficient therefor (including, without limitation, legally available funds sufficient therefor under Nevada law); (B) a registration statement relating to the Senior Exchange Securities shall have been declared effective under the Securities Act prior to such exchange and shall continue to be effective on the Exchange Date or the Issuer shall have obtained a written opinion of counsel that an exemption from the registration requirements of the Securities Act is available for such exchange and that upon receipt of such Senior Exchange Securities pursuant to such exchange made in accordance with such exemption, each holder of a Senior Exchange Security that is not an Affiliate of the Issuer will not be subject to any restrictions imposed by the Securities Act upon the resale of such Senior Exchange Securities and such exemption is relied upon by the Issuer for such exchange; (C) if Exchange Notes are issued, the Exchange Indenture and the trustee thereunder shall have been qualified under the TIA; (D) if Exchange Notes are issued, immediately after giving effect to such exchange, no Default or Event of Default (each as defined in the Exchange Indenture) would exist under the Exchange Indenture; and (E) if Exchange Notes are issued, the Issuer shall have delivered to the Trustee under the Exchange Indenture a written opinion of counsel, dated the Exchange Date, regarding the satisfaction of the conditions set forth in clauses (A), (B), and (C). In the event that: (i) the issuance of the Senior Exchange Securities is not permitted

on the Exchange Date or (ii) any of the conditions set forth in clauses (A) through (E) of the preceding sentence are not satisfied on the Exchange Date, the Issuer shall use its commercially reasonable efforts to satisfy such conditions and effect such exchange as soon as practicable thereafter.

13.3 Upon any exchange pursuant to the preceding Section 13.2, the holders of outstanding shares of the Senior Preferred Stock will be entitled to receive a principal amount or liquidation preference value, as the case may be, of the Senior Exchange Securities for shares of the Senior Preferred Stock, the liquidation preference of which, plus the amount of accumulated and unpaid dividends related thereto (including a prorated dividend for the period from the immediately preceding dividend payment due to the Exchange Date) equals the liquidation preference value of the Senior Exchange Securities; PROVIDED that the Issuer at its option may pay cash for any or all accrued and unpaid dividends in lieu of issuing Senior Exchange Securities in respect of such dividends. The Senior Exchange Securities will be issued in registered form, without coupons. Senior Exchange Securities issued in exchange for the Senior Preferred Stock will be in principal amounts or with liquidation preference values of \$1,000 and integral multiples thereof to the extent practicable, and will also be issued in principal amounts or liquidation preference value less than \$1,000 so that each holder of the Senior Preferred Stock will receive certificates representing the entire principal amount or with liquidation preference values of the Senior Exchange Securities to which its shares of the Senior Preferred Stock entitle it, PROVIDED that the Issuer may, at the sole option of the Board of Directors, pay cash in lieu of issuing a Senior Exchange Security in a principal amount or with a liquidation preference value less than \$1,000. On and after the Exchange Date, dividends will cease to accrue on the outstanding shares of the Senior Preferred Stock, and all rights of the holders of the Senior Preferred Stock (except the right to receive the Senior Exchange Securities an amount in cash, to the extent applicable, equal to the accrued and unpaid dividends to the Exchange Date, and, if the Issuer so elects, cash in lieu of any Senior Exchange Security which is in an amount or with a liquidation preference value that is not an integral multiple of \$1,000) will terminate. Holders of Senior Preferred Stock will be required to surrender their certificates, if any, for cancellation immediately prior to the receipt of the Senior Exchange Securities. The person entitled to receive the Senior Exchange Securities issuable upon such exchange will be treated for all purposes as the registered holder of such Senior Exchange Security.

13.4 The Issuer will comply with the provisions of Rule 13e-4 promulgated pursuant to the Exchange Act in connection with any exchange, to the extent applicable.

14.1 GENERAL. The Exchange Notes will, if and when issued, be issued pursuant to an indenture among the Issuer and a trustee selected by the Issuer (the "Trustee"). The terms of the Exchange Notes include those stated in the Exchange Indenture and those made part of the Exchange Indenture by the TIA. The Exchange Notes are subject to all such terms, and Holders are referred to the Exchange Indenture and the Trust Indenture Act for a statement thereof.

14.2 The Exchange Notes will rank PARI PASSU in right of payment with all senior indebtedness of the Issuer. Although the Exchange Notes will be titled "Senior": (i) the Issuer has not issued, and does not have any plans to issue, any indebtedness to which the Exchange Notes would be senior; and (ii) the Exchange Notes will be effectively subordinated to all liabilities of the Issuer's Subsidiaries, including liabilities to general creditors (except to the extent that any subsidiary of the Issuer may guarantee the Exchange Notes). Holders of Notes will not be permitted to exercise any remedies (other than to pursue a claim in bankruptcy) against the Issuer prior to the date on which the 1997 Notes and the 1996 Notes have been paid in full or have otherwise matured.

14.3 PRINCIPAL, MATURITY AND INTEREST

(a) The Exchange Notes will mature on July 1, 2004.

(b) The Exchange Notes will accrue interest at 12-1/8% per annum from the Exchange Date or from the most recent interest payment date to which interest has been paid or duly provided for. Interest will be payable semiannually on April 1 and October 1 of each year beginning on the first such date to occur after the Exchange Date, to the holders of record on the immediately preceding March 15 and September 15, respectively. Interest on the Exchange Notes may, at the option of the Issuer, be paid in cash or by issuing additional Exchange Notes in an aggregate principal amount equal to the amount of such interest. Interest on overdue principal and (to the extent permitted by law) on overdue installments of interest will accrue at a rate equal to the rate borne by the Exchange Notes. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

(c) The Exchange Notes will be payable both as to principal and interest at the office or agency of the Issuer maintained for such purpose or, at the option of the Issuer, payment of interest may be made by check mailed to the holders of the Exchange Notes at their respective addresses set forth in the register of holders of Exchange Notes.

Until otherwise designated by the Issuer, the Issuer's office or agency will be the office of the Trustee maintained for such purpose.

14.4 OPTIONAL REDEMPTION

(a) Except as provided in the next paragraph, the Issuer shall not have the option to redeem the Exchange Notes prior to July 1, 2000. Thereafter, the Issuer shall have the option to redeem the Exchange Notes in cash, 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 July 1 of the years indicated below:

YEAR	PERCENTAGE
2000	106.0250%
2001	104.0417%
2002	102.0208%
Thereafter	100.0000%

(b) Notwithstanding the foregoing, at any time prior to July 1, 2000, the Issuer may redeem Exchange Notes at a redemption price, payable in cash, equal to 112.125% of the principal amount thereof on the repurchase date, plus an amount equal to accrued and unpaid interest thereon to the repurchase date, with the net proceeds of one public or private sale of Equity Interests (other than Disqualified Stock) of the Issuer or any of its Subsidiaries (other than proceeds from a sale to the Issuer or any of its Subsidiaries); PROVIDED that (a) at least two-thirds in aggregate principal amount of the Exchange Notes originally issued remain outstanding immediately after the occurrence of such redemption; and (b) such redemption occurs within 120 days of the date of the closing of any such sale.

14.5 SELECTION AND NOTICE

(a) If less than all of the Exchange Notes are to be redeemed at any time, the selection of Exchange 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 Exchange Notes are listed, or if the Exchange 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 Exchange 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 Exchange 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 Exchange Notes not previously called for redemption.

(b) The Trustee shall promptly notify the Issuer in writing of the Exchange Notes selected for redemption and, in the case of any Exchange Note selected for partial redemption, the principal amount thereof to be redeemed. Exchange 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 Exchange Notes of a Holder are to be redeemed, the entire outstanding amount of Exchange Notes held by such Holder, even if not a multiple of \$1,000, shall be redeemed.

14.6 OFFER TO PURCHASE UPON CHANGE OF CONTROL AND ORBITAL EVENT

(a) The provisions of the Exchange Indenture relating to a Change of Control Offer upon a Change of Control will be substantially the same as the provisions of the Certificate of Designation relating to such matters. In addition, in the event of an Orbital Event, the Issuer will make an offer to repurchase one-half of all outstanding Exchange Notes at a purchase price of 101% of the aggregate principal amount thereof, together with accrued and unpaid interest thereon to the date of purchase. In either of the foregoing circumstances, no obligation to make such an offer shall become effective until such time as both the 1996 and the 1997 Notes have been paid in full or have otherwise matured.

(b) The Issuer 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 Exchange Notes in connection with an Offer to Purchase.

14.7 SIGNIFICANT TRANSACTIONS

(a) The Issuer or any of its Subsidiaries may enter into a transaction or series of transactions (a "Significant Transaction") with another entity (a "Strategic Partner"), notwithstanding the fact that such Significant Transaction would otherwise be prohibited under the terms of the Exchange Indenture, in which the Issuer or any such Subsidiary: (i) sells, leases, conveys or otherwise disposes of any of its assets (including by way of a sale-and-leaseback transaction) to such Strategic Partner or (ii) makes an Investment in or receives an Investment from such Strategic Partner; PROVIDED that :

- (i) the Issuer or such Subsidiary receives fair market value for any property or assets (including capital stock) transferred in such Significant Transaction in the opinion of a majority of the Board of Directors of the Issuer as evidenced by an Officers' Certificate

delivered to the Trustee and an investment banking firm of national standing selected by the Issuer; and

- (ii) in connection with the consummation of such Significant Transaction, the Issuer shall make an offer (a "Special Offer to Purchase") to each Holder of Exchange Notes to repurchase, within 15 days following the consummation of such Significant Transaction, all or any part (equal to \$1,000 or an integral multiple thereof) of such Holder's Exchange 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 (in either case, the "Special Offer Payment"), provided that such offer shall be made prior to the consummation of such Significant Transaction unless at such time the 1997 Notes and the 1996 Notes have not been paid in full or have otherwise matured, in which case the offer shall be made immediately after the full payment or other maturity of the 1996 Notes and the 1997 Notes.

(b) At least 30 days prior to the consummation of such Significant Transaction, the Issuer shall mail a notice to each Holder stating:

- (i) that the Special Offer to Purchase is being made pursuant to the covenant entitled "Significant Transactions";
- (ii) the purchase price and the purchase date, which shall be no earlier than 30 days nor later than 60 days after the date such notice is mailed (the "Special Offer Payment Date");
- (iii) that any Exchange Notes tendered will only be repurchased in the event that such Significant Transaction is consummated;
- (iv) that any Exchange Notes not tendered or not repurchased will continue to accrue interest in accordance with the terms of the Exchange Indenture;
- (v) that, if such Significant Transaction is consummated, unless the Issuer defaults in the payment of the Special Offer Payment, all Exchange Notes accepted for payment pursuant to the Special Offer to Purchase shall cease to accrue interest after the Special Offer Payment Date;

- (vi) that Holders electing to have any Exchange Notes purchased pursuant to an Offer to Purchase will be required to surrender the Exchange Notes, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Exchange Notes completed, to the Paying Agent at the address specified in the notice prior to the close of business on the third Business Day preceding the Special Offer Payment Date;
- (vii) 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 Special Offer Payment Date, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of Exchange Notes delivered for purchase, and a statement that such Holder is withdrawing his election to have such Exchange Notes purchased;
- (viii) that Holders whose Exchange Notes are being purchased only in part will be issued new Exchange Notes equal in principal amount to the unpurchased portion of the Exchange Notes surrendered, which unpurchased portion must be equal to \$1,000 in principal amount or an integral multiple thereof; and
- (ix) a description of such Significant Transaction, as well as any other information material to such Holder's decision to tender Exchange Notes.

(c) The Issuer 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 Exchange Notes pursuant to a Special Offer to Purchase.

14.8 CERTAIN COVENANTS

(a) RESTRICTED PAYMENTS. The provisions of the Exchange Indenture relating to Restricted Payments will be substantially the same as the provisions of Section 8.1 of this Certificate of Designation.

(b) INCURRENCE OF INDEBTEDNESS, ISSUANCE OF DISQUALIFIED STOCK AND ISSUANCE OF PREFERRED EQUITY INTERESTS OF SUBSIDIARIES. The provisions of the Exchange Indenture relating to Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interests of Subsidiaries will be substantially the same as Section 8.2 of this Certificate of Designation.

(c) ASSET SALES. The provisions of the Exchange Indenture relating to Asset Sales will be substantially the same as the provisions of Section 8.3 this Certificate of Designation.

(d) ACTIVITIES OF THE ISSUER. The provisions of the Exchange Indenture relating to "Activities of the Issuer" will be substantially the same as in Section 8.5 of this Certificate of Designation.

(e) SUBSIDIARY GUARANTEES. The Exchange Indenture will provide that if DBS Corp or any 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 Issuer evidenced by a resolution of the Board of Directors of the Issuer and set forth in an Officers' Certificate delivered to the Trustee; PROVIDED, HOWEVER that if the fair market value exceeds \$10 million, the fair market value shall be determined by an investment banking firm of national standing selected by DBS Corp) exceeding \$500,000 to any Restricted Subsidiary of DBS Corp that is neither a Subsidiary of ESBC nor a Guarantor, the Issuer, to the extent not otherwise precluded by obligations set forth in the 1997 Notes Indenture, 1996 Notes Indenture or the 1994 Notes Indenture, shall, or shall cause the owner of such Subsidiary to: (a) enter into a pledge agreement in order to pledge all of the issued and outstanding Capital Stock of such Subsidiary as security to the Trustee for the benefit of the Holders of the Exchange Notes; and (b) cause such Subsidiary 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 Issuer's obligations under the Exchange Notes and execute a notation in form and substance reasonably satisfactory to the Trustee; and (ii) deliver to the Trustee an Opinion of Counsel reasonably satisfactory to the Trustee that such pledge agreement and such Supplemental Indenture 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 DBS Corp or any Guarantor in exchange for cash or Cash Equivalents in an amount equal to the fair market value (as determined in good faith by the Board of Directors of the Issuer evidenced by a resolution of the Board of Directors of the Issuer and set forth in an Officers' Certificate delivered to the Trustee; PROVIDED,

HOWEVER, that if the fair market value exceeds \$10 million, the fair market value shall be determined by an investment banking firm of national standing selected by the Issuer) of such property or assets.

(f) DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES. The provisions of the Exchange Indenture relating to "Dividend and Other Payment Restrictions Affecting Subsidiaries" will be substantially the same as Section 8.6 of this Certificate of Designation.

(g) ACCOUNTS RECEIVABLE SUBSIDIARY. The provisions of the Exchange Indenture relating to "Accounts Receivable Subsidiary" will be substantially the same as Section 8.7 of this Certificate of Designation.

(h) MERGER, CONSOLIDATION, OR SALE OF ASSETS. The Exchange Indenture will provide that DBS Corp may not consolidate or merge with or into (whether or not DBS Corp 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:

- (i) DBS Corp is the surviving Person or the Person formed by or surviving any such consolidation or merger (if other than DBS Corp) 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;
- (ii) the Person formed by or surviving any such consolidation or merger (if other than DBS Corp) or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made assumes all the obligations of DBS Corp, pursuant to a supplemental indenture in a form reasonably satisfactory to the Trustee, under the Exchange Notes and the Exchange Indenture;
- (iii) immediately after such transaction no Default or Event of Default exists; and
- (iv) DBS Corp or the Person formed by or surviving any such consolidation or merger (if other than DBS Corp), or to which such sale, assignment, transfer, lease, conveyance or other disposition shall have been made (i) shall have a 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 DBS Corp 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 covenant in Section 8.2 entitled "Incurrence of Indebtedness, Issuance of Disqualified Stock and Issuance of Preferred Equity Interests of Subsidiaries."

(i) Notwithstanding the foregoing, DBS Corp may merge with another Person if:

- (i) DBS Corp is the surviving Person;
- (ii) the consideration issued or paid by DBS Corp in such merger consists solely of Equity Interests (other than Disqualified Stock) of DBS Corp; and
- (iii) immediately after giving effect to such merger, DBS Corp's Indebtedness to Cash Flow Ratio does not exceed DBS Corp's Indebtedness to Cash Flow Ratio immediately prior to such merger.

(j) The Exchange Indenture will also provide that the Issuer may not consolidate or merge with or into 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:

- (i) the Issuer is the surviving Person or the Person formed by or surviving any such consolidation or merger 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;
- (ii) the Person formed by or surviving any such consolidation or member or the Person to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made assumes all the obligations of the Issuer, pursuant to a supplemental indenture in form

reasonably satisfactory to the Trustee, under the Exchange Notes and the Exchange Indenture;

- (iii) immediately after such transaction, no Default or Event of Default exists; and
- (iv) the Issuer or the Person formed by or surviving any such consolidation or merger, or to which such sale, assignment, transfer, lease, conveyance or other disposition will have been made: (i) will have a 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 Issuer immediately preceding the transaction; and (ii) will have an Indebtedness to Cash Flow Ratio immediately after the transaction that does not exceed the Issuer's Indebtedness to Cash Flow Ratio immediately preceding the transaction.

(k) PROHIBITION ON STOCK PLEDGE. The provisions of the Exchange Indenture relating to "Prohibition on Stock Pledge" will be substantially the same as Section 8.8 of this Certificate of Designation.

(l) TRANSACTIONS WITH AFFILIATES. The provisions of the Exchange Indenture relating to "Transactions with Affiliates" will be substantially the same as Section 8.9 of this Certificate of Designation.

(m) REPORTS. The provisions of the Exchange Indenture relating to "Reports" will be substantially the same as included in this Certificate of Designation.

(n) PAYMENTS FOR CONSENTS. The provisions of the Exchange Indenture relating to "Payment of Consents" will be substantially the same as included in this Certificate of Designation.

14.9 EVENTS OF DEFAULT AND REMEDIES

(a) The Exchange Indenture will provide that each of the following constitutes an Event of Default (unless the provisions described under " - Significant Transactions" in Section 14.7 hereof are applicable and DBS Corp or the Issuer complies with such provisions):

(i) default for 30 days in the payment when due of interest on the Exchange Notes;

(ii) default in payment when due of principal on the Exchange Notes at maturity, upon repurchase, redemption or otherwise;

(iii) failure by the Issuer, DBS Corp or any of their Subsidiaries to comply with the provisions described under " - Offer to Purchase upon Change of Control or Orbital Event" in Section 14.6 hereof, " - Significant Transactions" in Section 14.7 hereof, " - Certain Covenants - Transactions with Affiliates" in Section 8.9 hereof, or " - Certain Covenants - Asset Sales" in Section 8.3 hereof;

(iv) default under the provisions described under " - Certain Covenants - Restricted Payments" in Section 8.1 hereof, or " - Certain Covenants - Incurrence of Indebtedness, and Issuance of Disqualified Stock and Issuance of Preferred Equity of Subsidiaries" in Section 8.2 hereof which default remains uncured for 15 days, or the breach of any representation or warranty, or the making of any untrue statement, in any certificate delivered by the Issuer pursuant to the Exchange Indenture;

(v) failure by the Issuer for 60 days after notice from the Trustee or the holders of at least 25% in principal amount of the Exchange Notes then outstanding to comply with any of its other agreements in the Exchange Indenture or the Exchange Notes;

(vi) 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 Issuer or any of its Subsidiaries other than an Independent Subsidiary (or the payment of which is guaranteed by the Issuer or any of its Subsidiaries other than an Independent Subsidiary), other than any Credit Agreement, 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 \$5 million or more;

(vii) 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 Issuer or any of its Subsidiaries (other than an Independent Subsidiary) (or the payment of which is guaranteed by the Issuer or any of its Subsidiaries other than an Independent Subsidiary), other than any Credit Agreement,

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 \$5 million or more;

(viii) failure by the Issuer or any of its Subsidiaries (other than an Independent Subsidiary) to pay final judgments (other than any judgment as to which a reputable insurance company has accepted full liability) aggregating in excess of \$2.0 million, which judgments are not stayed within 60 days after their entry; and

(ix) certain events of bankruptcy or insolvency with respect to the Issuer or certain of its Subsidiaries (other than an Independent Subsidiary) (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).

(b) 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 Exchange Notes may declare all the Exchange 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 Issuer or any of its Subsidiaries intended to avoid restrictions on or premiums related to redemptions of the Exchange Notes contained in the Exchange Indenture or the Exchange Notes, an amount of premium that would have been applicable pursuant to the Exchange Notes or as set forth in the Exchange Indenture). Notwithstanding the foregoing, in the case of an Event of Default arising from the events of bankruptcy or insolvency with respect to the Issuer or any of its Subsidiaries described in (i) above, all outstanding Exchange Notes will become due and payable without further action or notice. Holders of the Exchange Notes may not enforce the Exchange Indenture or the Exchange Notes except as provided in the Exchange Indenture. Subject to certain limitations, holders of a majority in principal amount of the then outstanding Exchange Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Exchange 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.

(c) The holders of a majority in aggregate principal amount of the Exchange Notes then outstanding, by notice to the Trustee, may on behalf of the holders of all of the Exchange Notes waive any existing Default or Event of Default and its

consequences under the Exchange Indenture, except a continuing Default or Event of Default in the payment of interest or premium on, or principal of the Exchange Notes.

(d) The Issuer is required to deliver to the Trustee annually a statement regarding compliance with the Exchange Indenture, and the Issuer 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.

(e) All powers of the Trustee will be subject to applicable provisions of the Communications Act, including without limitation, the requirements of prior approval for transfer of control or assignment of Title III licenses.

14.10 WAIVER OF PAST DEFAULTS. Holders of not less than a majority in aggregate principal amount of Exchange Notes then outstanding, by notice to the Trustee, may on behalf of the Holders of all of the Exchange Notes waive an existing Default or Event of Default and its consequences under the Exchange Indenture, except a continuing Default or Event of Default in the payment of the principal of, premium, if any, or interest on, the Exchange 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 the Exchange Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

14.11 CONTROL BY MAJORITY. Holders of a majority in principal amount of the then outstanding Exchange 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 the Exchange Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Exchange Notes or that may involve the Trustee in personal liability.

14.12 LIMITATION ON SUITS AND EXERCISE OF REMEDIES. A Holder of an Exchange Note may pursue a remedy with respect to the Exchange Indenture or the Exchange Notes only if:

(a) the Holder of an Exchange 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 Exchange Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of an Exchange Note or Holders of Exchange 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 Exchange Notes do not give the Trustee a direction inconsistent with the request.

A Holder of an Exchange Note may not use the Exchange Indenture to prejudice the rights of another Holder of an Exchange Note or to obtain a preference or priority over another Holder of an Exchange Note.

14.13 Notwithstanding the foregoing or anything else to the contrary in the Exchange Indenture, neither the Trustee nor any Holder may seek any remedy (other than pursuit of a claim in bankruptcy) against the Issuer, including any acceleration of the maturity thereof, until both the 1997 Notes and the 1996 Notes have been paid in full or have otherwise matured.

14.14 NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, INCORPORATORS AND STOCKHOLDERS. No director, officer, employee, incorporator or stockholder of the Issuer, DBS Corp or any of their Affiliates, as such, shall have any liability for any obligations of the Issuer, DBS Corp and any of their Affiliates under the Exchange Notes or the Exchange Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Exchange Notes by accepting an Exchange Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Exchange Notes.

14.15 LEGAL DEFEASANCE AND COVENANT DEFEASANCE. (a) The Issuer may, at its option and at any time, elect to have all obligations discharged with respect to the outstanding Exchange Notes ("Legal Defeasance"). Such Legal Defeasance means that the Issuer will be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Exchange Notes, except for: (i) the rights of holders of outstanding Exchange Notes to receive payments in respect of the principal of, premium, if any, and interest on the Exchange Notes when such payments are due, or on the redemption date, as the case may be; (ii) the Issuer's obligations with respect to the Exchange Notes concerning issuing temporary Exchange Notes, registration of Exchange Notes, mutilated, destroyed, lost or stolen Exchange Notes and the maintenance of an office or agency for payment and money for security payments held in trust; (iii) the rights, powers, trust, duties and immunities of the Trustee, and the Issuer's obligations in connection therewith; and (iv) the Legal Defeasance provisions of the Exchange Indenture. In addition, the Issuer may, at its option and at any time, elect to have all obligations released with respect to certain covenants that are described in the Exchange Indenture ("Covenant Defeasance") and thereafter any omission to comply with such obligations shall not constitute a Default or Event of Default with respect to the Exchange Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under " - Events of Default and Remedies" will no longer constitute an Event of Default with respect to the Exchange Notes.

(b) In order to exercise either Legal Defeasance or Covenant Defeasance: (i) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Exchange Notes, cash in U.S. dollars, non-callable U.S. government obligations, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants selected by the Trustee, to pay the principal of, premium, if any, and interest on the outstanding Exchange Notes on the stated maturity or on the applicable optional redemption date, as the case may be; (ii) in the case of Legal Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel in the U.S. reasonably acceptable to the Trustee confirming that (A) the Issuer has received from, or there has been published by the Internal Revenue Service, a ruling or (B) since the date of the Exchange Indenture, there has been a change in the applicable Federal income tax law, in each case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the holders of such Exchange 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 in the same amount, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; (iii) in the case of Covenant Defeasance, the Issuer shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to such Trustee confirming that the holders of such Exchange 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; (iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit; (v) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under the Exchange Indenture or any other material agreement or instrument to which the Issuer or any of its Subsidiaries is a party or by which the Issuer or any of its Subsidiaries is bound; (vi) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of such Exchange Notes over any other creditors of the Issuer or with the intent of defeating, hindering, delaying or defrauding any other creditors of the Issuer or others; and (vii) the Issuer shall have delivered to the Trustee an Officers' Certificate stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

14.16 AMENDMENT, SUPPLEMENT AND WAIVER. (a) Except as provided in the next paragraph, the Exchange Indenture and the Exchange Notes may be amended or supplemented with the consent of the holders of at least a majority in principal amount of the Exchange Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for Exchange Notes), and any existing default or compliance with any provision of the Exchange Indenture or the Exchange Notes may be waived with the consent of the holders of a majority in principal amount of the then outstanding Exchange Notes (including consents obtained in connection with a tender offer or exchange offer for Exchange Notes).

(b) Without the consent of each holder affected, however, an amendment or waiver may not (with respect to any Exchange Note held by a non-consenting holder):

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

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

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

(iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Exchange Notes (except a rescission of

acceleration of the Exchange Notes by the holders of at least a majority in aggregate principal amount of the Exchange Notes and a waiver of the payment default that resulted from such acceleration);

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

(vi) make any change in the provisions of the Exchange Indenture relating to waivers of past Defaults or the rights of holders of Exchange Notes to receive payments of principal of or interest on the Exchange Notes;

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

(viii) make any change in the foregoing amendment and waiver provisions.

In addition, without the consent of at least 66 2/3% of the Exchange Notes then outstanding, an amendment or a waiver may not make any change to the covenants in the Exchange Indenture entitled "Offer to Purchase upon Change of Control or Orbital Event" in Section 14.6 hereof, and "Asset Sales" in Section 8.3 hereof (including, in each case, the related definitions).

(c) Notwithstanding the foregoing, without the consent of any holder of Exchange Notes, the Issuer and the Trustee may amend or supplement the Exchange Indenture and the Exchange Notes to cure any ambiguity, defect or inconsistency, to provide for uncertificated Exchange Notes in addition to or in place of certificated Exchange Notes, to provide for the assumption of the Issuer's obligations to holders of the Exchange Notes in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the holders of the Exchange Notes or that does not adversely affect the legal rights under the Exchange Indenture of any such holder, or to comply with requirements of the SEC in order to effect or maintain the qualification of the Exchange Indenture under the TIA.

14.17 CONCERNING THE TRUSTEE. (a) The Exchange Indenture contains certain limitations on the rights of the Trustee, should the Trustee become a creditor of the Issuer, to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions with the Issuer; 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.

(b) The holders of a majority in principal amount of the then outstanding Exchange Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Exchange Indenture provides that in case an Event of Default shall occur (which shall not be cured), the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. The Trustee will 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 sentence shall not limit the preceding sentence of this paragraph; (ii) the Trustee shall not be liable for any error of judgment made in good faith, 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 the first sentence of this paragraph. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Exchange Indenture at the request of any holder of Exchange Notes, unless such holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

15 TRANSFER RESTRICTIONS. No transfer of shares of the Senior Preferred Stock shall be effective until such transfer is registered on the books of the Issuer. Until registered under the Securities Act, the expiration of the time period referred to in Rule 144(k) (as then in effect) under the Securities Act from the Issuance Date, or the Issuer and the holder of such shares otherwise agree, all shares of Senior Preferred Stock shall bear the following legend:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT)(A "QIB"), (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144(k) (TAKING INTO ACCOUNT THE PROVISIONS OF RULE 144(d) UNDER THE SECURITIES ACT, IF APPLICABLE) UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER OR ANY SUBSIDIARY THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) PURSUANT TO THE EXEMPTION FROM

REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE), (D) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL ACCEPTABLE TO THE ISSUER) OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND."

IN WITNESS WHEREOF, EchoStar Communications Corporation caused this Certificate to be signed by each of Charles W. Ergen, President, and David K. Moskowitz, Senior Vice President and Secretary, and caused Mr. Ergen's signature to be attested to by David K. Moskowitz in his capacity as Secretary this ____ day of October, 1997.

Charles W. Ergen President

David K. Moskowitz, Senior Vice President

ATTEST:

David K. Moskowitz, Secretary

State of _____)
)ss.
County of _____)

The foregoing instrument was subscribed to, sworn, and acknowledged before me this ____ day of October, 1997, by David K. Moskowitz, Senior Vice President and Secretary of EchoStar Communications Corporation.

Witness my hand and official seal.

Notary Public
Address: _____

My commission expires:

12 1/8% SERIES B SENIOR REDEEMABLE EXCHANGEABLE
PREFERRED STOCK DUE 2004

REGISTRATION RIGHTS AGREEMENT

Dated as of October 2, 1997

by and among

EchoStar Communications Corporation
the ("Company")

and

Donaldson, Lufkin & Jenrette
Securities Corporation
and
Lehman Brothers Inc.,
(as "Initial Purchasers")

This Registration Rights Agreement (this "REGISTRATION RIGHTS AGREEMENT") is made and entered into as of October 2, 1997 by and among EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), and Donaldson, Lufkin & Jenrette Securities Corporation and Lehman Brothers Inc. (each, an "INITIAL PURCHASER" and, together, the "INITIAL PURCHASERS"), each of whom has agreed to purchase the Company's 12 1/8% Series B Senior Redeemable Exchangeable Preferred Stock due 2004 (the "SENIOR PREFERRED STOCK") pursuant to the Purchase Agreement.

This Registration Rights Agreement is made pursuant to the Purchase Agreement, dated September 26, 1997 (the "PURCHASE AGREEMENT"), by and among the Company and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Senior Preferred Stock, the Company has agreed to provide the registration rights set forth in this Registration Rights Agreement. The execution and delivery of this Registration Rights Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 2 of the Purchase Agreement.

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Registration Rights Agreement, the following capitalized terms shall have the following meanings:

ACT: The Securities Act of 1933, as amended.

ADVICE: As defined in Section 5 hereof.

BROKER-DEALER: Any broker or dealer registered under the Exchange Act.

CERTIFICATE OF DESIGNATION: The certificate of designation filed by the Company with the Secretary of State of Nevada for the authorization of the Senior Preferred Stock and also (if applicable) for the authorization of the Series C Preferred Stock.

CLOSING DATE: The date of this Registration Rights Agreement.

COMMISSION: The Securities and Exchange Commission.

COMPANY: As defined in the preamble hereto.

CONSUMMATE: A Registered Exchange Offer shall be deemed "Consummated" for purposes of this Registration Rights Agreement upon the occurrence of: (i) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Registered Securities to be issued in the Exchange Offer, (ii) the maintaining of such Registration Statement continuously effective and the keeping of the Exchange Offer open for a period not less than the minimum period required pursuant to Section 2(b) hereof, and (iii) the delivery by the Company to the Registrar under the Exchange Indenture or the Certificate of Designation of Registered Securities in the same aggregate principal amount or liquidation preference as the aggregate principal amount or liquidation preference of the Nonregistered Securities that were tendered by Holders thereof pursuant to the Exchange Offer.

CONTROLLING PERSON: As defined in Section 7(a)(ii) hereof.

DAMAGES PAYMENT DATE: With respect to the Initial Securities, each Dividend Payment Date or Interest Payment Date, as the case may be.

DIVIDEND PAYMENT DATE: As defined in the Certificate of Designation.

EFFECTIVENESS TARGET DATE: As defined in Section 5 hereof.

EXCHANGE ACT: The Securities Exchange Act of 1934, as amended.

EXCHANGE INDENTURE: The indenture, a form of which is attached as Exhibit B to the Purchase Agreement, between the Company and the Trustee, pursuant to which the Senior Exchange Notes are to be issued, as such indenture may be amended or supplemented from time to time in accordance with the terms thereof.

EXCHANGE OFFER: The transaction by which the Company requires the Holders of all outstanding Transfer Restricted Securities to exchange all such outstanding Transfer Restricted Securities for Registered Securities pursuant to the Exchange Offer Registration Statement in any of the following manners: with respect to the exchange of:

(i) Registered Preferred Stock in an aggregate liquidation preference amount equal to the aggregate liquidation preference amount of the Nonregistered Preferred Stock tendered in such exchange offer by such Holders or
(ii) Registered Exchange Notes (A) in an aggregate principal amount equal to the aggregate liquidation preference amount of the Nonregistered Preferred Stock tendered in such exchange offer, if any, by such Holders or (B) in an aggregate principal amount equal to the aggregate principal amount of the Nonregistered Exchange Notes tendered in such exchange offer, if any, by such Holders.

EXCHANGE OFFER REGISTRATION STATEMENT: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

EXEMPT REALES: The transactions in which the Initial Purchasers propose to sell the Nonregistered Securities to certain "qualified institutional buyers," as such term is defined in Rule 144A under the Act, and to certain institutional "accredited investors," as such term is defined in Rule 501(a)(1), (2), (3) and (7) of Regulation D under the Act ("ACCREDITED INSTITUTIONS").

HOLDER: Any Person who owns Transfer Restricted Securities.

INDEMNIFIED HOLDER: As defined in Section 7(a) hereof.

INITIAL PURCHASER and INITIAL PURCHASERS: As defined in the preamble hereto.

INTEREST PAYMENT DATE: As defined in the Exchange Indenture.

LOSSES: As defined in Section 7(a) hereof.

NASD: National Association of Securities Dealers, Inc.

NONREGISTERED EXCHANGE NOTES: The Company's 121/8% Senior Exchange Notes due 2004, which will have substantially the same rights and preferences as the Senior Exchange Notes, which are Transfer Restricted Securities.

NONREGISTERED PREFERRED STOCK: Either the Senior Preferred Stock or the Series C Preferred Stock to the extent such are Transfer Restricted Securities.

NONREGISTERED SECURITIES: The Nonregistered Preferred Stock and the Nonregistered Exchange Notes.

PERSON: An individual, partnership, corporation, trust or unincorporated organization, or a government or agency or political subdivision thereof.

PROSPECTUS: The prospectus included in a Registration Statement, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

PURCHASE AGREEMENT: As defined in the preamble hereto.

RECORD HOLDER: With respect to any Dividend Payment Date or Interest Payment Date, as the case may be, each Person who is a Holder of Nonregistered Securities on the record date with respect to such Dividend Payment Date or Interest Payment Date, as the case may be.

REGISTERED EXCHANGE NOTES: The Company's 12 1/8% Senior Exchange Notes due 2004, which will have substantially the same rights and preferences as the Senior Exchange Notes, to be issued pursuant to the Exchange Offer.

REGISTERED PREFERRED STOCK: The series of the Company's Senior Preferred Stock or the Series C Preferred Stock, as appropriate, to be issued pursuant to the Exchange Offer Registration Statement.

REGISTRATION DEFAULT: As defined in Section 4 hereof.

REGISTRATION RIGHTS AGREEMENT: As defined in the preamble hereto.

REGISTRATION SECURITIES: The Registered Preferred Stock and the Registered Exchange Notes.

REGISTRATION STATEMENT: The Exchange Registration Statement and the Shelf Registration Statement, as applicable, in each case, including the Prospectus included therein, all

amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

SECURITIES: The Nonregistered Securities and the Registered Securities, as appropriate.

SENIOR EXCHANGE NOTES: The Company's 12 1/8% Senior Exchange Notes due 2004 to be issued pursuant to the Indenture in the Exchange Offer.

SENIOR PREFERRED STOCK: As defined in the preamble hereto.

SERIES C PREFERRED STOCK: The Company's 12 1/8% Series C Senior Exchangeable Redeemable Preferred Stock due 2004, which will have substantially the same rights and preferences as the Senior Preferred Stock, to be issued pursuant to the Certificate of Designation, or any subsequent series of Nonregistered Preferred Stock into which such preferred stock is exchanged if Series C has previously been issued for any other purpose.

SHELF FILING DEADLINE: As defined in Section 4 hereof.

SHELF REGISTRATION STATEMENT: As defined in Section 3 hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbb) as in effect on the date of the Indenture.

TRANSFER RESTRICTED SECURITIES: Each Nonregistered Security, until the earliest to occur of (a) the date on which such Nonregistered Security is exchanged by a Person other than a Broker-Dealer for an Exchange Security in the Exchange Offer and, as a result, is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) following the exchange by a Broker-Dealer in the Exchange Offer of a Nonregistered Security for a Registered Security, the date on which such Registered Security is sold to a purchaser who receives from such Broker-Dealer on or prior to the date of such sale a copy of the Prospectus contained in the Exchange Offer Registration Statement, (c) the date on which such Security has been effectively registered under the Act and disposed of in accordance with a Shelf Registration Statement, (d) the date

on which such Security is distributed to the public pursuant to Rule 144 under the Act (or any similar provision then in effect) or is saleable pursuant to Rule 144(k) under the Act, and (e) the date upon which such Security ceases to be outstanding.

TRUSTEE: The Person to be trustee under the Exchange Indenture as such Person may be appointed by the Company.

UNDERWRITTEN REGISTRATION or UNDERWRITTEN OFFERING: A registration in which securities of the Company are sold to an underwriter for reoffering to the public pursuant to the Act.

SECTION 2. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permissible under applicable law or Commission policy (after the procedures set forth in Section 6(a) below have been complied with), the Company shall (i) cause to be filed with the Commission on or prior to 45 days after the Closing Date, a Registration Statement under the Act relating to the Registered Securities and the Exchange Offer, (ii) use commercially reasonable efforts to cause such Registration Statement to become effective on or prior to 150 days after the Closing Date, (iii) in connection with the foregoing, file (A) all pre-effective amendments to such Registration Statement as may be necessary in order to cause such Registration Statement to become effective, (B) if applicable, a post-effective amendment to such Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings in connection with the registration and qualification of the Registered Securities to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Registration Statement, commence the Exchange Offer and use commercially reasonable efforts to cause the Exchange Offer to be Consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 180 days after the Closing Date. The Exchange Offer shall be on the appropriate form permitting registration of the Registered Securities to be offered in exchange for the Transfer Restricted Securities and to permit resales of Securities held by Broker-Dealers as contemplated by Section 2(c) below.

(b) The Company shall cause the Exchange Offer Registration Statement to be effective continuously and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to consummate the Exchange Offer, provided, however, that in no event shall such period be less than 10 nor more than 60 business days. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Securities shall be included in the Exchange Offer Registration Statement. The Company shall use its commercially reasonable efforts to cause the Exchange Offer to be consummated on the earliest practicable date after the Exchange Offer Registration Statement has become effective, but in no event later than 30 business days thereafter.

(c) The Company shall indicate in a "Plan of Distribution" section contained in the Prospectus contained in the Exchange Offer Registration Statement that any Broker-Dealer who holds Nonregistered Securities which are Transfer Restricted Securities and which were acquired for its own account as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company), may exchange such Nonregistered Securities pursuant to the Exchange Offer; however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with any resales of the Registered Securities received by such Broker-Dealer in the Exchange Offer, which prospectus delivery requirement may be satisfied by the delivery by such Broker-Dealer of the Prospectus contained in the Exchange Offer Registration Statement. Such "Plan of Distribution" section shall also contain all other information with respect to such resales by Broker-Dealers that the Commission may require in order to permit such resales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Securities held by any such Broker-Dealer except to the extent required by the Commission as a result of a change in policy after the date of this Registration Rights Agreement.

The Company shall use its best efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 5(c) below to the extent necessary to ensure that it is available for resales of Securities acquired by Broker-Dealers for their own accounts as a result of market-making

activities or other trading activities, and to ensure that it conforms with the requirements of this Registration Rights Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of one year from the date on which the Exchange Offer Registration Statement is declared effective.

The Company shall provide sufficient copies of the latest version of such Prospectus to Broker-Dealers promptly upon request at any time during such one-year period in order to facilitate such resales.

SECTION 3. SHELF REGISTRATION

(a) SHELF REGISTRATION. If (i) the Company is not required to file an Exchange Offer Registration Statement or permitted to consummate the Exchange Offer because the Exchange Offer is not permitted by applicable law or Commission policy (after the procedures set forth in Section 5(a) below have been complied with) or (ii) if any Holder of Transfer Restricted Securities shall notify the Company within 20 business days of the consummation of the Exchange Offer (A) that such Holder is prohibited by applicable law or Commission policy from participating in the Exchange Offer, or (B) that such Holder may not resell the Registered Securities acquired by it in the Exchange Offer to the public without delivering a Prospectus and that the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder, or (C) that such Holder is a Broker-Dealer and holds Nonregistered Securities acquired directly from the Company or one of its affiliates, then the Company shall

(x) cause to be filed a shelf registration statement pursuant to Rule 415 under the Act, which may be an amendment to the Exchange Offer Registration Statement (in either event, the "Shelf Registration Statement") on or prior to the earliest to occur of the 150th day after the Closing Date (the "SHELF FILING DEADLINE"), which Shelf Registration Statement shall provide for resales of all Transfer Restricted Securities the Holders of which shall have provided the information required pursuant to Section 3(b) hereof; and

(y) use its commercially reasonable efforts to cause such Shelf Registration Statement to be declared effective by the Commission on or before the 30th day after the Shelf Filing Deadline.

The Company shall use its best efforts to keep such Shelf Registration Statement continuously effective, supplemented and amended as required by the provisions of Sections 5(b) and (c) hereof to the extent necessary to ensure that it is available for resales of Securities by the Holders of Transfer Restricted Securities entitled to the benefit of this Section 4(a), and to ensure that it conforms with the requirements of this Registration Rights Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period constituting the earlier of the date transfer restrictions are no longer applicable to any Transfer Restricted Securities and three years following the Closing Date.

(b) PROVISION BY HOLDERS OF CERTAIN INFORMATION IN CONNECTION WITH THE SHELF REGISTRATION STATEMENT. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Registration Rights Agreement unless and until such Holder furnishes to the Company in writing, within 20 business days after receipt of a request therefore, such information as the Company may reasonably request for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to liquidated damages pursuant to Section 4 hereof unless and until such Holder shall have used its best efforts to provide all such reasonably requested information. Each Holder as to which any Shelf Registration Statement is being effected agrees to furnish promptly to the Company all information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 4. LIQUIDATED DAMAGES

(a) If (i) the Company fails to file the Exchange Offer with the Commission on or prior to 45 days after the Closing Date, (ii) the Exchange Offer Registration Statement has not been declared effective by the Commission on or prior to 150 days after the Closing Date, (iii) the Exchange Offer has not been consummated within 180 days after the Closing Date with respect to the Exchange Offer Registration Statement, or (iv) a Shelf Registration Statement has not been declared effective within 150 days after the Closing Date (each such event referred to in clauses (i) through (iv), a "REGISTRATION DEFAULT"),

(2) the Company hereby agrees to pay liquidated damages to each Holder of Transfer Restricted Securities from and including the next day following each of (i) such 45-day period immediately following the occurrence of such Registration Default in the case of clause (i) above, (ii) such 150-day period immediately following the occurrence of such Registration Default in the case of clause (ii) above, (iii) such 180-day period immediately following the occurrence of such Registration Default in the case of clause (ii) above, or (iv) such 150-day period immediately following the occurrence of such Registration Default in the case of clause (iv) above, in the case of each of the clauses (i) through (iv) in an amount equal to \$.05 per week per \$1,000 in principal amount or liquidation preference, as the case may be, of Transfer Restricted Securities held by such Holder for each week or portion thereof that the Registration Default continues (determined on a daily basis).

(3) The amount of the liquidated damages shall increase by an additional \$.05 per week per \$1,000 in principal amount or liquidation preference, as the case may be, of Transfer Restricted Securities with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages of \$.40 per week per \$1,000 in principal amount or liquidation preference, as the case may be, of Transfer Restricted Securities. All accrued liquidated damages shall be paid to Record Holders by the Company by wire transfer of immediately available funds or by federal funds check on each Damages Payment Date, as provided in the Indenture or the Certification of Designation, as the case may be. Following the cure of all Registration Defaults relating to any particular Transfer Restricted Securities, the accrual of liquidated damages with respect to such Transfer Restricted Securities will cease.

(b) If a Shelf Registration Statement is declared effective pursuant to the terms of this Registration Rights Agreements and if the Company fails to keep such Shelf Registration Statement continuously effective for the period required by this Registration Rights Agreement, then from such time as the Shelf Registration Statement is no longer effective until the earlier of (i) the date the Shelf Registration Statement is again deemed effective, (ii) the date that is the third anniversary of the Closing Date or (iii) the date as of which transfer restrictions are no longer applicable to any Transfer Restricted Security, in the case of each of clauses (i) through (iii) the Company hereby agrees to

pay liquidated damages to each Holder of Transfer Restricted Securities in an amount equal to \$.05 per week per \$1,000 in principal amount or liquidation preference, as applicable, of the Nonregistered Securities (determined on a daily basis). The Company will be permitted to suspend use of the Prospectus that is part of any Shelf Registration Statement during certain periods of time and in certain circumstances relating to pending corporate developments and public filings with the Commission and similar events.

(c) All obligations of the Company set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such Security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such Security shall have been satisfied in full.

SECTION 5. REGISTRATION PROCEDURES

(a) EXCHANGE OFFER REGISTRATION STATEMENT. In connection with the Exchange Offer, the Company shall comply with all of the provisions of Section 5(c) below, shall use commercially reasonable efforts to effect such exchange to permit the sale of Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and shall comply with all of the following provisions:

(i) If in the reasonable opinion of counsel to the Company there is a question as to whether the Exchange Offer is permitted by applicable law, the Company hereby agrees to seek a no-action letter or other favorable decision from the Commission allowing the Company to consummate an Exchange Offer for such Registered Securities. The Company hereby agrees to pursue the issuance of such a decision to the Commission staff level but shall not be required to take commercially unreasonable action to effect a change of Commission policy. The Company hereby agrees, however, to (A) participate in telephonic conferences with the Commission, (B) deliver to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursue a resolution (which need not be favorable) by the Commission staff of such submission.

(ii) As a condition to its participation in the Exchange Offer pursuant to the terms of this Registration Rights Agreement, each Holder of Transfer Restricted Securities shall furnish, upon the request of the Company, prior to the Consummation thereof, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any Person to participate in, a distribution of the Registered Securities to be issued in the Exchange Offer and (C) it is acquiring the Registered Securities in its ordinary course of business. In addition, all such Holders of Transfer Restricted Securities shall otherwise cooperate in the Company's preparations for the Exchange Offer. Each Holder hereby acknowledges and agrees that any Broker-Dealer and any such Holder using the Exchange Offer to participate in a distribution of the Registered Securities to be acquired in the Exchange Offer (1) could not under Commission policy as in effect on the date of this Registration Rights Agreement rely on the position of the Commission enunciated in MORGAN STANLEY AND CO., INC. (available June 5, 1991) and EXXON CAPITAL HOLDINGS CORPORATION (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction should be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K if the resales are of Registered Securities obtained by such Holder in exchange for Nonregistered Securities acquired by such Holder directly from the Company.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement and if directed by the Initial Purchaser, the Company shall provide a supplemental letter to the Commission (A) stating that the Company is registering the Exchange Offer in reliance on the position of the Commission enunciated in EXXON CAPITAL HOLDINGS CORPORATION (available May 13, 1988), MORGAN STANLEY AND CO., INC. (available June 5, 1991) and, if applicable, any no-action letter obtained pursuant to clause (i) above and (B) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the

Registered Securities to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the Registered Securities in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Registered Securities received in the Exchange Offer.

(b) SHELF REGISTRATION STATEMENT. In connection with the Shelf Registration Statement, the Company shall comply with all the provisions of Section 6(e) below and shall use commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof, and pursuant thereto the Company will as expeditiously as possible prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof.

(c) GENERAL PROVISIONS. In connection with any Registration Statement and any Prospectus required by this Registration Rights Agreement to permit the sale or resale of Transfer Restricted Securities (including, without limitation, any Registration Statement and the related Prospectus required to permit resales of Securities by Broker-Dealers), the Company shall:

(i) use its best efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Registration Rights Agreement, as applicable; upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Registration Rights Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement, in the case of clause (A), correcting any such misstatement or omission, and, in the case of either clause (A) or (B), use its best efforts to cause such amendment to be declared effective and such Registration Statement and the related Prospectus to become usable for

their intended purpose(s) as soon as practicable thereafter;

(ii) prepare and file with the Commission such amendments and post-effective amendments to the Registration Statement as may be necessary to keep the Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as applicable, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with the applicable provisions of Rules 424 and 430A under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) advise the underwriter(s), if any, and Holders promptly and, if requested by such Persons, to confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto, or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement or the Prospectus in order to make the statements therein not misleading. If at any time the Commission shall

issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use their best efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) furnish to each of the Holders and each of the underwriter(s), if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review of such Holders and underwriter(s), if any, for a period of at least five business days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which a Holder of Transfer Restricted Securities covered by such Registration Statement or the underwriter(s), if any, shall reasonably object within five business days after the receipt thereof. A Holder or underwriter, if any, shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission;

(v) promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to the Holders and to the underwriter(s), if any, make the Company's representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such Holders or underwriter(s), if any, reasonably may request;

(vi) make available at reasonable times for inspection by the Holders, any underwriter participating in any disposition pursuant to such Registration Statement, and any attorney or accountant retained by such Holders or any of the underwriter(s), all financial and other records, pertinent corporate documents and

properties of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such Holder, underwriter, attorney or accountant in connection with such Registration Statement subsequent to the filing thereof and prior to its effectiveness;

(vii) if requested by any Holders or the underwriter(s), if any, promptly incorporate in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such Holders and underwriter(s), if any, may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities, information with respect to the principal amount of Transfer Restricted Securities being sold to such underwriter(s), the purchase price being paid therefor and any other terms of the offering of the Transfer Restricted Securities to be sold in such offering; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be incorporated in such Prospectus supplement or post-effective amendment;

(viii) cause the Transfer Restricted Securities covered by the Registration Statement to be rated with the appropriate rating agencies, if so requested by the Holders of a majority in aggregate principal amount of Securities covered thereby or the underwriter(s), if any.

(ix) furnish to each Holder and each of the underwriter(s), if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) deliver to each Holder and each of the underwriter(s), if any, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use of the Prospectus and any amendment or supplement thereto by each of the Holders and each of the

underwriter(s), if any, in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) enter into such agreements (including an underwriting agreement), and make such representations and warranties, and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any Registration Statement contemplated by this Registration Rights Agreement, all to such extent as may be requested by any Initial Purchaser or by any Holder of Transfer Restricted Securities or underwriter in connection with any sale or resale pursuant to any Registration Statement contemplated by this Registration Rights Agreement; and whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Registration, the Company shall:

(A) furnish to each Initial Purchaser, each selling Holder and each underwriter, if any, in such substance and scope as they may request and as are customarily made by issuers to underwriters in primary underwritten offerings, upon the date of the Consummation of the Exchange Offer and, if applicable, the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, signed by (y) the President or any Vice President and (z) a principal financial or accounting officer of the Company, confirming, as of the date thereof, the matters set forth in paragraphs (a), (b) and (d) of Section 9 of the Purchase Agreement and such other matters as such parties may reasonably request;

(2) an opinion, dated the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, of counsel for the Company, which counsel may include in-house counsel, covering the matters set forth

in paragraph (e) of Section 9 of the Purchase Agreement and such other matter as such parties may reasonably request, and in any event including a statement to the effect that such counsel has participated in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, the Initial Purchasers' representatives and the Initial Purchasers' counsel in connection with the preparation of such Registration Statement and the related Prospectus and have considered the matters required to be stated therein and the statements contained therein, although such counsel has not independently verified the accuracy, completeness or fairness of such statements; and that such counsel advises that, on the basis of the foregoing (relying as to materiality to a large extent upon facts provided to such counsel by officers and other representatives of the Company and without independent check or verification), no facts came to such counsel's attention that caused such counsel to believe that the applicable Registration Statement, at the time such Registration Statement or any post-effective amendment thereto became effective, and, in the case of the Exchange Offer Registration Statement, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or that the Prospectus contained in such Registration Statement as of its date and, in the case of the opinion dated the date of Consummation of the Exchange Offer, as of the date of Consummation, contained an untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Without limiting the foregoing, such counsel may state further that such counsel assumes no responsibility for, and has not independently verified, the accuracy, completeness or fairness of the financial statements, notes and schedules and other

financial data included in any Registration Statement contemplated by this Registration Rights Agreement or the related Prospectus; and

(3) a customary comfort letter, dated as of the date of Consummation of the Exchange Offer or the date of effectiveness of the Shelf Registration Statement, as the case may be, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters by underwriters in connection with primary underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 9(j) of the Purchase Agreement, without exception;

(B) set forth in full or incorporate by reference in the underwriting agreement, if any, the indemnification provisions and procedures of Section 8 hereof with respect to all parties to be indemnified pursuant to said Section; and

(C) deliver such other documents and certificates as may be reasonably requested by such parties to evidence compliance with clause (A) above and with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company pursuant to this clause (xi), if any.

If at any time the representations and warranties of the Company contemplated in clause (A)(1) above cease to be true and correct, the Company shall so advise the Initial Purchasers and the underwriter(s), if any, and each selling Holder promptly and, if requested by such Persons, shall confirm such advice in writing;

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the Holders, the underwriter(s), if any, and their respective counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders or underwriter(s) may request and do any and all other acts or things necessary or advisable to enable the

disposition in such jurisdictions of the Transfer Restricted Securities covered by the Shelf Registration Statement; PROVIDED, HOWEVER, that neither the Company shall not be required to register or qualify as a foreign corporation where it is not now so qualified or to take any action that would subject it to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where it is not now so subject;

(xiii) shall issue, upon the request of any Holder of Initial Securities covered by the Shelf Registration Statement, New Securities, having an aggregate principal amount equal to the aggregate liquidation value of Initial Securities surrendered to the Company by such Holder in exchange therefor or being sold by such Holder; such New Securities to be registered in the name of such Holder or in the name of the purchaser(s) of such Securities, as the case may be; in return, the Initial Securities held by such Holder shall be surrendered to the Company for cancellation;

(xiv) cooperate with the selling Holders and the underwriter(s), if any, to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and enable such Transfer Restricted Securities to be in such denominations and registered in such names as the Holders or the underwriter(s), if any, may request at least two business days prior to any sale of Transfer Restricted Securities made by such underwriter(s);

(xv) use its best efforts to cause the Transfer Restricted Securities covered by the Registration Statement to be registered with or approved by such other governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter(s), if any, to consummate the disposition of such Transfer Restricted Securities, subject to the proviso contained in clause (viii) above;

(xvi) if any fact or event contemplated by clause (c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered

to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading;

(xvii) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of the Registration Statement and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with the Depository Trust Company;

(xviii) cooperate and assist in any filings required to be made with the NASD and in the performance of any due diligence investigation by any underwriter (including any "qualified independent underwriter") that is required to be retained in accordance with the rules and regulations of the NASD, and use its reasonable best efforts to cause such Registration Statement to become effective and approved by such governmental agencies or authorities as may be necessary to enable the Holders selling Transfer Restricted Securities to consummate the disposition of such Transfer Restricted Securities;

(xix) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) for the twelve-month period (A) commencing at the end of any fiscal quarter in which Transfer Restricted Securities are sold to underwriters in a firm or best efforts Underwritten Offering or (B) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement;

(xx) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Registration Rights Agreement, and, in connection therewith, cooperate with the Trustee and the Holders of Securities so as to cause such Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use its best efforts to cause the Trustee to execute, all documents and all other forms

required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner;

(xxi) cause all Transfer Restricted Securities covered by the Registration Statement to be listed on each securities exchange on which similar securities issued by the Company are then listed (if any) if requested by the Holders of a majority in aggregate principal amount of Initial Securities or the managing underwriter(s), if any; and

(xxii) provide promptly to each Holder upon request each document filed with the Commission pursuant to the requirements of Section 13 and Section 15 of the Exchange Act.

Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of any notice from the Company of the existence of any fact of the kind described in Section 6(c)(iii)(D) hereof, such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until such Holder's receipt of the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof, or until it is advised in writing (the "ADVICE") by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus. If so directed by the Company, each Holder will deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in such Holder's possession, of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of such notice. In the event the Company shall give any such notice, the time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by the number of days during the period from and including the date of the giving of such notice pursuant to Section 6(c)(iii)(D) hereof to and including the date when each selling Holder covered by such Registration Statement shall have received the copies of the supplemented or amended Prospectus contemplated by Section 6(c)(xvi) hereof or shall have received the Advice.

SECTION 6. REGISTRATION EXPENSES

(a) All expenses incident to the Company's performance of or compliance with this Registration Rights

Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses (including filings made by any Initial Purchaser or Holder with the NASD (and, if applicable, the fees and expenses of any "qualified independent underwriter" and its counsel that may be required by the rules and regulations of the NASD)); (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Registered Securities to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company, and, subject to Section 6(b) below, the Holders of Transfer Restricted Securities; (v) all application and filing fees in connection with listing Securities on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any annual audit and the fees and expenses of any Person, including special experts, retained by the Company.

(b) In connection with any Registration Statement required by this Registration Rights Agreement, (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel, who shall be Paul, Hastings, Janofsky & Walker LLP or such other counsel as may be chosen by the Holders of a majority in principal amount or aggregate liquidation preference, as the case may be, of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 7. INDEMNIFICATION

(a) The Company agrees to severally indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) any Holder (any of the Persons referred to in this clause (ii) being hereinafter referred to as a "CONTROLLING PERSON") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "INDEMNIFIED HOLDER"), to the fullest extent lawful, from and against any and all losses, claims, damages, liabilities, judgments, actions and expenses (including, without limitation and as incurred, reimbursement of all reasonable costs of investigating, preparing, pursuing or defending any claim or action, or any investigation or proceeding by any governmental agency or body, commenced or threatened, including the reasonable fees and expenses of counsel to any Indemnified Holder) (collectively, the "Losses") directly or indirectly caused by, related to, based upon, arising out of or in connection with any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus (or any amendment or supplement thereto), or any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such Losses are caused by an untrue statement or omission or alleged untrue statement or omission that is made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by any of the Holders expressly for use therein.

In case any action or proceeding (including any governmental or regulatory investigation or proceeding) shall be brought or asserted against any of the Indemnified Holders with respect to which indemnity may be sought against the Company, such Indemnified Holder (or the Indemnified Holder controlled by such controlling person) shall promptly notify the Company in writing (PROVIDED, that, the failure to give such notice shall not relieve the Company of its obligations pursuant to this Registration Rights Agreement). Such Indemnified Holder shall have the right to employ its own counsel in any such action and the fees and expenses of such counsel shall be paid, as incurred, by the Company (regardless of whether it is ultimately determined that an Indemnified Holder is not entitled to indemnification hereunder). The

Company shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel) at any time for such Indemnified Holders, which firm shall be designated by the Holders of a majority of the outstanding principal amount or aggregate liquidation preference amount, as the case may be, of Transfer Restricted Securities. The Company shall be liable for any settlement of any such action or proceeding effected with the Company's prior written consent, which consent shall not be withheld unreasonably, and the Company agrees to indemnify and hold harmless any Indemnified Holder from and against any Loss by reason of any settlement of any action effected with the written consent of the Company. The Company shall not without the prior written consent of each Indemnified Holder, settle or compromise or consent to the entry of judgment in or otherwise seek to terminate any pending or threatened action, claim, litigation or proceeding in respect of which indemnification or contribution may be sought hereunder (whether or not any Indemnified Holder is a party thereto), unless such settlement, compromise, consent or termination includes an unconditional release of each Indemnified Holder from all liability arising out of such action, claim, litigation or proceeding.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company and its directors, officers, and any person controlling (within the meaning of Section 15 of the Act or Section 20 of the Exchange Act) the Company, and the officers, directors, partners, employees, representatives and agents of such person, to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with respect to claims and actions based on information relating to such Holder furnished in writing by such Holder expressly for use in any Registration Statement. In case any action or proceeding shall be brought against the Company or its directors or officers or any such controlling person in respect of which indemnity may be sought against a Holder of Transfer Restricted Securities, such Holder shall have the rights and duties given the Company and the Company or its directors or officers or such controlling person shall have the rights and duties given to each Holder by the preceding paragraph. In no event shall the liability of any Holder hereunder be greater in amount than the dollar amount

of the proceeds received by such Holder upon the sale of the Transfer Restricted securities giving rise to such indemnification obligation.

(c) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under Section 8(a) or Section 7(b) hereof (other than by reason of exceptions provided in those Sections) in respect of any Losses referred to therein, then each applicable indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Holders on the other hand from their sale of Transfer Restricted Securities or if such allocation is not permitted by applicable law, the relative fault of the Company on the one hand and of the Indemnified Holder on the other in connection with the statements or omissions which resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and of the Indemnified Holder on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in the second paragraph of Section 7(a), any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

The Company and each Holder of Transfer Restricted Securities agree that it would not be just and equitable if contribution pursuant to this Section 7(c) were determined by pro rata allocation (even if the Holders were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the

provisions of this Section 7, none of the Holders (and its related Indemnified Holders) shall be required to contribute, in the aggregate, any amount in excess of the amount by which the total discount received by such Holder with respect to the Senior Preferred Stock exceeds the amount of any damages which such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(c) are several in proportion to the respective principal amount of Senior Preferred Stock held by each of the Holders hereunder and not joint.

SECTION 8. RULE 144A

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding, to make available to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities from such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

SECTION 9. PARTICIPATION IN UNDERWRITTEN REGISTRATIONS

No Holder may participate in any Underwritten Registration hereunder unless such Holder (a) agrees to sell such Holder's Transfer Restricted Securities on the basis provided in any underwriting arrangements approved by the Persons entitled hereunder to approve such arrangements and (b) completes and executes all reasonable questionnaires, powers of attorney, indemnities, underwriting agreements, lock-up letters and other documents required under the terms of such underwriting arrangements.

SECTION 10. SELECTION OF UNDERWRITERS

The Holders of Transfer Restricted Securities covered by the Shelf Registration Statement who desire to do so may sell such Transfer Restricted Securities in an Underwritten

Offering. In any such Underwritten Offering, the investment banker or investment bankers and manager or managers that will administer the offering will be selected by the Holders of a majority in aggregate principal amount or aggregate liquidation preference amount, as the case may be, of the Transfer Restricted Securities included in such offering; PROVIDED, that any such investment bankers and managers must be reasonably satisfactory to the Company.

SECTION 11. MISCELLANEOUS

(a) REMEDIES. The Company agrees that monetary damages (including the liquidated damages contemplated hereby) would not be adequate compensation for any loss incurred by reason of a breach by it of the provisions of this Registration Rights Agreement and hereby agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) NO INCONSISTENT AGREEMENTS. The Company will not, on or after the date of this Registration Rights Agreement enter into any agreement with respect to the Securities that is inconsistent with the rights granted to the Holders in this Registration Rights Agreement or otherwise conflicts with the provisions hereof. The Company has not previously entered into any agreement granting any registration rights with respect to the Securities to any Person. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) ADJUSTMENTS AFFECTING THE SECURITIES. The Company will not take any action, or permit any change to occur, with respect to the Securities that would materially and adversely affect the ability of the Holders to consummate any Exchange Offer.

(d) AMENDMENTS AND WAIVERS. The provisions of this Registration Rights Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless the Company has obtained the written consent of Holders of a majority of the outstanding principal amount or aggregate liquidation preference amount, as the case may be, of Transfer Restricted Securities. Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates

exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer may be given by the Holders of a majority of the outstanding principal amount or aggregate liquidation preference amount, as the case may be, of Transfer Restricted Securities being tendered or registered.

(e) NOTICES. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Certificate of Designation or the Indenture, as the case may be, with a copy to the Registrar under the Certificate of Designation or the Indenture, as the case may be; and

(ii) if to the Company:

EchoStar Communications Corporation
90 Inverness Circle East
Englewood, Colorado 80112

Telecopier No.: (303) 799-1675
Attention: David K. Moskowitz, Esq.

With a copy to:

Friedlob Sanderson Raskin
Paulson & Tourtillott, LLC
1400 Glenarm Place, Third Floor
Denver, Colorado 80202

Telecopier No.: (303) 595-3159
Attention: Herrick K. Lidstone, Jr., Esq.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery. Copies of all such notices, demands or other communications shall be concurrently

delivered by the Person giving the same to the Trustee at the address specified in the Certificate of Designation or the Indenture, as the case may be.

(f) SUCCESSIONS AND ASSIGNS. This Registration Rights Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; PROVIDED, that this Registration Rights Agreement shall not inure to the benefit of or be binding upon a successor or assign of a Holder unless and to the extent such successor or assign acquired Transfer Restricted Securities from such Holder.

(g) COUNTERPARTS. This Registration Rights Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) HEADINGS. The headings in this Registration Rights Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) GOVERNING LAW. THIS REGISTRATION RIGHTS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF.

(j) SEVERABILITY. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) ENTIRE AGREEMENT. This Registration Rights Agreement together with the other Operative Documents (as defined in the Purchase Agreement) is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted by the Company with respect to the Transfer Restricted Securities. This Registration Rights Agreement supersedes all

prior agreements and understandings between the parties with respect to such subject matter.

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IN WITNESS WHEREOF, the parties have executed this Registration Rights Agreement as of the date first written above.

ECHOSTAR COMMUNICATIONS CORPORATION

By: _____
Name: David K. Moskowitz
Title: Senior Vice President,
General Counsel and
Secretary

DONALDSON, LUFKIN & JENRETTE SECURITIES CORPORATION
Acting severally on behalf of themselves
and the Initial Purchasers named above.

By: _____
Name:
Title:

ECHOSTAR COMMUNICATIONS CORPORATION
CERTIFICATE OF DESIGNATION

ESTABLISHING THE

VOTING POWERS, DESIGNATIONS, PREFERENCES, LIMITATIONS,
RESTRICTIONS, AND RELATIVE RIGHTS OF

% SERIES C CUMULATIVE CONVERTIBLE PREFERRED STOCK

pursuant to Section 78.1955 of the
General Corporation Law of Nevada

Each of Charles W. Ergen, President, and David K. Moskowitz, the Senior Vice President, General Counsel and Secretary of EchoStar Communications Corporation (the "Issuer"), a corporation organized and existing under the General Corporation Law of the State of Nevada, does hereby certify that pursuant to authority conferred upon the Board of Directors of the Issuer by its Articles of Incorporation and pursuant to the provisions of Section 78.1955 of the General Corporation Law of the State of Nevada, the Board of Directors, on October 27, 1997, adopted the following resolution establishing the Issuer's ___% Series C Cumulative Convertible Preferred Stock, which resolution remains in full force and effect. Certain capitalized terms used herein are defined in Article 11.

RESOLVED, that pursuant to the authority vested in the Board of Directors of the Corporation by the Articles of Incorporation, the Board of Directors does hereby provide for the issue of a series of Preferred Stock, \$0.01 par value, of the Corporation, to be designated "___% Series C Cumulative Convertible Preferred Stock" (referred to herein as the "Series C Preferred Stock"), having the number of shares and, to the extent that the

designations, powers, preferences and relative and other special rights and the qualifications, limitations and restrictions of such Series C Preferred Stock are not stated and expressed in the Articles of Incorporation, the powers, preferences and relative and other special rights and the qualifications, limitations and restrictions thereof, as follows:

1 DESIGNATION AND NUMBER OF SHARES

1.1 The series will be known as the ____% Series C Cumulative Convertible Preferred Stock.

1.2 The Series C Preferred Stock will be a series consisting of 2,300,000 shares of the authorized but unissued preferred stock of this corporation (the "Issuer").

2 DIVIDENDS

2.1 Holders of Series C Preferred Stock will be entitled to receive, when, as and if declared by the Board of Directors, out of funds legally available therefor, dividends on the Series C Preferred Stock at a rate per annum equal to _____% of the liquidation preference per share.

(a) All dividends will be cumulative, whether or not earned or declared, on a quarterly basis on _____, _____, _____, and _____ of each year, commencing _____, 2000 (each such date being referred to herein as a "Dividend Payment Date"). Each distribution in the form of a dividend shall be payable in arrears to Holders of record as they appear on the stock books of the Issuer on each record date as established by the Board of Directors of the Issuer (the "Dividend Payment Record Date") not more than 60 nor less than ten days preceding a Dividend Payment Date.

(i) Dividends payable on the Series C Preferred Stock for each full dividend period will be computed by dividing the annual dividend rate by four. Dividends payable on the Series C Preferred Stock for any period less than a full dividend period will be computed on the basis of a 360-day year consisting of twelve 30-day months.

(ii) The Series C Preferred Stock will not be entitled to any dividend whether payable in cash, property or securities, in excess of the full cumulative dividends.

(iii) No interest, or sum of money in lieu of interest, will be payable in respect of any accumulated and unpaid dividends.

(b) Dividends, to the extent declared by the Issuer's Board of Directors, may, at the option of the Issuer, be paid in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock, or a combination thereof. If the Issuer elects to pay dividends in shares of Class A Common Stock, the number of shares of Class A Common Stock to be distributed will be calculated by dividing such payment by 95% of the Market Value as of the Dividend Payment Record Date.

2.2 (a) Subject to this Section 2.2, no full dividends may be declared or paid or funds set apart for the payment of dividends on any Parity Securities for any period unless:

(i) full cumulative dividends on the Series C Preferred Stock shall have been or contemporaneously are declared and paid in full through the immediately preceding Dividend Payment Date, and

(ii) if the dividend on the Parity Securities is declared as payable in cash, a sum in cash is set apart for the next succeeding payment on the Series C Preferred Stock at the next succeeding Dividend Payment Date.

If full dividends are not so paid, the Series C Preferred Stock will share dividends pro rata with any Parity Securities.

(b) No dividends may be paid or set apart for payment on Parity Securities or Junior Securities, except dividends:

(i) on Junior Securities payable in additional shares of Junior Securities, and

(ii) on Parity Securities payable in additional shares of Parity Securities or Junior Securities,

provided, however, that, notwithstanding the provisions of Sections 2.2(a)(ii), 2.2(b)(i) and 2.2(b)(ii), whether or not full dividends have been or will be paid in cash on the shares of the Series C Preferred Stock, the Issuer shall be entitled to declare and pay cash dividends on Parity Securities and Junior Securities to the extent that

(1) the funds for such cash dividend payments are derived, directly or indirectly, from the proceeds of an offering of Parity Securities or Junior Securities with respect to which such cash dividends are to be paid (or a concurrent offering of related securities), and

(2) provided that in connection with such offering it is disclosed to the purchasers of such Parity Securities or Junior Securities, as the case may be, in an offering memorandum, prospectus, or similar communication, that a portion of the proceeds thereof may be used for the payment of cash dividends on such securities (any transaction in which the Issuer obtains the right to make cash dividend payments on Parity Securities or Junior Securities pursuant to Clauses 2.2(b)(1) and 2.2(b)(2) being referred to as a "Self-Funding Event").

(c) No Junior Securities or Parity Securities may be repurchased, redeemed or otherwise retired nor may funds be set apart for payment with respect thereto if full cumulative and unpaid dividends have not been paid in cash on the Series C Preferred Stock through the immediately preceding Dividend Payment Date or contemporaneously provided for; provided that, notwithstanding the foregoing:

(i) cash dividends may be paid on Parity Securities and Junior Securities to the extent permitted by Section 2.2(b), and

(ii) the Issuer may repurchase, redeem or otherwise retire or set aside funds for those purposes with respect to any Parity Securities or Junior Securities in exchange for or out of the net proceeds of the substantially concurrent sale (other than to a Subsidiary of the Issuer) of other Parity Securities or Junior Securities, as the case may be, of the Issuer.

(d) Reserved.

(e) Notwithstanding the foregoing, if full dividends have not been declared and paid or set apart on the Series C Preferred Stock and any other Parity Securities, dividends may be declared and paid on the Series C Preferred Stock and such other Parity Securities so long as the dividends are declared and paid PRO RATA so that the amounts of dividends declared per share on the Series C Preferred Stock and such other Parity Securities will in all cases bear to each other the same ratio that accrued and unpaid dividends per share on the shares of the Series C Preferred Stock and such other Parity Securities bear to each other; provided, that if such dividends are paid in cash on the other Parity Securities, dividends will also be paid in cash on the Series C Preferred Stock.

(f) (i) Except as provided in Clause (ii) of this Section 2.2(f), the Holders of shares of the Series C Preferred Stock at the close of business on a Dividend Payment Record Date will be entitled to receive the dividend payment on those shares on the corresponding Dividend Payment Date notwithstanding the subsequent conversion thereof or the Issuer's default in payment of the dividend due on that Dividend Payment

Date. (ii) Holders of shares called for redemption on a Redemption Date which falls between the Dividend Payment Record Date and the Dividend Payment Date will be entitled to receive such dividend on such Redemption Date and will not be entitled to such payment pursuant to Clause (i) hereof. (iii) Except as provided in Clauses (i) and (ii) of this Section 2.2(f), the Issuer shall make no payment or allowance for unpaid dividends, whether or not in arrears, on converted shares or for dividends on the shares of Class A Common Stock issued upon conversion.

3 RANKING

3.1 The Series C Preferred Stock will, with respect to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer, rank:

(a) senior to all classes of Common Stock and (except as described in Sections 3.3 and 3.4, below) to each series of preferred stock existing on the date of this Certificate of Designation and each other class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation, the terms of which do not expressly provide that such class or series will rank senior to or on a parity with the Series C Preferred Stock as to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer (collectively, with the Common Stock, referred to as the "Junior Securities");

(b) subject to certain conditions, on a parity with any class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation by the Board of Directors, the terms of which expressly provide that such class or series will rank on a parity with the Series C Preferred Stock as to dividend distributions and distributions upon the liquidation, winding-up or dissolution of the Issuer (collectively with the Series A Preferred Stock, referred to as "Parity Securities"); and

(c) subject to certain conditions, junior to each class of capital stock or series of preferred stock issued by the Issuer, which is established after the date of this Certificate of Designation by the Board of Directors, the terms of which expressly provide that such class or series will rank senior to the Series C Preferred Stock as to dividend distributions and distributions upon liquidation, winding-up or dissolution of the Issuer including (without limitation) the Series B Preferred Stock (collectively referred to as "Senior Securities").

3.2 Except as otherwise provided herein (including, without limitation Section 8.3 hereof), the Issuer is entitled to amend its articles of incorporation to authorize one or more additional series of preferred stock, file certificates of designation, and issue without restriction, from time to time, any series of Junior Securities, Parity Securities or Senior Securities.

3.3 The Issuer's Series A Preferred Stock is hereby designated a Parity Security.

3.4 The Issuer's Series B Preferred Stock is hereby designated a Senior Security.

4 CONVERSION.

4.1(a) Each Holder of Series C Preferred Stock shall have the right, at its option, at any time and from time to time to convert, subject to the terms and provisions of this Section 4, any or all of such Holder's shares of Series C Preferred Stock. In such case, the shares of Series C Preferred Stock shall be converted into such number of fully paid and nonassessable shares of Class A Common Stock as is equal, subject to Section 4.6, to:

THE PRODUCT of the number of shares of Series C Preferred Stock being so converted MULTIPLIED BY

THE QUOTIENT OF (i) the Liquidation Preference DIVIDED BY (ii) the Conversion Price then in effect,

except that with respect to any share which shall be called for redemption such right shall terminate at the close of business on the second Business Day preceding the Redemption Date unless the Issuer shall default in making the payment due upon redemption thereof.

(b) The conversion right of a Holder of Series C Preferred Stock shall be exercised by the Holder by the surrender of the certificates representing shares to be converted to the Issuer or to the Transfer Agent accompanied by the Conversion Notice.

(i) Immediately prior to the close of business on the Conversion Date, each converting Holder of Series C Preferred Stock shall be deemed to be the Holder of record of Class A Common Stock issuable upon conversion of such Holder's Series C Preferred Stock notwithstanding that the share register of the Issuer shall then be closed or that certificates representing such Class A Common Stock shall not then be actually delivered to such person.

(ii) Upon notice from the Issuer, each Holder of Series C Preferred Stock so converted shall promptly surrender to the Issuer or the Transfer Agent certificates representing the shares so converted (if not previously delivered), duly endorsed in blank or accompanied by proper instruments of transfer.

(iii) On any Conversion Date, all rights with respect to the shares of Series C Preferred Stock so converted, including the rights, if any, to receive notices, will terminate, except the rights of Holders thereof to: (1) receive certificates for the number of shares of Class A Common Stock into which such shares of Series C Preferred Stock have been converted; (2) the payment in cash or shares of Class A Common Stock of any accumulated and unpaid dividends accrued thereon pursuant to Section 4.2 hereof; and (3) exercise the rights to which they are entitled as Holders of Class A Common Stock.

(c) If the Conversion Date shall not be a Business Day, then such conversion right shall be deemed exercised on the next Business Day.

4.2 When shares of Series C Preferred Stock are converted pursuant to this Section 4, all accumulated and unpaid dividends (whether or not declared or currently payable) on the Series C Preferred Stock so converted to (and not including) the Conversion Date shall be due and payable, at the Issuer's option,

(a) in cash;

(b) in a number of fully paid and nonassessable shares of Class A Common Stock equal to the quotient of (i) the amount of accumulated and unpaid dividends payable to the Holders of Series C Preferred Stock hereunder, DIVIDED BY (ii) 95% of the Market Value for the period ending on the Conversion Date; or

(c) a combination thereof.

4.3 The Conversion Price shall be subject to adjustment if any Conversion Price Adjustment Event described in Section 4.3(a) occurs. The adjustment will be accomplished from time to time as described in Section 4.3(b).

(a) In case the Issuer shall at any time or from time to time:

(i) make a redemption payment or pay a dividend (or other distribution) payable in shares of Class A Common Stock to all Holders of any class of Capital Stock of the Issuer (other than the issuance of shares of Class A Common Stock

in connection with the payment in redemption for, of dividends on, or the conversion of the Series C Preferred Stock);

(ii) make any issuance to all Holders of shares of Common Stock of rights, options or warrants entitling them to subscribe for or purchase shares of Common Stock or securities convertible into or exchangeable for shares of Common Stock at less than Market Value as of the date of conversion or exchange; PROVIDED, HOWEVER, that no adjustment shall be made with respect to such a distribution to the extent the Holder of shares of Series C Preferred Stock would be entitled to receive such rights, option or warrants upon conversion at any time of shares of Series C Preferred Stock into Class A Common Stock and PROVIDED FURTHER that if such options or warrants are only exercisable upon the occurrence of certain triggering events, then the Conversion Price will not be adjusted until such triggering events occur,

(iii) any subdivision, combination or reclassification of any class of Common Stock,

(iv) any distribution consisting exclusively of cash (excluding any cash distributed upon a merger or consolidation to which Section 4.5 applies) to all Holders of shares of any class of Common Stock (which distribution is not also being made to the holders of the Series C Preferred Stock based on the number of shares of Class A Common Stock into which the Series C Preferred Stock is then convertible unless the Class A Common Stock does not share PRO RATA in such distribution) in an aggregate amount that, combined together with (1) all other such all-cash distributions made within the then-preceding 12-months in respect of which no adjustment has been made and (2) any cash and the fair market value of other consideration paid or payable in respect of any tender offer by the Issuer or any of its Subsidiaries for shares of any class of Common Stock concluded within the then-preceding 12-months in respect of which no adjustment has been made, exceeds 15% of the Issuer's Market Capitalization on the record date of such distribution,

(v) the completion of a tender or exchange offer made by the Issuer or any of its Subsidiaries for shares of any class of Common Stock that involves an aggregate consideration that, together with (1) any cash and other consideration payable in a tender or exchange offer by the Issuer or any of its Subsidiaries for shares of any class of Common Stock expiring within the then-preceding 12-months in respect of which no adjustment has been made and (2) the aggregate amount of any such all-cash distributions referred to in (iv) above to all Holders of shares of

any class of Common Stock within the then-preceding 12-months in respect of which no adjustments have been made, exceeds 15% of the Issuer's Market Capitalization just prior to the expiration of such tender offer, or

(vi) a distribution to all Holders of any class of Common Stock (which distribution is not also being made to the holders of the Series C Preferred Stock based on the number of shares of Class A Common Stock into which the Series C Preferred Stock is then convertible unless the Class A Common Stock does not share PRO RATA in such distribution) consisting of evidences of indebtedness, shares of capital stock other than Common Stock of EchoStar or assets (including securities, but excluding those dividends, rights, options, warrants and distributions referred to above).

(b) If any Conversion Price Adjustment Event occurs, the Issuer will calculate the adjustment to the Conversion Price as follows for each specific event. In the following descriptions, the variables have the following definitions:

- C EQUALS THE TOTAL NUMBER OF SHARES OF SERIES C PREFERRED STOCK OUTSTANDING AT THE TIME OF THE CONVERSION PRICE ADJUSTMENT EVENT;
- U EQUALS THE NUMBER OF SHARES OF COMMON STOCK UNDERLYING RIGHTS, OPTIONS, OR WARRANTS ISSUED ENTITLING THE HOLDERS TO SUBSCRIBE FOR OR PURCHASE SHARES OF COMMON STOCK OR SECURITIES CONVERTIBLE INTO OR EXCHANGEABLE FOR SHARES OF COMMON STOCK ISSUED IN THE CONVERSION PRICE ADJUSTMENT EVENT;
- X EQUALS THE TOTAL NUMBER OF SHARES OF CLASS A COMMON STOCK OUTSTANDING IMMEDIATELY PRIOR TO THE CONVERSION PRICE ADJUSTMENT EVENT (NOT INCLUDING UNEXERCISED OPTIONS, WARRANTS, OR RIGHTS);
- Y EQUALS THE TOTAL NUMBER OF SHARES OF CLASS A COMMON STOCK OUTSTANDING IMMEDIATELY AFTER THE CONVERSION PRICE ADJUSTMENT EVENT (NOT INCLUDING UNEXERCISED OPTIONS, WARRANTS, OR RIGHTS);
- Z EQUALS THE TOTAL NUMBER OF SHARES OF COMMON STOCK OUTSTANDING AT THE TIME OF THE CONVERSION PRICE ADJUSTMENT EVENT.
- CASH EQUALS ANY DISTRIBUTION CONSISTING EXCLUSIVELY OF CASH (EXCLUDING ANY CASH DISTRIBUTED UPON A MERGER OR CONSOLIDATION TO WHICH SECTION 4.5 APPLIES) TO ALL HOLDERS OF SHARES OF ANY CLASS OF COMMON STOCK IN AN AGGREGATE AMOUNT THAT, COMBINED TOGETHER WITH (1) ALL OTHER SUCH ALL-CASH DISTRIBUTIONS MADE WITHIN THE

THEN-PRECEDING 12-MONTHS IN RESPECT OF WHICH NO ADJUSTMENT HAS BEEN MADE AND (2) ANY CASH AND THE FAIR MARKET VALUE OF OTHER CONSIDERATION PAID OR PAYABLE IN RESPECT OF ANY TENDER OFFER BY THE ISSUER OR ANY OF ITS SUBSIDIARIES FOR SHARES OF ANY CLASS OF COMMON STOCK CONCLUDED WITHIN THE THEN-PRECEDING 12-MONTHS IN RESPECT OF WHICH NO ADJUSTMENT HAS BEEN MADE PURSUANT TO SECTION 4.3(A)(IV);

EXP EQUALS THE EXERCISE PRICE OR OTHER CONSIDERATION TO BE PAID BY THE HOLDER UPON THE EXERCISE OF OR CONVERSION OF "U";

MC EQUALS MARKET CAPITALIZATION;

MV EQUALS MARKET VALUE PER SHARE OF THE CLASS A COMMON STOCK OR THE FAIR MARKET VALUE OF THE CLASS B COMMON STOCK OR CLASS C COMMON STOCK (AS THE LATTER MAY BE DETERMINED IN GOOD FAITH BY THE BOARD OF DIRECTORS OF THE ISSUER) AS OF THE DATE OF CONVERSION OR EXCHANGE OF "U";

#SH EQUALS THE NUMBER OF SHARES IN THE CLASS OF COMMON STOCK RECEIVING THE DISTRIBUTION CONTEMPLATED IN SECTION 4.3(A)(VI) OR SUBJECT TO THE TENDER OFFER CONTEMPLATED IN SECTION 4.3(A)(V);

TOFF EQUALS THE AGGREGATE CONSIDERATION THAT, TOGETHER WITH (1) ANY CASH AND OTHER CONSIDERATION PAYABLE IN A TENDER OR EXCHANGE OFFER BY THE ISSUER OR ANY OF ITS SUBSIDIARIES FOR SHARES OF ANY CLASS OF COMMON STOCK EXPIRING WITHIN THE THEN-PRECEDING 12-MONTHS IN RESPECT OF WHICH NO ADJUSTMENT HAS BEEN MADE AND (2) THE AGGREGATE AMOUNT OF ANY SUCH ALL-CASH DISTRIBUTIONS REFERRED TO IN SECTION 4.3(A)(IV) TO ALL HOLDERS OF SHARES OF ANY CLASS OF COMMON STOCK WITHIN THE THEN-PRECEDING 12-MONTHS IN RESPECT OF WHICH NO ADJUSTMENTS HAVE BEEN MADE;

TOFF/S EQUALS THE TENDER OFFER PRICE, PER SHARE;

TPUR EQUALS THE NUMBER OF SHARES PURCHASED IN THE TENDER OFFER;

VALUE EQUALS THE AGGREGATE FAIR MARKET VALUE OF THE DISTRIBUTION DESCRIBED IN SECTION 4.3(A)(VI), AS DETERMINED IN GOOD FAITH BY THE BOARD OF DIRECTORS OF THE ISSUER.

CP EQUALS THE CONVERSION PRICE IMMEDIATELY PRIOR TO THE CONVERSION PRICE ADJUSTMENT EVENT;

ACP EQUALS THE CONVERSION PRICE IMMEDIATELY AFTER THE CONVERSION PRICE ADJUSTMENT EVENT;

(i) In the case of an event described in Sections 4.3(a)(i) or 4.3(a)(iii), the Conversion Price in effect immediately before such event shall be adjusted pursuant to the following formula: X/Y MULTIPLIED BY $CP=ACP.(1)$

(ii) In the case of an event described in Section 4.3(a)(ii), the Conversion Price in effect immediately before such event shall be adjusted pursuant to the following formula: $X/(X+U((MV-Exp)/MV))$ MULTIPLIED BY $CP=ACP.(2)$ If any options, warrants, convertible securities, or other rights of the nature described in Section 4.3(a)(ii) ("Rights") expire without exercise or conversion, the Conversion Price will be readjusted to the Conversion Price which would otherwise be in effect had the adjustment made upon the issuance of such Rights been made on the basis of delivery of only the number of shares of Common Stock actually delivered upon the exercise or conversion of such Rights.

(iii) In the case of an event described in Section 4.3(a)(iv), the Conversion Price in effect immediately before such event shall be adjusted pursuant to the following formula: $CP-((Cash-15\%MC)/C)=ACP.(3)$

There will be no adjustment to the Conversion Price pursuant to Clause 4.3(a)(iv) if $(Cash-15\% MC)$ is less than or equal to zero.

(iv) In the case of an event described in Section 4.3(a)(v), and if the tender offer price or exchange offer price per share is greater than Market Value, the Conversion Price in effect immediately before such event shall be adjusted

1. For example, where $X=12$ million shares, and 500,000 shares are being issued in the Conversion Price Adjustment Event ($Y=12,500,000$), and CP is \$32.00, the Adjusted Conversion Price (ACP) is \$30.72.

2. For example, where $X=12$ million shares, and $U=500,000$ shares, MV is \$40, Exp is \$35, and CP is \$32.00, the Adjusted Conversion Price (ACP) is \$31.83. If Exp is \$0, the Adjusted Conversion Price (ACP) is \$30.72.

3. For example, where Cash distributed equals \$20,000,000, Market Capitalization equals \$100,000,000 ($15\%MC=\$15,000,000$), CP equals \$32.00 and there are 2,000,000 shares of Series C Preferred Stock outstanding (C), the Adjusted Conversion Price (ACP) is \$29.50.

pursuant to the following formula: $CP - ((TPur \text{ MULTIPLIED BY } (TOff/S - MV)) / (\#SH - TPur)) = ACP.$ (4)

There will be no adjustment to the Conversion Price pursuant to Clause 4.3(a)(v) if TOff/S is less than or equal to Market Value or if TPur MULTIPLIED BY TOff/S is less than 15% MC.

(v) In the case of an event described in Section 4.3(a)(vi), the Conversion Price in effect immediately before such event shall be adjusted pursuant to the following formula: $CP - (Value / \#SH) = ACP.$ (5)

An adjustment made pursuant to this Section 4.3 shall become effective: (x) in the case of a Conversion Price Adjustment Event described in Section 4.3(a)(i), (ii), (iv) or (vi), immediately following the close of business on the record date for the determination of Holders of Common Stock entitled to participate in such event; or (y) in the case of a Conversion Price Adjustment Event described in Section 4.3(a)(iii), the close of business on the day upon which such corporate action becomes effective; or (z) in the case of a Conversion Price Adjustment Event described in Section 4.3(a)(v), the close of business on the day of the completion of such tender offer or exchange offer.

(c) Notwithstanding anything herein to the contrary, no adjustment under this Section 4.3 need be made to the Conversion Price unless such adjustment would require an increase or decrease of at least 1% of the Conversion Price then in effect. Any lesser adjustment shall be carried forward and shall be made at the time, if ever, of and together with the next subsequent adjustment, which, together with any adjustment or adjustments so carried forward, shall amount to an increase or decrease of at least 1% of such Conversion Price.

(d) Notwithstanding anything to the contrary contained in this Certificate of Designation, no Conversion Price adjustment will be made as a result of the issuance of Class A Common Stock on conversion of the Series A Preferred Stock, Series C Preferred Stock, or the Class B Common Stock.

4. For example, where TOff/S is \$45.00 at a time when MV is \$35, CP equals \$32.00, 1,000,000 shares were purchased in the tender offer (TPur), and there were 12,000,000 shares of the class outstanding (#SH), the Adjusted Conversion Price (ACP) is \$31.09.

5. For example, where CP is \$32.00, Value equals \$1,500,000, and there were 12,000,000 shares of the class outstanding (#SH), ACP is \$31.875.

(e) Each event requiring adjustment to the Conversion Price shall require only a single adjustment even though more than one of the adjustment clauses set forth in Section 4.3(a), Section 4.4, or Section 4.5, may be applicable to such Conversion Price Adjustment Event.

(f) If the Issuer shall take a record of the Holders of any class of its Capital Stock for the purpose of entitling them to receive a dividend or other distribution which would otherwise constitute a Conversion Price Adjustment Event, and shall thereafter and before the distribution to stockholders thereof legally abandon its plan to pay or deliver such dividend or distribution, then thereafter no adjustment in the Conversion Price then in effect shall be required by reason of the taking of such record.

(g) Upon any increase or decrease in the Conversion Price, then, and in each such case, the Issuer promptly shall deliver to each registered Holder of Series C Preferred Stock a certificate signed by an authorized officer of the Issuer, setting forth in reasonable detail the event requiring the adjustment and the method by which such adjustment was calculated and specifying the increased or decreased Conversion Price then in effect following such adjustment.

(h) The Issuer reserves the right to make such reductions in the Conversion Price in addition to those required in the foregoing provisions as it considers to be advisable in order that any event treated for Federal income tax purposes as a dividend of stock or stock rights will not be taxable to the recipients. In the event the Issuer elects to make such a reduction in the Conversion Price, the Issuer will comply with the requirements of Rule 14e-1 under the 1934 Act, and any other securities laws and regulations thereunder if and to the extent that such laws and regulations are applicable in connection with the reduction of the Conversion Price.

4.4 In the event the Issuer distributes rights or warrants (other than those referred to in Section 4.3(a)(ii)) pro rata to all Holders of shares of any class of Common Stock, so long as any such rights or warrants have not expired or been redeemed by the Issuer, the Holder of any Series C Preferred Stock surrendered for conversion will, in the discretion of the Issuer and subject to the last paragraph of this Section 4.4, be entitled to receive upon such conversion, in addition to the shares of Common Stock then issuable upon such conversion (the "Conversion Shares"), a number of rights or warrants to be determined as follows:

(a) if such conversion occurs on or prior to the date for the distribution to the Holders of rights or warrants of separate certificates evidencing such rights or warrants (the "Distribution Date"), the same number of rights or warrants to which a Holder of a

number of shares of Common Stock equal to the number of Conversion Shares is entitled at the time of such conversion in accordance with the terms and provisions applicable to the rights or warrants, and

(b) if such conversion occurs after such Distribution Date, the same number of rights or warrants to which a Holder of the number of shares of common stock of EchoStar into which such Series C Preferred Stock was convertible immediately prior to such Distribution Date would have been entitled on such Distribution Date in accordance with the terms and provisions of and applicable to the rights or warrants.

In the event the Holders of the Series C Preferred Stock are not entitled to receive such rights or warrants pursuant to Section 4.4(a) or 4.4(b), the Conversion Price will be subject to adjustment upon any declaration or distribution of such rights or warrants pursuant to Section 4.3, above.

4.5(a) In case of:

(i) any capital reorganization or reclassification or other change of outstanding shares of Class A Common Stock (other than a change in par value, or from par value to no par value, or from no par value to par value), or

(ii) any consolidation or merger of the Issuer with or into another Person (other than a consolidation or merger in which the Issuer is the resulting or surviving Person and which does not result in any reclassification or change of outstanding Class A Common Stock), or

(iii) any sale or other disposition to another Person of all or substantially all of the assets of the Issuer (other than the sale, transfer, assignment or distribution of shares of capital stock or assets to a Subsidiary)

(any of the events described in Section 4.5(a) being referred to in this Section 4.5 as a "Transaction"), then the adjustment described in Section 4.5(b) will be made.

(b) Each share of Series C Preferred Stock then outstanding shall, without the consent of any Holder of Series C Preferred Stock, become convertible only into the kind and amount of shares of stock or other securities (of the Issuer or another issuer) or property or cash receivable upon such Transaction by a Holder of the number of shares of Class A Common Stock into which such share of Series C Preferred Stock could have been converted immediately prior to such Transaction after giving effect to any adjustment event.

(c) The provisions of this Section 4.5 and any equivalent thereof in any such certificate similarly shall apply to successive Transactions. The provisions of this Section 4.5 shall be the sole right of Holders of Series C Preferred Stock in connection with any Transaction and such Holders shall have no separate vote thereon.

4.6 In the case of any distribution by the Issuer to its stockholders of substantially all of its assets, each Holder of Series C Preferred Stock will participate PRO RATA in such distribution based on the number of shares of Class A Common Stock into which such Holders' shares of Series C Preferred Stock would have been convertible immediately prior to such distribution.

4.7 If, as a result of any Conversion Price Adjustment Event, a Holder of the Series C Preferred Stock becomes entitled to receive upon conversion shares of two or more classes of Capital Stock, the Issuer shall determine the reasonable allocation of the adjusted Conversion Price between the classes of Capital Stock. After such allocation, the Conversion Price of each class of Capital Stock shall thereafter be subject to adjustment on terms comparable to the Series C Preferred Stock in this Article 4.

4.8 The Issuer shall at all times reserve and keep available for issuance upon the conversion of the Series C Preferred Stock, such number of its authorized but unissued shares of Class A Common Stock as will from time to time be sufficient to permit the conversion of all outstanding shares of Series C Preferred Stock, and shall take all action required to increase the authorized number of shares of Class A Common Stock if at any time there shall be insufficient authorized but unissued shares of Class A Common Stock to permit such reservation or to permit the conversion of all outstanding shares of Series C Preferred Stock.

4.9 The issuance or delivery of certificates for Class A Common Stock upon the conversion of shares of Series C Preferred Stock shall be made without charge to the converting Holder of shares of Series C Preferred Stock for such certificates or for any tax in respect of the issuance or delivery of such certificates or the securities represented thereby, and such certificates shall be issued or delivered in the respective names of, or in such names as may be directed by, the Holders of the shares of Series C Preferred Stock converted; PROVIDED, HOWEVER, that the Issuer shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any such certificate in a name other than that of the Holder of the shares of Series C Preferred Stock converted, and the Issuer shall not be required to issue or deliver such certificate unless or until the Person or Persons requesting the issuance or delivery thereof shall have paid to the Issuer the amount of such tax or shall have established to the reasonable satisfaction of the Issuer that such tax has been paid.

5 OPTIONAL REDEMPTION OF SERIES C PREFERRED STOCK

5.1 (a) Shares of the Series C Preferred Stock will not be redeemable prior to _____, 2000.

(b) After _____, 2000, the Series C Preferred Stock may be redeemed, in whole or in part, at the option of the Issuer, in cash, by delivery of fully paid and nonassessable shares of Class A Common Stock or a combination thereof, upon not less than 20 days' notice nor more than 60 days' notice, during the twelve-month periods commencing on _____ of the years indicated below, at the following Redemption Prices per share, plus in each case all accumulated and unpaid dividends to the Redemption Date:

YEAR	REDEMPTION ----- PRICE PER SHARE -----
2000.....	\$
2001.....	\$
2002.....	\$
2003.....	\$
2004 and thereafter.....	\$50.000

(c) In the event that fewer than all the outstanding shares of the Series C Preferred Stock are to be redeemed, the shares to be redeemed will be determined pro rata or by lot.

(d) If the Issuer elects to pay the Redemption Price in shares of Class A Common Stock, the number of shares of Class A Common Stock to be distributed will be calculated by dividing the aggregate Redemption Price payable to any Holder by 95% of the Market Value as of the Redemption Notice Date.

(e) From and after the applicable Redemption Date (unless the Issuer shall be in default of payment of the Redemption Price), dividends on the shares of the Series C Preferred Stock to be redeemed on such Redemption Date shall cease to accumulate, such shares shall no longer be deemed to be outstanding, and all rights of the Holders thereof as stockholders of the Issuer (except the right to receive the Redemption Price) will cease.

5.2 If any dividends on the Series C Preferred Stock are in arrears, no shares of the Series C Preferred Stock will be redeemed unless all outstanding shares of the Series C Preferred Stock are simultaneously redeemed.

5.3 In the event the Issuer shall elect to redeem shares of the Series C Preferred Stock pursuant to Section 5.1 hereof, the Issuer must provide the Holders with the Redemption Notice as described in Section 5.1(b), and:

(a) (i) On or before any Redemption Date, each Holder of shares of Series C Preferred Stock to be redeemed shall surrender the certificate or certificates representing such shares of Series C Preferred Stock (properly endorsed or assigned for transfer, if the Issuer shall so require and the Redemption Notice shall so state), to the Issuer or the Redemption Agent (if appointed) in the manner and at the place designated in the Redemption Notice.

(ii) On the first Business Day following the Redemption Date, the Issuer or the Redemption Agent, as applicable, shall pay or deliver to the Holder, whose name appears on such certificate or certificates as the owner thereof, the full Redemption Price due such Holder in cash, in fully paid and nonassessable shares of Class A Common Stock or in a combination thereof.

(iii) The shares represented by each certificate to be surrendered shall be automatically (and without any further action of the Issuer or the Holder) canceled as of the Redemption Date whether or not certificates for such shares are returned to the Issuer and returned to authorized but unissued shares of preferred stock of no series.

(iv) If fewer than all the shares represented by any such certificate are to be redeemed, a new certificate shall be issued representing the unredeemed shares, without costs to the Holder, together with the amount of cash, if any, in lieu of fractional shares to the extent the Issuer is legally and contractually entitled to pay cash for said fractional shares. If the Issuer is not entitled to pay cash for fractional shares, it shall pay cash to the Holder for the fractional shares when it becomes legally and contractually able to pay such cash.

(b) If a Redemption Notice shall have been given as provided in Section 5.1, dividends on the shares of Series C Preferred Stock so called for redemption shall cease to accrue, such shares shall no longer be deemed to be outstanding, and all rights of the Holders thereof as stockholders of the Issuer with respect to shares so called for redemption (except for the right to receive from the Issuer the Redemption Price) shall

cease (excluding any right to receive the dividend payment on shares called for redemption whether the Redemption Date falls between the Dividend Payment Record Date and the Dividend Payment Date) either (i) from and after the Redemption Date (unless the Issuer shall default in the payment of the Redemption Price, in which case such rights shall not terminate at such time and date) or (ii) if the Issuer shall so elect and state in the Redemption Notice, from and after the time and date (which date shall be the Redemption Date or an earlier date not less than 20 days after the date of mailing of the Redemption Notice) on which the Issuer shall irrevocably deposit in trust for the Holders of the shares to be redeemed with a designated Redemption Agent as paying agent sufficient to pay at the office of such paying agent, on the Redemption Date, the Redemption Price. Any money or shares of Class A Common Stock so deposited with such Redemption Agent which shall not be required for such redemption shall be returned to the Issuer forthwith. Subject to applicable escheat laws, any moneys or shares of Class A Common Stock so set aside by the Issuer and unclaimed at the end of one year from the Redemption Date shall revert to the general funds of the Issuer, after which reversion the Holders of such shares so called for redemption shall look only to the general funds of the Issuer for the payment of the Redemption Price without interest. Any interest accrued on funds held by the Redemption Agent shall be paid to the Issuer from time to time.

(c) In the event that fewer than all the outstanding shares of the Series C Preferred Stock are to be redeemed, the shares to be redeemed shall be determined pro rata or by lot, as determined by the Issuer, except that the Issuer may redeem such shares held by any Holder of fewer than 100 shares (or shares held by Holders who would hold fewer than 100 shares as a result of such redemption), as may be determined by the Issuer.

(d) If any Holder whose shares of Series C Preferred Stock are called for redemption pursuant to this Article 5 fails to surrender the certificate representing such shares (or fails to arrange for the appropriate book-entry transfer if a global certificate has been issued), such Holder shall not be entitled to receive payment of the redemption price until the certificate has been surrendered for cancellation or the appropriate book-entry transfer is made. Such Holder will not be entitled to receive any interest on the Redemption Price from the Redemption Date.

6 CHANGE OF CONTROL

6.1 (a) In the event of a Change of Control, Holders shall, if the Market Value at such time is less than the Conversion Price, have a one time option, upon not less than 30 days' notice nor more than 60 days' notice, to convert all of their outstanding shares of Series C Preferred Stock into shares of Class A Common Stock at an adjusted Conversion Price equal to the greater of:

- (i) the Market Value as of the Change of Control date and
- (ii) 66.67% of four-fifths of the Conversion Price.

(b) In lieu of issuing the shares of Class A Common Stock issuable upon conversion in the event of a Change of Control, the Issuer may, at its option, make a cash payment equal to the Market Value of such Class A Common Stock otherwise issuable.

6.2 The foregoing provision is not waivable by the Issuer.

7 LIQUIDATION PREFERENCE

7.1 Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, Holders of the Series C Preferred Stock will be entitled to be paid, out of assets of the Issuer available for distribution the Liquidation Preference per share plus an amount in cash equal to all accumulated and unpaid dividends thereon to the date fixed for liquidation, dissolution or winding-up (including an amount equal to a prorated dividend for the period from the last dividend payment date to the date fixed for liquidation, dissolution or winding-up), before any distribution is made on any Junior Securities, including, without limitation, the common stock.

7.2 If, upon any voluntary or involuntary liquidation, dissolution or winding-up of the Issuer, the amounts payable with respect to the Series C Preferred Stock and all other Parity Securities are not paid in full, the Holders of the Series C Preferred Stock and the Parity Securities will share equally and ratably in any distribution of assets of the Issuer in proportion to the full Liquidation Preference and accumulated and unpaid dividends to which each is entitled.

7.3 After payment of the full amount of the Liquidation Preference and accumulated and unpaid dividends to which they are entitled, the Holders of shares of the Series C Preferred Stock will not be entitled to any further participation in any distribution of assets of the Issuer.

7.4 Neither the sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or business of the Issuer (other than in connection with the winding up of its business) nor the merger or consolidation of the Issuer with or into any other corporation will be deemed to be a dissolution, liquidation, or winding-up, voluntary or involuntary, of the Issuer.

8 VOTING RIGHTS

8.1 Holders of the Series C Preferred Stock have no voting rights with respect to general corporate matters except as provided by law or as set forth herein.

8.2 If dividends on the Series C Preferred Stock are in arrears and unpaid for six quarterly periods, the Holders of the Series C Preferred Stock voting separately as a class with the shares of any other preferred stock or preference securities having similar voting rights will be entitled at the next regular or special meeting of stockholders of the Issuer to elect two directors of the Issuer. Such voting rights will continue only until such time as the dividend arrearage on the Series C Preferred Stock has been paid in full.

8.3 The affirmative vote or consent of the Holders of at least 66-2/3% of the outstanding Series C Preferred Stock will be required for:

(a) the issuance of any class of Senior Securities or Parity Securities (or security convertible into Senior Securities or Parity Securities or evidencing a right to purchase any shares or any class or series of Senior Securities or Parity Securities) (other than additional shares of Series B Preferred Stock or Parity Securities with an aggregate liquidation preference, at any one time outstanding, not to exceed \$100 million), and

(b) amendments to the Issuer's Articles of Incorporation that would affect adversely the rights of Holders of the Series C Preferred Stock, including, without limitation,

(i) any increase in the authorized number of shares of Series C Preferred Stock and

(ii) the issuance of any shares of Series C Preferred Stock in excess of the number of shares of such stock authorized in this Certificate of Designation.

In all such cases each share of Series C Preferred Stock shall be entitled to one vote.

8.4 Except as set forth in this Certificate of Designation,

(a) the creation, authorization or issuance of any shares of Junior Securities, Parity Securities or Senior Securities or

(b) an increase or decrease in the amount of authorized capital stock of any class, including any preferred stock,

shall not require the consent of the Holders of the Series C Preferred Stock and shall not be deemed to affect adversely the rights, preferences, privileges or voting rights of Holders of shares of the Series C Preferred Stock.

8.5 Any exercise of the voting rights contained herein will be subject to applicable provisions of the Communications Act including, without limitation, the requirements of prior approval for transfer of control or assignment of Title III licenses (as that term is defined in the Communications Act).

9 NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES, INCORPORATORS AND STOCKHOLDERS.

9.1 No director, officer, employee, incorporator or stockholder of the Issuer or any of its Affiliates, as such, shall have any liability for any obligations of the Issuer and any of its Affiliates under the Series C Preferred Stock or the Certificate of Designation or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Series C Preferred Stock waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Series C Preferred Stock.

10 AMENDMENT, SUPPLEMENT AND WAIVER

10.1 Without the consent of any Holder of the Series C Preferred Stock, the Issuer may amend or supplement this Certificate of Designation to cure any ambiguity, defect or inconsistency, to provide for uncertificated Series C Preferred Stock in addition to or in place of certificated Series C Preferred Stock, to provide for the assumption of the Issuer's obligations to Holders of the Series C Preferred Stock in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of the Series C Preferred Stock or that does not adversely affect the legal rights under this Certificate of Designation of any such Holder.

11 CERTAIN DEFINITIONS

Set forth below are certain defined terms used in this Certificate of Designation.

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

11.2 "BUSINESS DAY" means any day other than a Legal Holiday.

11.3 "CAPITAL STOCK" means any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock or partnership or membership interests, whether common or preferred.

11.4 "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 Principals and their Related Parties or an entity controlled by the Principals and their Related Parties cease to (i) be the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act) of at least 30% of the total Equity Interests in the Issuer and (ii) have the voting power to elect at least a majority of the Board of Directors of the Issuer; (b) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors; (c) any transaction or series of transactions (including, without limitation, a tender offer, merger or consolidation) the result of which is that the Principals and their Related Parties or any entity controlled by the Principals and their Related Parties cease to be the "beneficial owners" (as defined in Rule 13d-3 under the Exchange Act) of at least 30% of the total Equity Interests in the Issuer and have the voting power to elect at least a majority of the Board of Directors of the Issuer, or (d) the first day on which a majority of the members of the Board of Directors of the Issuer are not Continuing Directors.

11.5 "CLASS A COMMON STOCK" means the Issuer's authorized \$.01 par value Class A common stock.

11.6 "CLASS B COMMON STOCK" means the Issuer's authorized \$.01 par value Class B common stock.

11.7 "CLASS C COMMON STOCK" means the Issuer's authorized \$.01 par value Class C common stock.

11.8 "COMMON STOCK" means the Class A Common Stock, the Class B Common Stock, and the Class C Common Stock, collectively or individually.

11.9 "COMMUNICATIONS ACT" means the Communications Act of 1934, as amended.

11.10 "CONTINUING DIRECTOR" means, as of any date of determination, any member of the Board of Directors of the Issuer who: (a) was a member of such Board of Directors on the Issuance Date; 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.

11.11 "CONVERSION DATE" shall be the date the Issuer or the Transfer Agent receives the Conversion Notice.

11.12 The "CONVERSION NOTICE" is written notice from the Holder to the Issuer stating that the Holder elects to convert all or a portion of the shares of Series C Preferred Stock represented by certificates delivered to the Issuer or the Transfer Agent contemporaneously. The Conversion Notice will specify or include:

(i) The number of shares of Series C Preferred Stock being converted by the Holder,

(ii) The name or names (with address and taxpayer identification number) in which a certificate or certificates for shares of Class A Common Stock are to be issued,

(iii) A written instrument or instruments of transfer in form reasonably satisfactory to the Issuer or the Transfer Agent duly executed by the Holder or its duly authorized legal representative, and

(iv) Transfer tax stamps or funds therefor, if required pursuant to Section 4.9.

11.13 The "CONVERSION PRICE" shall initially be \$_____, subject to adjustment as set forth in Section 4.3.

11.14 "CONVERSION PRICE ADJUSTMENT EVENTS" are any of those events specified in Section 4.3(a).

11.15 "DIVIDEND PAYMENT DATE" is as defined in Section 2.1, above.

11.16 "DIVIDEND PAYMENT RECORD DATE" is as defined in Section 2.1, above.

11.17 "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).

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

11.19 "FCC" means Federal Communications Commission.

11.20 "HOLDER" means a Person in whose name shares of Capital Stock is registered.

11.21 "ISSUANCE DATE" means the date on which the Series C Preferred Stock is originally issued under this Certificate of Designation.

11.22 "ISSUER" means EchoStar Communications Corporation, a Nevada corporation.

11.23 "JUNIOR SECURITY" is as defined in Section 3.1.

11.24 "LEGAL HOLIDAY" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place payment is to be received are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue for the intervening period.

11.25 "LIQUIDATION PREFERENCE" means \$50.00 per share of Series C Preferred Stock.

11.26 "MARKET CAPITALIZATION" means the product of the then-current Market Value times the total number of shares of Class A Common Stock then outstanding.

11.27 "MARKET VALUE" means, as of any date, the average of the daily closing price for the five consecutive trading days ending on such date. The closing price for each day shall be the last sales price or in case no such reported sales take place on such day, the average of the last reported bid and asked price, in either case, on the principal national securities exchange on which the shares of Class A Common Stock are admitted to trading or listed, or if not listed or admitted to trading on such exchange, the representative closing bid price as reported by the Nasdaq National Market, or other similar organization if the Nasdaq National Market is no longer reporting such information, or if not so available, the fair market price as determined, in good faith, by the Board of Directors of the Issuer.

11.28 "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.

11.29 "PARITY SECURITY" is as defined in Section 3.1.

11.30 "PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock issuer, trust or unincorporated organization (including any subdivision or ongoing business of any such entity or substantially all of the assets of any such entity, subdivision or business).

11.31 "PRINCIPALS" means Charles W. Ergen, James DeFranco, R. Scott Zimmer, Steven B. Schaver and David K. Moskowitz.

11.32 "REDEMPTION AGENT" means that Person, if any, appointed by the Issuer to hold funds deposited by the Issuer in trust to pay to the Holders of shares to be redeemed.

11.33 "REDEMPTION DATE" means that certain date set forth in the Redemption Notice on which date the redemption of the Series C Preferred Stock is completed.

11.34 "REDEMPTION NOTICE" means that notice to be given by the Issuer to the Holders notifying the Holders as to the redemption, in whole or in part, of the Series C Preferred Stock pursuant to Article 4 hereof. The Redemption Notice shall include the following information: (i) the Redemption Date and the time of day on such date; (ii) the total number of shares of Series C Preferred Stock to be redeemed and, if fewer than all the shares held by such Holder are to be redeemed, the number of such shares to be

redeemed from such Holder; (iii) the Redemption Price (whether to be paid in cash or shares of Class A Common Stock); (iv) the place or places where certificates for such shares are to be surrendered for payment of the Redemption Price and delivery of certificates representing shares of Class A Common Stock (if the Issuer so chooses); (v) that dividends on the shares to be redeemed will cease to accrue on such Redemption Date unless the Issuer defaults in the payment of the Redemption Price; and (vi) the name of any bank or trust company, if any, performing the duties of Redemption Agent.

11.35 "REDEMPTION NOTICE DATE" means the date the Redemption Notice is first mailed or delivered to any Holder.

11.36 "REDEMPTION PRICE" means that price established for redemption of the Series C Preferred Stock established in Section 5.1(b) hereof.

11.37 "RELATED PARTY" means, with respect to any Principal, (a) the spouse and each immediate family member of such Principal and (b) each trust, corporation, partnership or other entity of which such Principal beneficially holds an 80% or more controlling interest.

11.38 "SEC" means the Securities and Exchange Commission.

11.39 "SECURITIES ACT" means the Securities Act of 1933, as amended.

11.40 "SELF FUNDING EVENT" is as defined in Section 2.2, above.

11.41 "SERIES A PREFERRED STOCK" means the Issuer's authorized 8% Series A Cumulative Preferred Stock.

11.42 "SERIES B PREFERRED STOCK" means the Issuer's authorized 12-1/8% Series B Redeemable Exchangeable Preferred Stock due 2004 and any additional series of preferred stock for which the Series B Preferred Stock is exchangeable. The term "Series B Preferred Stock" also includes shares of Capital Stock of the Issuer issuable as dividends on the Series B Preferred Stock. The term "Series B Preferred Stock" also includes any Senior Securities or Parity Securities issued in compliance with the certificate of designation for the Series B Preferred Stock.

11.43 "SERIES C PREFERRED STOCK" means the Series C Preferred Stock authorized in this Certificate of Designation.

11.44 "SENIOR SECURITIES" is as defined in Sections 3.1 and 3.4.

11.45 "SUBSIDIARY" means, with respect to any person, any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such person or one or more of the other Subsidiaries of such person or a combination thereof.

11.46 The "TRANSFER AGENT" shall be as established pursuant to Article 12 hereof.

12 TRANSFER AGENT AND REGISTRAR

The duly appointed Transfer Agent and registrar for the Series C Preferred Stock shall be American Securities Transfer & Trust, Inc. The Issuer may, in its sole discretion, remove the Transfer Agent in accordance with the agreement between the Issuer and the Transfer Agent; PROVIDED that the Issuer shall appoint a successor transfer agent who shall accept such appointment prior to the effectiveness of such removal.

13 OTHER PROVISIONS

13.1 With respect to any notice to a Holder of shares of the Series C Preferred Stock required to be provided hereunder, neither failure to mail such notice, nor any defect therein or in the mailing thereof, to any particular Holder shall affect the sufficiency of the notice or the validity of the proceedings referred to in such notice with respect to the other Holders or affect the legality or validity of any distribution, rights, warrant, reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any such action. Any notice which was mailed in the manner herein provided shall be conclusively presumed to have been duly given whether or not the Holder receives the notice.

13.2 Shares of Series C Preferred Stock issued and reacquired will be retired and canceled promptly after reacquisition thereof and, upon compliance with the applicable requirements of Nevada law, have the status of authorized but unissued shares of preferred stock of the Issuer undesignated as to series and may with any and all other authorized but unissued shares of preferred stock of the Issuer be designated or redesignated and issued or reissued, as the case may be, as part of any series of preferred stock of the Issuer.

13.3 In the Issuer's discretion, no fractional shares of Class A Common Stock or securities representing fractional shares of Class A Common Stock will be issued upon conversion, redemption, or as dividends payable on the Series C Preferred Stock. Any fractional interest in a share of Class A Common Stock resulting from conversion, redemption, or dividend payment will be paid in cash based on the last reported sale price of the Class A Common Stock on the Nasdaq National Market (or any national securities exchange or authorized quotation system on which the Class A Common Stock is then listed) at the close of business on the trading day next preceding the date of conversion or such later time as the Issuer is legally and contractually able to pay for such fractional shares.

13.4 All notices periods referred to herein shall commence on the date of the mailing of the applicable notice.

IN WITNESS WHEREOF, EchoStar Communications Corporation caused this Certificate to be signed by each of Charles W. Ergen, President and David K. Moskowitz, Senior Vice President and Secretary and caused Mr. Ergen's signature to be attested to by David K. Moskowitz in his capacity as Secretary this ____ day of October, 1997.

Charles W. Ergen President

David K. Moskowitz, Senior Vice
President and Secretary

State of _____)
)ss.
County of _____)

The foregoing instrument was subscribed to, sworn, and acknowledged before me this ____ day of October, 1997, by David K. Moskowitz, Senior Vice President and Secretary of EchoStar Communications Corporation.

Witness my hand and official seal.

Notary Public
Address: _____

My commission expires:

ECHOSTAR COMMUNICATIONS CORPORATION

DEPOSIT AGREEMENT

DEPOSIT AGREEMENT, dated as of _____, 1997, by and between EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"), and American Securities Transfer & Trust, Inc. (the "DEPOSIT AGENT"), for the benefit of the holders (the "HOLDERS") of the ___% Series C Cumulative Convertible Preferred Stock (the "PREFERRED STOCK").

This Agreement is made to induce all present and future Holders to purchase the Preferred Stock by providing a deposit account (the "DEPOSIT ACCOUNT") to provide for a quarterly cash payment to the Holders in an amount equal to \$__ per share of Preferred Stock (the "QUARTERLY RETURN AMOUNT") in the manner hereinafter provided.

NOW, THEREFORE, the parties hereto agree as follows:

1. ESTABLISHMENT OF DEPOSIT ACCOUNT.

(a) The Company hereby agrees that the Deposit Account shall be established in connection with the offering of _____ shares of Preferred Stock (the "OFFERING") and shall be held subject to the terms and conditions of this Agreement.

(b) Simultaneously with the closing of the Offering, the initial Holders shall deliver \$__ in cash (the "DEPOSIT FUND") to the Deposit Agent against the Deposit Agent's written acknowledgment and receipt of the Deposit Fund, in the form attached hereto as EXHIBIT A, which amount the Deposit Agent will deposit into the Deposit Account and hold pursuant to the terms of this Agreement. The Deposit Fund shall be invested as provided on EXHIBIT B to be attached at the closing of the Offering and which will provide sufficient funds without any further investment by the Company to cover the aggregate Quarterly Return Amount due on the outstanding Preferred Stock, as such Quarterly Return Amount becomes due, for each Deposit Payment Date (as defined below). The Deposit Agent shall have no responsibility for determining whether funds held in the Deposit Account shall have been invested in a such a manner so as to comply with the requirements of this SECTION 1(B).

2. DISTRIBUTION, REDUCTION AND TERMINATION OF DEPOSIT ACCOUNT.

(a) Unless on or prior to the Notice Date (as defined below) the Company shall have delivered to the Deposit Agent a Direction Notice (as defined below), the Deposit Agent shall deliver to each Holder the Quarterly Return Amount on _____, _____ and _____ of each year (each such date being a "DEPOSIT PAYMENT DATE"), commencing _____, 1998 and continuing until _____, 1999 (the "DEPOSIT EXPIRATION DATE"). If the Company shall have delivered a Direction Notice, substantially in the form attached hereto as EXHIBIT C, to the Deposit Agent on or prior to the Notice Date, the Deposit Agent shall, as instructed by the Company in such Direction Notice, (i) defer payment of all or a portion of any Quarterly Return Amount until the next Deposit Payment Date or any subsequent Deposit Payment Date or (ii) purchase from the Company, for transfer to each Holder in lieu of all or a portion of the Quarterly Return Amount on the next Deposit Payment Date, that number of whole shares of Class A Common Stock of the Company (the "COMMON STOCK") determined by dividing the Quarterly Return Amount and any deferred Quarterly Return Amount by 95% of the Market Value (as defined below) of the Common Stock as of the Notice Date. At the written request of the Deposit Agent, the Company shall deliver, for and on behalf of the Deposit Agent, the Common Stock acquired by the Deposit Agent directly to the Holders. The Deposit Agent's obligation hereunder to purchase the Common Stock from the Company shall be secured by the funds in the Deposit Account.

(b) (i) In the event of any conversion of the Preferred Stock on or prior to the Deposit Expiration Date, the cumulative amount of any deferred Quarterly Return Amounts allocable to the Preferred Stock being converted, at the time of such conversion, shall be paid by the Deposit Agent to the Holders who are converting their Preferred Stock at the time of such conversion. The Deposit Agent shall make any such payment in cash unless, prior thereto, the Company delivers a Direction Notice to the Deposit Agent requiring the Deposit Agent to purchase from the Company for transfer to Holders who are converting their Preferred Stock that number of whole shares of the Common Stock determined by dividing all or a portion of the deferred Quarterly Return Amount allocable to the Preferred Stock being converted by 95% of the Market Value of the Common Stock as of the date of the Direction Notice. (ii) Immediately after such conversion and payment of any deferred Quarterly Return Amount allocable to the Preferred Stock being converted, the Company shall be paid by the Deposit Agent any funds remaining in the Deposit Account allocable to the shares of Preferred Stock so converted. Such allocation shall be made pro rata based upon the number of shares of Preferred Stock so converted.

(c) On the Deposit Expiration Date, the Deposit Agent shall deliver to the Holders any cash remaining in the Deposit Account on such date unless, prior thereto, the Company delivers a Direction Notice to the Deposit Agent requiring the Deposit Agent to purchase from the Company for transfer to Holders that number of whole shares of the Common Stock determined by dividing all or a portion of the Quarterly Return Amount and all or a portion of the cash remaining in the Deposit Account by 95% of the Market Value of the Common Stock as of the Notice Date.

(d) For purposes of this Agreement: (i) the term "NOTICE DATE" means the day on or before the tenth day prior to the applicable Deposit Payment Date or Deposit Expiration Date, as the case may be, on which the Company sends the Direction Notice, (ii) the term "MARKET VALUE" means, as of any date, the average of the daily closing price for the five consecutive trading days ending on such date; the closing price for each day shall be the last sales price or, in case no such reported sales take place on such day, the average of the last reported bid and asked price, in either case on the principal national securities exchange on which the shares of the Common Stock are admitted to trading or listed, or if not listed or admitted to trading on such exchange, the representative closing bid price as reported by the Nasdaq National Market, or other similar organization if the Nasdaq National Market is no longer reporting such information, or if not so available, the fair market price as determined, in good faith, by the Board of Directors of the Company and (iii) the term "DIRECTION NOTICE" means a notice from the Company delivered to the Deposit Agent directing the Deposit Agent to purchase Common Stock from the Company to distribute to holders of Preferred Stock or defer payment of any Quarterly Return Amount until the next Deposit Payment Date or any subsequent Deposit Payment Date.

(e) This Agreement shall remain in full force and effect until all amounts held hereunder by the Deposit Agent have been finally distributed in accordance herewith.

3. RECORD DATE. The Quarterly Return Amount or, if a Direction Notice has been delivered by the Company, Common Stock, shall be paid or delivered to the Holders of record of the Preferred Stock, as they appear on the Company's stock register 10 business days prior to each Deposit Payment Date.

4. EXPENSES. The Deposit Agent shall be entitled to customary fees and expenses for performing its duties hereunder, as may be agreed from time to time by the Company and the Deposit Agent. The Deposit Agent shall be entitled to prompt reimbursement of all reasonable expenses incurred by the Deposit Agent in carrying out its duties hereunder, including, without limitation, travel and other out-of-pocket expenses provided they are pre-approved in writing by the Company and fees and expenses of its legal counsel arising in connection with the interpretation or enforcement of any provision hereof or any arbitration or other proceeding hereunder provided they are pre-approved in writing by the Company, which approval shall not be unreasonably withheld. The fees and expenses of the Deposit Agent in carrying out its duties hereunder, including reasonable legal fees provided they are pre-approved in writing by the Company which approval shall not be unreasonably withheld, shall be paid or reimbursed by the Company.

5. NOTICES. All notices, requests, demands and other communications hereunder shall be deemed to have been duly given if delivered by hand or mailed, certified or registered mail, return receipt requested, with postage prepaid:

(a) if to the Holders, to their address as set forth in the stock transfer records of the Company;

(b) if to the Company, to EchoStar Communications Corporation, 90 Inverness Circle East, Englewood, Colorado 80112, Attention: David K. Moskowitz, Esq., or to such other person or address as the Company shall designate in writing, with a copy to Friedlob Sanderson Raskin Paulson & Tourtillott, LLC, 1400 Glenarm Place, #300, Denver, Colorado 80202, Attention: Raymond L. Friedlob, Esq. and Herrick K. Lidstone, Jr., Esq.; and

(c) if to Deposit Agent, to American Securities Transfer & Trust, Inc., 938 Quail Street, Lakewood, Colorado 80215.

Any party may change the address (or the person to whose attention such notice is directed) by notice given to the other parties hereto as aforesaid.

6. CONCERNING THE DEPOSIT AGENT. In order to induce the Deposit Agent to act as deposit agent hereunder, the Company hereby covenants and agrees with the Deposit Agent as follows:

(a) The Deposit Agent shall not in any way be bound or affected by any amendment, modification or cancellation of this Deposit Agreement, unless the same shall have been agreed to in writing by the Deposit Agent.

(b) The Deposit Agent shall be entitled to rely, and shall be protected in acting in reliance upon, any Direction Notice or other instructions or directions furnished to the Deposit Agent in writing by the proper party under this Deposit Agreement and shall be entitled to treat as genuine, and as the document it purports to be, any letter, instruction or other document or instrument delivered to the Deposit Agent hereunder and believed by the Deposit Agent to be genuine and to have been presented by the proper party or parties, without being required to determine the authenticity or correctness of any fact stated therein, the propriety or validity thereof, or the authority or authorization of the party or parties making and/or delivering the same to do so.

(c) This Agreement sets forth exclusively the duties and obligations of the Deposit Agent with respect to any and all matters pertinent to its acting as deposit agent hereunder.

(d) The Deposit Agent undertakes to perform only such duties as are expressly set forth in this Deposit Agreement, and neither the Deposit Agent nor any of its directors, officers, employees or agents shall be in any manner liable or responsible to the Company or any Holder or any other person or entity for or in respect of any loss, claim, damage or liability (collectively, "LOSS") resulting from, or arising out of, any action or failure or omission to act hereunder or for any mistake of fact or error of judgment, including, but not limited to, any Loss that may occur by reason of the exercise of the Deposit Agent's discretion in any particular matter or for any other reason,

except for any Loss which is the result of negligence or willful misconduct on the part of the Deposit Agent or such director, officer, employee or agent.

(e) The Company covenants and agrees to indemnify and hold the Deposit Agent and each of its directors, officers, employees and agents (the Deposit Agent and any such person or entity seeking indemnification hereunder being hereinafter referred to as an "INDEMNIFIED PARTY") harmless from and against, and upon demand reimburse each Indemnified Party for, any and all losses, claims, damages, liabilities, costs and expenses (including expenses of its legal counsel) (collectively, "INDEMNIFIED LOSSES") which may be paid, incurred or suffered by such Indemnified Party or to which such Indemnified Party may become subject by reason of or in connection with the administration of the Deposit Agent's duties as deposit agent hereunder (including, but not limited to, any action taken or omitted by the Deposit Agent in connection with this Agreement or any action allegedly so taken or omitted) or by reason of, or as a result of, the Deposit Agent's compliance with the instructions set forth herein or with any instructions delivered to the Deposit Agent pursuant hereto, except with respect to Indemnified Losses which shall be the result of negligence or willful misconduct on the part of such Indemnified Party.

(f) In the event of any controversy or dispute hereunder, or with respect to any question as to the construction of this Agreement or any action to be taken by it hereunder, the Deposit Agent may, in its discretion, obtain the advice of counsel reasonably satisfactory to it provided such consultation is approved in writing in advance by the Company, which approval shall not be unreasonably withheld and shall incur no liability for any action taken, suffered or omitted by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(g) If any part of the Deposit Fund is at any time attached, garnished or levied upon or under any court order, or in case the payment, assignment, transfer, conveyance or delivery of any of the Deposit Fund shall be stayed or enjoined by any court order, or in case any order, writ, judgment or decree shall be made or entered by any court affecting the Deposit Fund or any part thereof, then and in any of such events, the Deposit Agent is authorized, in its sole discretion, to rely upon and comply with any such order, writ, judgment or decree. The Deposit Agent shall not be liable to any of the parties hereto, to any Holder or to any other person, firm or corporation by reason of such compliance even though such order, writ, judgment or decree may be subsequently reversed, modified, annulled, set aside, vacated, found to have been entered without jurisdiction, or found to be in violation of or beyond the scope of a constitution or a law.

(h) Notwithstanding anything to the contrary contained herein, if the Deposit Agent shall be uncertain as to its duties or rights hereunder, shall receive any notice, advice, direction, or other document from the Company with respect to the Deposit Fund which, in its opinion, is in conflict with any of the provisions of this Agreement, or should be advised that a dispute has arisen with respect to the payment, ownership, or right of possession of the Deposit Fund or any part thereof (or as to the delivery, non-delivery, or content of any notice, advice, direction, or other document), the Deposit Agent shall be entitled (but not obligated), without liability to

anyone, to refrain from taking any action other than to use its best efforts to keep safely the Deposit Fund until the Deposit Agent shall be directed otherwise in writing by Company and a majority of the Holders or by an order, decree or judgment of a court of competent jurisdiction which has been finally affirmed on appeal or which by lapse of time or otherwise is no longer subject to appeal, but the Deposit Agent shall be under no duty to institute or to defend any proceeding, although it may institute or defend such proceedings.

(j) The Company shall have the right to cause the Deposit Agent to be relieved of its duties hereunder and to select a substitute deposit agent, upon the expiration of thirty (30) days following delivery of written notice of substitution to the Deposit Agent. Upon selection of such substitute deposit agent, such substitute deposit agent and the Company shall enter into an agreement substantially identical to this Agreement and, thereafter, the replaced deposit agent shall be relieved of its duties and obligations to perform hereunder, except that the replaced deposit agent shall transfer to the substitute deposit agent upon request therefor the Deposit Funds and copies of all books, records, plans and other documents in the replaced deposit agent's possession relating to such funds or this Agreement.

(k) Upon not less than ten days' written notice to the Company and the Holders of its intention to resign under this Agreement, the Deposit Agent may resign as deposit agent hereunder by selecting, as a successor deposit agent, any other Deposit Agent as directed or approved by the Company (which approval shall not be unreasonably withheld). Such resignation shall take effect upon delivery by the resigning Deposit Agent of the Deposit Fund to such successor deposit agent; the resigning Deposit Agent shall thereupon be discharged of all its duties and obligations hereunder. In addition, the Deposit Agent shall be discharged of all of its duties and obligations hereunder upon its deposit of the Deposit Fund with a court of competent jurisdiction. The Company and the Holders each hereby irrevocably consents and submits to the jurisdiction of such court in any such action and waives all rights to contest the jurisdiction of such court.

(l) The Company hereby authorizes the Deposit Agent, if the Deposit Agent is threatened with litigation or is sued, to interplead all interested parties in any court of competent jurisdiction and to deposit the Deposit Account with the clerk of that court.

(m) The Deposit Agent's duties, obligations and liabilities hereunder, except as a result of the Deposit Agent's negligence or willful misconduct, will terminate upon its delivery of all of the Deposit Fund under any provision of this Agreement. The provisions of Paragraphs 6(e) and of this Paragraph 6(m) shall survive any such termination.

7. SPECIFIC PERFORMANCE. In the event of the failure by a party hereto to give any notice required under the terms of this Agreement, the other parties hereto shall be entitled to specific performance by such non-performing party.

8. MISCELLANEOUS.

(a) CONTINUANCE OF AGREEMENT. This Agreement shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

(b) COUNTERPARTS. This Agreement may be executed in any number of counterparts all of which, taken together shall constitute the same agreement.

(c) NO AMENDMENTS. This Agreement may not be modified or amended, nor may any provision hereof be waived, except by a writing duly executed by the Deposit Agent, the Company and by a majority of the Holders.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and the year first above written.

ECHOSTAR COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

AMERICAN SECURITIES TRANSFER & TRUST, INC.

By: _____
Name:
Title:

EXHIBIT A

DEPOSIT AGENT'S CROSS-RECEIPT

THE UNDERSIGNED hereby acknowledges receipt from EchoStar Communications Corporation (the "COMPANY") of [] Dollars (\$[]) representing a portion of the proceeds from that certain public offering of []% Series C Cumulative Convertible Preferred Stock, par value \$0.01 per share (the "PREFERRED STOCK"), of the Company.

The undersigned, as deposit agent for the Company (the "DEPOSIT AGENT") has, in accordance with that certain Deposit Agreement, dated October [], 1997 among the Company and the Deposit Agent, as deposit agent and trustee (the "DEPOSIT AGREEMENT"), deposited the Initial Deposit Amount in the Deposit Account (as such term is defined in the Deposit Agreement).

AMERICAN SECURITIES TRANSFER & TRUST, INC.

By: _____
Name:
Title:

Date: October [], 1997

EXHIBIT B
INVESTMENTS

EXHIBIT C

FORM OF DIRECTION NOTICE

[LETTERHEAD OF THE COMPANY]

[DATE]

[DEPOSIT AGENT]

Re: Direction Notice No. [____]

Ladies and Gentlemen:

We refer to the Deposit Agreement (the "DEPOSIT AGREEMENT") dated as of the [] day of October, 1997 between you, as Deposit Agent, and EchoStar Communications Corporation, a Nevada corporation (the "COMPANY"). Unless otherwise specified, capitalized terms used herein shall have the meaning given in the Deposit Agreement. This letter constitutes a Direction Notice under the Deposit Agreement.

[The undersigned hereby notifies you that you are directed, pursuant to SECTION 2(A)(I) of the Deposit Agreement, to defer payment of \$____ of the Quarterly Return Amount and/or deferred Quarterly Return Amount until [IDENTIFY SUBSEQUENT DEPOSIT PAYMENT DATE.]]

[The undersigned hereby notifies you that you are directed, pursuant to SECTION 2(A)(II) of the Deposit Agreement, to purchase from the Company, for delivery to each holder of Preferred Stock in lieu of the Quarterly Return Amount and/or any deferred Quarterly Return Amount on the next Deposit Payment Date, ___ shares of Common Stock for \$____ of Quarterly Return Amount and/or deferred Quarterly Return Amount.]

[The undersigned hereby notifies you that you are directed, pursuant to SECTION 2(B)(I) of the Deposit Agreement, to purchase from the Company for transfer to holders who are converting their Preferred Stock, ___ shares of Common Stock for \$____ of Quarterly Return Amount and/or deferred Quarterly Return Amount.]

[The undersigned hereby notifies you that you are directed, pursuant to SECTION 2(C) of the Deposit Agreement, to purchase from the Company for delivery to holders who are entitled to the proceeds from the Deposit Account, ___ shares of Common Stock for \$____ of Quarterly Return Amount and/or deferred Quarterly Return Amount.]

In connection with the requested disbursement, the undersigned hereby notifies you that: (i) you may elect to have the Company deliver, for and on your behalf, the shares of Common Stock acquired by you directly to the holders of the Preferred Stock and (ii) your obligation to purchase shares of Common Stock is secured by the funds in the Deposit Account. The Deposit Agent is entitled to rely on the foregoing in disbursing funds relating to this Deposit Notice.

ECHOSTAR COMMUNICATIONS CORPORATION

By: _____
Name:
Title:

FRIEDLOB SANDERSON RASKIN PAULSON & TOURTILLOTT, LLC
1400 Glenarm Place, Suite 300
Denver, Colorado 80202
telephone: 303-571-1400
facsimile: 303-595-3159

October 29, 1997

EchoStar Communications Corporation
90 Inverness Circle East
Englewood, Colorado 80112

EchoStar Communications Corporation
Registration Statement on Form S-3
Registration No. 333-37683

Ladies and Gentlemen:

In connection with the above-captioned Registration Statement (the "Registration Statement") filed by EchoStar Communications Corporation, Inc., a Nevada corporation (the "Company"), with the Securities and Exchange Commission on October 10, 1997 pursuant to the Securities Act of 1933, as amended (the "Act"), and the rules and regulations thereunder as amended through the date hereof, we have been requested to render our opinion as to the legality of the (i) 2,300,000 shares (including shares to cover exercise of the Underwriters' over-allotment option) of the Company's ___% Series C Cumulative Convertible Preferred Stock, par value \$.01 per share (the "Preferred Stock"); (ii) 5,750,000 shares (including shares to cover exercise of the Underwriters' over-allotment option) of the Company's common stock, par value \$.01 per share (the "Common Stock," and together with the Preferred Stock, the "Securities"); and (iii) such additional number of Securities as may be issued in connection with the Registration Statement filed pursuant to Rule 462(b) of the Act. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings ascribed thereto in the Registration Statement.

In connection with this opinion, we have examined originals, or copies certified or otherwise identified to our satisfaction, of (i) the Registration Statement (including all amendments thereto); (ii) the form of Preferred Stock Underwriting Agreement and the Common Stock Underwriting Agreement included as Exhibits 1.1 and 1.2 to the Registration Statement (collectively the "Underwriting Agreements"); (iii) the form of the Certificate of Designation of the Preferred Stock included as Exhibit 4.19 to the Registration Statement (the "Certificate of Designation"); (iv) the Amended and Restated Articles of Incorporation and the By-laws of the Company, each as amended to date; and (v) records of certain of the Company's proceedings relating to, among other things, the issuance and sale of the Securities. In addition, we have made such other examinations of law and facts as we considered necessary in order to form a basis for the opinions hereunder expressed.

In our examination of the aforesaid documents, we have assumed, without independent

investigation, the genuineness of all signatures, the enforceability of the documents against each party thereto other than the Company, the authenticity of all documents submitted to us as originals, the conformity to the original documents of all documents submitted to us as certified, photostatic, reproduced or conformed copies of validly existing agreements or other documents, the authenticity of all such latter documents and the legal capacity of all individuals who have executed any of the documents we have reviewed. The opinions set forth herein assume that the Company takes no corporate action following the date hereof inconsistent with its obligations under the Underwriting Agreement or with respect to the Securities.

In expressing the opinions set forth herein, we have relied upon representations as to factual matters contained in certificates of officers of the Company.

Based upon the foregoing, and subject to the assumptions, exceptions and qualifications set forth herein, we are of the opinion that (i) the Preferred Stock has been duly authorized and, assuming the Certificate of Designation is duly filed with the Secretary of State of the State of Nevada, when the Preferred Stock is issued and delivered in accordance with the Certificate of Designation, the Preferred Stock Underwriting Agreement and the Registration Statement, the Preferred Stock will be legally issued, fully paid and nonassessable and (ii) the Common Stock has been duly authorized and when the Common Stock is issued and delivered in accordance with the Common Stock Underwriting Agreement and the Registration Statement, the Common Stock will be legally issued, fully paid and nonassessable.

Although the discussion set forth under the caption "Certain Federal Income Tax Consequences" does not purport to discuss all possible United States federal income tax consequences of the purchase, ownership, and disposition of the Preferred Stock, it is our opinion that such discussion constitutes, in all material respects, a fair and accurate summary of the United States federal income tax consequences of the purchase, ownership, and disposition of the Preferred Stock under current law. It is possible that contrary positions may be taken by the Internal Revenue Service, and that a court may agree with such contrary position.

The foregoing opinions are limited to the federal laws of the United States, the laws of the State of Colorado and the General Corporation Law of the State of Nevada. Our opinion is rendered only with respect to the laws, and the rules, regulations and orders thereunder, which are currently in effect. Please be advised that no member of this firm is admitted to practice law in the State of Nevada.

We hereby consent to the filing of this opinion as an Exhibit to the Registration Statement and to the reference to us under the heading "Legal Matters" in the Prospectus. In giving such consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 of the Act.

Very truly yours,

FRIEDLOB SANDERSON RASKIN PAULSON & TOURTILLOTT, LLC

EHOSTAR COMMUNICATIONS CORPORATION

COMPUTATION OF RATIOS

(IN THOUSANDS)

(UNAUDITED)

CALCULATION OF RATIO OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS:

	YEAR ENDED DECEMBER 31,					SIX MONTHS ENDED JUNE 30,	
	1992	1993	1994	1995	1996	1996	1997
Income (loss) before taxes.....	\$ 11,079	\$ 18,734	\$ 489	\$ (17,231)	\$ (155,679)	\$ (46,621)	\$ (126,611)
Preferred stock dividends.....	--	--	939	1,204	1,204	602	602
Interest expense.....	708	632	21,408	23,985	61,487	33,184	42,043
Capitalized interest.....	13	370	5,695	25,763	31,818	14,434	16,632
Interest component of rent expense (1).....	68	78	94	71	84	20	25
Total fixed charges.....	789	1,080	28,136	51,023	94,593	48,240	59,302
Earnings before fixed charges.....	\$ 11,855	\$ 19,444	\$ 21,991	\$ 6,825	\$ (94,108)	\$ (13,417)	\$ (84,543)
Ratio of earnings to fixed charges.....	15.03	18.00	0.78	0.13	(0.99)	(0.28)	(1.43)
Deficiency of available earnings to fixed charges....	\$ --	\$ --	\$ 6,145	\$ 44,198	\$ 188,701	\$ 61,657	\$ 143,845

(1) The interest component of rent expense has been estimated by taking the difference between the gross rent expense and net present value of rent expense using a weighted-average cost of capital of approximately 13%. This cost of capital is representative of EchoStar's outstanding secured borrowings.

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports and to all references to our Firm included in our made part of this Registration Statement.

ARTHUR ANDERSEN LLP

Denver, Colorado,
October 29, 1997

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Steven B. Schaver and David K. Moskowitz, as his true and lawful attorneys-in-fact and agents, each acting alone, for him and in his name, place and stead, in any and all capacities, to execute a Registration Statement on Form S-3 to be filed by EchoStar Communications Corporation (the "Registrant") on or before October 10, 1997, relating to the offer and sale of up to 2,300,000 shares of the Registrant's Series C Cumulative Convertible Preferred Stock and undetermined number of shares of the Registrant's Class A Common Stock, including any and all amendments to such Registration Statement, hereby ratifying and confirming that all such attorneys-in-fact and agents, each acting alone, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Power of Attorney has been signed by the following persons in the capacities indicated on October 27, 1997, effective as of October 10, 1997.

NAME

TITLE

/s/ CHARLES W. ERGEN

Chief Executive Officer,

Charles W. ErgenChairman and Director
(Principal Executive Officer)-----
/s/ R. SCOTT ZIMMERVice Chairman, Vice President
and Director-----
R. Scott Zimmer-----
/s/ JAMES DEFRANCOExecutive Vice President and
Director-----
James DeFranco-----
/s/ RAYMOND L. FRIEDLOB

Director

Raymond L. Friedlob-----
/s/ ALAN M. ANGELICH

Director

Alan M. Angelich