

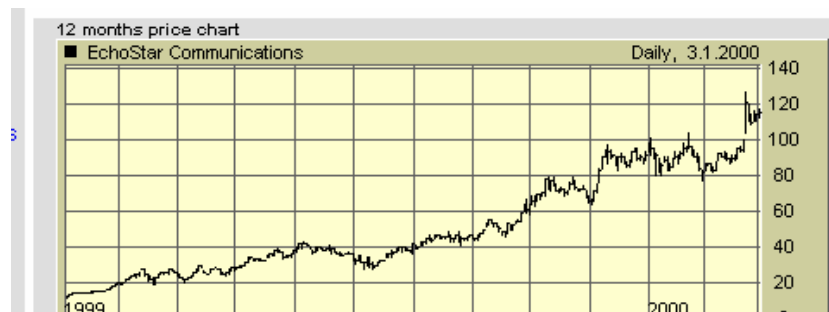
244 Fifth Ave., 2nd Fl., Ste. 2801 • New York, NY 10001 • Tel: (212) 726 1408 • Fax: (413) 215 0880**ECHOSTAR COMMUNICATIONS CORP. (NASDAQ: DISH)**

Initiating Coverage: BUY

March 3, 2000

KEY CONSIDERATIONS:

- ◆ Second largest direct broadcast service in U.S. with 3.41 million subscribers.
- ◆ Subscriber growth exceeded consensus expectations. DISH averaged nearly 125,000 net new subscribers per month in 1999.
- ◆ DISH added over 1.5 million subscribers in 1999.
- ◆ DISH has an efficient business plan with the necessary financing to expand its service.
- ◆ Aggressive marketing and diverse programming have created momentum in signing new subscribers.
- ◆ Excellent ethnic packages are a competitive advantage. Dish is recognized as the programmer of choice among various cultures in the U.S.
- ◆ DISH has more satellites than its main competitor, DirecTV.

1-Year PRICE GRAPH

Recent Price	\$109.50
52WK Low	\$ 12.16
52WK High	\$127.50
P/E	NA
P/Sales	15.61
Mkt. Cap.	\$24,949 mil

Shrs. O/S	233.0mil
Float	60.80 mil
Daily Volume	2.10 mil

EPS

1997	(\$7.66)
1998	(\$6.58)
1999	(\$4.21)
2000	(\$1.00)
2001	\$1.13
2002	\$3.46
2003	\$5.67

Financials

Current Ratio	0.98
Debt/Equity	18.85
LT Debt	2.0 bill
Total Cash	118.7 mil

THE COMPANY

Echostar Communications Corp.'s DISH Network is the second largest direct broadcast satellite (DBS) programming service in the U.S. behind Hughes Electronics' unit, DirecTV.

This report was prepared by Michael Matus and David R. Rivas, Ph.D.

The content of this report represents an interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies but is not guaranteed as to accuracy or completeness. InternetFundManager.com, Inc. has not independently verified any of the information contained herein. Opinions expressed herein are subject to change without notice. This report is published solely for information purposes and is not to be construed as an offer to sell or the solicitation of an offer to buy any security. Recommendations made in this report are intended for investors who are aware of, suited to and financially able to bear the risks involved. InternetFundManager.com, Inc. and its officers, from time to time, may have long or short positions in the securities mentioned or options to buy or sell the securities mentioned in this report. Past performance does not guarantee future performance. Forward looking statements that relate to future events or future business and financial performance can be only predictions and the actual events or results may differ from those discussed due to, among other things, those risks described in the company's reports on form 10-Q and 10-K. Copyright © 2000. All rights reserved.

OVERVIEW

Echostar Communications Corp.'s DISH Network is the second largest direct broadcast satellite (DBS) programming service in the U.S. behind Hughes Electronics' unit, DirecTV. The DBS industry is at the "take-off" stage. Recent legislation has allowed DBS companies to broadcast local channels for a nominal fee in most U.S. areas. Historically, potential subscribers would not obtain the service, because DBS providers could not broadcast local stations due to federal law. With this hurdle a nonfactor, cable companies beware. DBS providers offer a superior service in terms of content, programming and video quality. We believe that because of this, cable growth will plateau over the next few years, while DBS growth will take off.

PRODUCTS AND SERVICES

DISH is Echostar's largest business unit contributing over 80% of revenue for 1999. The remaining 20% came from two other units responsible for the development and sales of satellite receivers, reselling of satellite capacity and satellite based data products.

The DISH Network: Echostar commenced DBS operations in March 1996 and as of year end obtained 3.4 million subscribers or almost 30% of the entire U.S. market. DISH has a wide array of programming options that include almost all the popular cable channels (basic & premium), expanded sports programming packages and foreign broadcasting. Packages are competitively priced with DirecTV, and start at \$19.99/month for the basic "Top 40" service. The "Top 100" package is \$28.99 and includes 70 video as well as 30 music channels. This package is \$1 less than DirecTV's package, while offering 12 more stations. Subscribers can now add local stations for \$4.99/month while movie stations like SHO can be added individually for \$10.99/month.

DISH sells its service and equipment through a network of approximately 20,000 outlets. DISH uses both small and large distributors, while DirecTV uses mainly large ones. Equipment costs range between \$199-\$700, but prices are often deeply discounted as an incentive for subscribers to commit to long-term service.

The DISH service is powered by five satellites, the last of which, Echostar V, was launched on September 23, 1999. A sixth satellite is currently under construction and should be ready by mid 2000. This dish will complete the company's current operation plan. The satellites are spread to ensure full coverage of the Continental U.S. Two satellites are used to transmit the company's core programming, while two other satellites are used to distribute local & international channels. The fifth satellite added 150 audio/video channels to the line-up, thereby increasing overall capacity to 500 channels.

Echostar Receiver Services: Echostar Technologies Corp. (ETC) is a subsidiary which designs and engineers receiver systems & set-top boxes used for DBS services. These receivers are used for the DISH Network as well as exported to international Direct-to-Home (DTH) operators like Telefonica of Spain. This international portion of the business provided over 75% of ETC's revenues in 1999. ETC's business is estimated to grow at a 15-20% annual rate. In previous years, growth was much greater, but lower prices and increased competition for digital set-top boxes dampened the growth rate.

INDUSTRY

The satellite Home Viewer ACT (SHVA) of November 1999 has leveled the playing field with cable. The ability to transmit local television channels has been a key factor in the dominance of cable over DBS providers. Thus, despite offering significantly higher video and audio quality as well as channel capacity, DBS controls just over 10% of the overall pay/multichannel TV market in the U.S. On the other hand, cable commands almost 70% of the market. There are some minor issues with the SHVA act that DISH is working out, but the company believes that it is in a much better position than before.

However, cable companies are reacting to the DBS threat by investing millions to upgrade their systems to convert to digital. Presently, 5% of all cable U.S. cable subscribers have digital service, which enables greater channel capacity and higher quality video/audio. These characteristics have served as major competitive advantages for DBS operators, since its inception. However, the deployment of the digital service is strained by heavy capital expenditure requirements, while DBS operators do not encounter such a burden. Therefore, it is likely that DBS will grow at a much faster rate than digital service.

There has been some talk that DBS providers could encounter problems by not offering a bundled product as a cable company could. Cable companies desire to offer a bundled product of cable TV, voice and high speed Internet access services to households. DBS providers are addressing this issue by attempting to create alliances with Digital Subscriber Line (DSL) companies and Competitive Local Exchange Carriers (CLEC) to up-link/upstream data from DBS customers. However, it is far from certain that bundled service operators will be able to attract and retain customers merely with a bundled product. Equally important will be pricing, product quality and distinctive service.

INVESTMENT CONSIDERATIONS

BUSINESS OUTLOOK

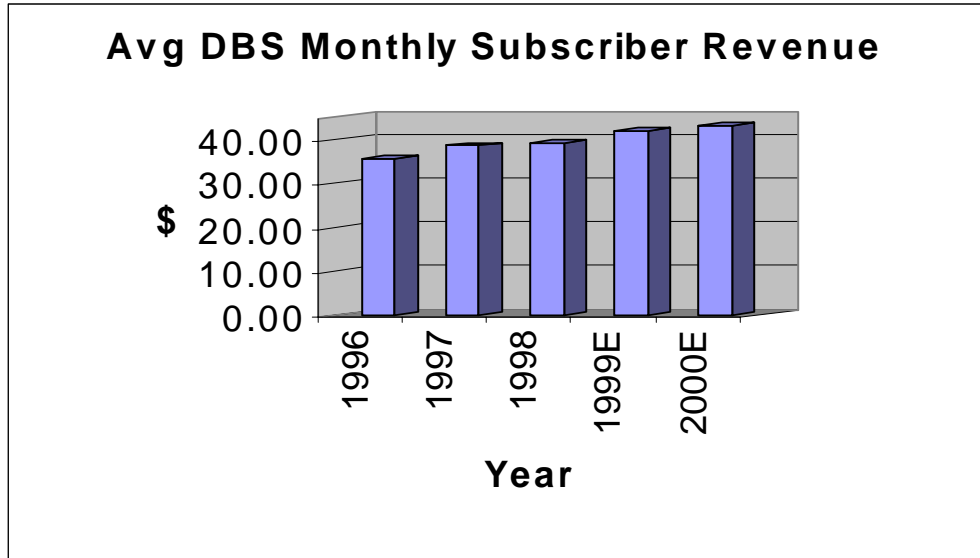
A combination of increased programming options, favorable legislation as well as favorable word of mouth publicity has created a powerful growth environment for the DBS industry. Both operators have been aggressive in their marketing as well as deployment of service, but in recent quarters, EchoStar has clearly displayed faster momentum.

The fourth quarter of 1999 capped a successful year in which DISH grew its subscriber base by almost 80% had increased its revenue base by over 100%. We expect DISH to match its 1999 growth levels in 2000, benefiting from increased marketing and product promotions as well as the slow pace of cable's conversion to digital. Growth beyond 2001 may be more moderate as cable increases its digital rollout and high-speed Internet access via cable modem. However, we believe that cable will continue to lose market share to DBS providers in the face of competitive parity and better customer service from DBS.

Company	1995	1996	1997	1998	1999E
DirecTV Subscribers*	n/a	2.3	3.3	4.5	7.7
DirecTV Growth Rate*	n/a	n/a	43.5%	34.8%	73.0%
Dish Network Subscribers	n/a	0.4	1.0	1.9	3.3
Dish Growth Rate	n/a	n/a	197.1%	82.7%	73.7%

Maybe more important is DISH's ability to manage subscriber acquisition costs (SAC). These costs are necessary to entice and sign a potential subscriber. The company has been very aggressive in this area by offering many deals with free equipment and installation as bait for long-term contracts. SAC levels are approximately \$400 per each new subscriber. We expect that this level will be maintained through 2001, and possibly beyond to attack DirecTV and cable companies. DISH on average collects \$43 a month from its subscribers. At this rate, it takes 9-10 months to recoup its SAC expense.

DISH has been very effective at managing its churn rate. Churn is computed by dividing the total subscriber disconnects by the average number of subscribers during a specific period. Companies want to avoid high churn rates, because SAC expenses will not be recouped thus increasing the cost level of the company. The cable industry has a relatively high churn rate of 25% compared to the DBS industry churn rate of 17-18%. Echostar's churn rate of 15% is lower than the industry average due to the DISH Network's high level of customer service as well as a broader programming line-up. Growing competition from DirecTV and cable should impact churn trends. Our model estimates trends to remain flat through 2001, and then rising --eventually crossing 20% by 2003. We believe that this is a very conservative estimate.



GROWTH POTENTIAL

Echostar reported a year over year revenue increase of an estimated 60% for 1999 to \$1.5 million. Further, the company added 1.5 million new subscribers in 1999, an increase of 80% for a total of 3.4 million. We believe that DISH can maintain this pace for the next 1-2 years as DBS gains momentum and challenges cable as the programming option of choice. *Cable World* estimates that the DBS subscriber pool will double by 2003 to 22 million subscribers. At this time, it is expected that there will be roughly 71 million cable

subscribers. Obviously, there is room for DBS to gain even more subscribers. Currently there are only two major players in the DBS industry, DISH and DirecTV. DISH currently controls 30% of the market, while DirecTV controls 70%. With DISH's superior programming, there is an excellent opportunity for DISH to bite into DirecTV's market.

FINANCIALS and VALUATION

We expect DISH to turn EBITDA positive in the second quarter of 2000, while EBITDA margin should top 30% by 2003 as costs are spread over a rapidly expanding subscriber base. Debt/EBITDA should fall below 2.0 by 2003 from over 6.0 times in 2001 as modest capex requirements and rising cash flow generation help minimize additional debt issuance. We believe that EBITDA analysis is important as many wireless and other technology stocks have been battered after the company could not generate positive operating cash flow within a few years.

We have a price target of \$145 while utilizing a discounted earnings model. We ascribed a 45X multiple on 2003 EPS of \$5.67 and discounted back at approximately 20%. We recommend a buy rating on EchoStar as it is in the midst of an industry "take off" with large upside potential in terms of market penetration.

EchoStar Communications Inc	1997	1998	1999E	2000E	2001E	2002E
Projections						
Total subscribers	1,040,000	1,900,000	3,750,000	5,250,000	7,000,000	8,500,000
Average Subscribers	720,000	1,470,000	2,825,000	4,500,000	6,125,000	7,750,000
Net Adds	640,000	860,000	1,850,000	1,500,000	1,750,000	1,500,000
Disconnects		-	440,700	810,000	1,102,500	1,395,000
Gross Adds	640,000	860,000	2,290,700	2,310,000	2,852,500	2,895,000
Total COA (\$000's)	217,600	245,100	859,013	970,200	1,141,000	1,158,000
Total Churn (monthly)	-		1.3%	1.5%	1.5%	1.5%
ARPU (\$ - monthly)	38.50	39.25	42.00	44.10	48.51	53.36

Echostar Communications Corp.							
		1997	1998	1999E	2000E	2001E	2002E
Revenue							
Dish Network							
vision Services		298,883	669,310	1,423,800	2,381,400	3,565,485	4,962,573
Other		45,367	13,722	8,800	6,000	5,000	5,000
Total Dish Network		344,250	683,032	1,432,600	2,387,400	3,570,485	4,967,573
DTH Equipment Sales & Integration Services		91,637	256,193	128,097	160,121	192,145	230,574
Satellite Services		11,135	22,366	44,732	55,915	67,098	80,518
C-Band and Other		30,396	21,075	31,613	25,290	20,232	15,174
Total Revenue		477,418	982,666	1,637,041	2,628,726	3,849,960	5,293,838
Costs & Expenses:							
Dish Network Operating Expenses:							
ated Expenses		143,574	296,923	562,010	880,589	1,273,620	1,731,874
nter and Other		35,137	72,496	136,400	196,400	236,625	264,600
Transmission		14,563	25,992	40,852	50,000	51,750	53,561
Total Dish Network Operating Expenses		193,274	395,411	739,262	1,126,989	1,561,995	2,050,035
Cost of Sales- DTH Equipment		61,992	173,388	107,601	129,121	154,853	182,960
Cost of Sales- C-band and Other		23,909	16,496	15,671	14,888	14,143	13,436
Marketing:							
quisition Costs		145,061	272,523	769,672	955,740	1,024,165	1,114,830
ing and Other		34,862	47,998	62,000	75,000	100,000	75,000
Total Marketing Expenses		179,923	320,521	831,672	1,030,740	1,124,165	1,189,830
General and Administrative		69,315	97,105	152,822	200,000	211,000	222,605
Amortization and Subscriber Acquisition Cost		121,735	18,869				
Depreciation & Amortization		51,541	83,767	120,500	175,000	175,000	175,000
Total Costs and Expenses		701,689	1,105,557	1,967,528	2,676,738	3,241,156	3,833,866
Operating Loss		(224,271)	(122,891)	(330,487)	(48,012)	608,804	1,459,972
Other Income (Expense):							
Interest Income		17,251	30,286	25,000	50,000	45,000	55,000
Interest Expense		(104,192)	(167,529)	(200,000)	(235,780)	(235,780)	(235,780)
Other		(1,467)	(704)				
Total Other Income (Expense)		(88,408)	(137,947)	(175,000)	(185,780)	(190,780)	(180,780)
Loss Before Income Taxes		(312,679)	(260,838)	(505,487)	(233,792)	418,024	1,279,192
Income Tax Benefit (Provision), Net		(146)	(44)	(10)	(10)	(146,308)	(447,717)
Net (Loss)		(312,825)	(260,882)	(505,497)	(233,802)	271,715	831,475
EBITDA & Before Extraordinary & Dividends		(50,995)	(20,255)	(209,987)	126,988	783,804	1,634,972
Cost of Acquisition/sub		340	285	375	420	400	400
EBITDA		(50,995)	(20,255)	(209,987)	126,988	783,804	1,634,972
EPS		(7.66)	(6.58)	(4.21)	(0.97)	1.13	3.46
EBITDA margin		-0.1068142	-0.0206123	(0)	0.0483077	0.2035875	0.3088444