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

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**Form 10-Q**

(Mark One)

**T QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2012.**

OR

**£ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .**

Commission File Number: 001-33807

**EchoStar Corporation**

(Exact name of registrant as specified in its charter)

**Nevada**  
(State or other jurisdiction of incorporation or organization)

**26-1232727**  
(I.R.S. Employer Identification No.)

**100 Inverness Terrace East  
Englewood, Colorado**  
(Address of principal executive offices)

**80112-5308**  
(Zip code)

**(303) 706-4000**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  T No  £

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  T No  £

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  T

Accelerated filer  £

Non-accelerated filer  £  
(Do not check if a smaller reporting company)

Smaller reporting company  £

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  £ No  T

As of April 30, 2012, the registrant's outstanding common stock consisted of 39,358,396 shares of Class A common stock and 47,687,039 shares of Class B common stock.

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**DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS**

We make “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 throughout this report. Whenever you read a statement that is not simply a statement of historical fact (such as when we describe what we “believe,” “intend,” “plan,” “estimate,” “expect” or “anticipate” will occur and other similar statements), you must remember that our expectations may not be achieved, even though we believe they are reasonable. We do not guarantee that any future transactions or events described herein will happen as described or that they will happen at all. You should read this report completely and with the understanding that actual future results may be materially different from what we expect. Whether actual events or results will conform with our expectations and predictions is subject to a number of risks and uncertainties.

The risks and uncertainties include, but are not limited to, the following:

**General Risks Affecting Our Business**

- We currently derive a substantial portion of our revenue from our two primary customers, DISH Network and Bell TV. The loss of, or a significant reduction in, orders from, or a decrease in selling prices of digital set-top boxes, transponder leasing, provision of digital broadcast services, and/or other products or services to DISH Network or Bell TV would significantly reduce our revenue and adversely impact our results of operations.
- Economic weakness, including high unemployment and reduced consumer spending, may adversely affect our ability to grow or maintain our business.
- If we are unable to properly respond to technological changes, our business could be significantly harmed.
- Certain of our sales to DISH Network could be terminated or substantially curtailed on short notice, which would have a detrimental effect on us.
- We may be required to raise and refinance indebtedness during unfavorable market conditions.
- We may experience significant financial losses on our existing investments.
- We may pursue acquisitions and other strategic transactions to complement or expand our business, which may not be successful and we may lose up to the entire value of our investment in these acquisitions and transactions.
- We may not be aware of certain foreign government laws or regulations or changes to them which could have a significant adverse impact on our business.
- Our international sales and operations are subject to applicable laws relating to trade, export controls and foreign corrupt practices, the violation of which could adversely affect our operations.
- Our business depends on certain intellectual property rights and on not infringing the intellectual property rights of others. The loss of or infringement of our intellectual property rights could have a significant adverse impact on our business.
- Any failure or inadequacy of our information technology infrastructure or those of our third-party service providers could harm our business.
- We are party to various lawsuits which, if adversely decided, could have a significant adverse impact on our business, particularly lawsuits regarding intellectual property.
- We have not been an independent company for a significant amount of time and we may be unable to make, on a timely or cost-effective basis, the changes necessary to operate as an independent company.
- We rely on key personnel and the loss of their services may negatively affect our businesses.

- We have substantial debt outstanding and may incur additional debt.

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**Risks Affecting Our EchoStar Technologies Segment**

- We depend on sales of digital set-top boxes for a substantial portion of our revenue and a decline in sales of our digital set-top boxes would have a material adverse effect on our financial position and results of operations.
- Our business may suffer if our customer base does not compete successfully with existing and emerging competition.
- Our future financial performance depends in part on our ability to penetrate new markets for digital set-top boxes.
- Component pricing may remain stable or be negatively affected by inflation, increased demand, decreased supply, or other factors, which could have a material adverse effect on our results of operations.
- The average selling price and gross margins of our digital set-top boxes has been decreasing and may decrease even further, which could negatively impact our financial position and results of operations.
- Our ability to sell our digital set-top boxes to other operators depends on our ability to obtain licenses to use the conditional access systems utilized by these other operators.
- Growth in our EchoStar Technologies segment likely requires expansion of our sales to international customers, and we may be unsuccessful in expanding international sales.
- If we are successful in growing sales of our digital set-top boxes to international customers, we may be subject to additional risks including, among other things, trade barriers and political instability abroad.
- The digital set-top box industry is extremely competitive.
- We expect to continue to face competition from new market entrants, principally located in Asia, that offer low cost set-top boxes.
- Our digital set-top boxes are highly complex and may experience quality or supply problems.
- If significant numbers of television viewers are unwilling to pay for pay-TV services that utilize digital set-top boxes, we may not be able to sustain our current revenue level.
- Our reliance on a single supplier or a limited number of suppliers for several components used in our digital set-top boxes could restrict production, result in higher digital set-top box costs and delay deliveries to customers.
- Our future growth depends on growing demand for advanced technologies.
- If the encryption and related security technology used in our digital set-top boxes is compromised, sales of our digital set-top boxes may decline.

**Risks Affecting Our EchoStar Satellite Services and Hughes Segments**

- We currently face competition from established competitors in the satellite service business and may face competition from others in the future.
- Our owned and leased satellites in orbit are subject to significant operational and environmental risks that could limit our ability to utilize these satellites.
- Our satellites have minimum design lives ranging from 12 to 15 years, but could fail or suffer reduced capacity before then.
- Our satellites under construction are subject to risks related to construction and launch that could limit our ability to utilize these satellites.
- Our business is subject to risks of adverse government regulation.
- Our business depends on Federal Communications Commission (“FCC”) licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- Our use of certain satellites is often dependent on satellite coordination agreements, which may be difficult to obtain.
- Our dependence on outside contractors could result in delays related to the design, manufacture and launch of our new satellites, which could in turn adversely affect our operating results.

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- We generally do not have commercial insurance coverage on the satellites we use and could face significant impairment charges if one of our uninsured satellites fails.
- We currently have unused satellite capacity in our EchoStar Satellite Services segment, and our results of operations may be materially adversely affected if we are not able to lease more of this capacity to third parties.
- The enterprise network communications industry is highly competitive. We may be unsuccessful in competing effectively against other terrestrial and satellite-based network providers in our enterprise groups.
- The consumer network communications market is highly competitive. We may be unsuccessful in competing effectively against fiber, Digital Subscriber Line (“DSL”), cable service providers and other satellite broadband providers in the consumer market.
- We are dependent upon third-party providers for components, manufacturing, installation services, and customer support services, and our results of operations may be materially adversely affected if any of these third-party providers fail to appropriately deliver the contracted goods or services.
- The failure to adequately anticipate the need for transponder capacity or the inability to obtain transponder capacity for our Hughes segment could harm our results of operations.
- If our products contain defects, we could be subject to significant costs to correct such defects and our product and network service contracts could be delayed or cancelled, which could adversely affect our revenues.
- We may face difficulties in accurately assessing and collecting contributions towards the Universal Service Fund.
- Our foreign operations expose us to regulatory risks and restrictions not present in our domestic operations.
- Although we expect that the Hughes Acquisition (as defined below) will benefit us, those expected benefits may not occur because of the complexity of integration and other challenges.

**Other Risks**

- We may have potential conflicts of interest with DISH Network due to our common ownership and management.
- We cannot assure you that there will not be deficiencies leading to material weaknesses in our internal control over financial reporting.
- It may be difficult for a third party to acquire us, even if doing so may be beneficial to our shareholders, because of our capital structure.

- We are controlled by one principal stockholder who is our Chairman.
- We may face other risks described from time to time in periodic and current reports we file with the Securities and Exchange Commission (“SEC”).

All cautionary statements made herein should be read as being applicable to all forward-looking statements wherever they appear. Investors should consider the risks described herein and should not place undue reliance on any forward-looking statements. We assume no responsibility for updating forward-looking information contained or incorporated by reference herein or in other reports we file with the SEC.

In this report, the words “EchoStar,” the “Company,” “we,” “our” and “us” refer to EchoStar Corporation and its subsidiaries, unless the context otherwise requires. “DISH Network” refers to DISH Network Corporation and its subsidiaries, unless the context otherwise requires.

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**Item 1. FINANCIAL STATEMENTS**

**ECHOSTAR CORPORATION**  
**CONDENSED CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands, except share amounts)  
(Unaudited)

	As of	
	March 31, 2012	December 31, 2011
<b>Assets</b>		
<i>Current Assets:</i>		
Cash and cash equivalents	\$ 629,094	\$ 614,035
Marketable investment securities	1,053,650	1,082,407
Trade accounts receivable, net of allowance for doubtful accounts of \$18,893 and \$18,484, respectively	240,486	212,960
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	284,407	229,852
Inventory	97,621	68,707
Deferred tax assets	38,340	23,492
Other current assets	67,673	76,284
<b>Total current assets</b>	<b>2,411,271</b>	<b>2,307,737</b>
<i>Noncurrent Assets:</i>		
Restricted cash and marketable investment securities	23,987	24,286
Property and equipment, net of accumulated depreciation of \$2,092,470 and \$2,003,875, respectively	2,509,702	2,453,546
FCC authorizations	469,810	469,810
Intangible assets, net	443,146	466,452
Goodwill	526,680	533,018
Marketable and other investment securities	147,315	140,439
Other noncurrent assets, net	155,558	148,449
<b>Total noncurrent assets</b>	<b>4,276,198</b>	<b>4,236,000</b>
<b>Total assets</b>	<b>\$ 6,687,469</b>	<b>\$ 6,543,737</b>
<b>Liabilities and Stockholders' Equity (Deficit)</b>		
<i>Current Liabilities:</i>		
Trade accounts payable	\$ 305,172	\$ 250,366
Trade accounts payable - DISH Network	19,002	16,374
Deferred revenue and other	49,778	54,090
Accrued interest	41,522	6,353
Accrued royalties	17,490	23,590
Accrued expenses and other	155,625	167,710
Current portion of long-term debt and capital lease obligations	68,541	65,239
<b>Total current liabilities</b>	<b>657,130</b>	<b>583,722</b>
<i>Long-Term Obligations, Net of Current Portion:</i>		
Long-term debt and capital lease obligations, net of current portion	2,477,143	2,469,023
Deferred tax liabilities	378,218	373,391
Long-term deferred revenue and other long-term liabilities	67,924	65,975
<b>Total long-term obligations, net of current portion</b>	<b>2,923,285</b>	<b>2,908,389</b>
<b>Total liabilities</b>	<b>3,580,415</b>	<b>3,492,111</b>

**Commitments and Contingencies (Note 12)**

**Stockholders' Equity (Deficit):**

Preferred Stock, \$.001 par value, 20,000,000 shares authorized, none issued and outstanding	—	—
Class A common stock, \$.001 par value, 1,600,000,000 shares authorized, 44,561,296 and 44,500,440 shares issued, and 39,028,978 and 38,968,122 shares outstanding, respectively	45	45
Class B common stock, \$.001 par value, 800,000,000 shares authorized, 47,687,039 shares issued and outstanding	48	48
Class C common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Class D common stock, \$.001 par value, 800,000,000 shares authorized, none issued and outstanding	—	—
Additional paid-in capital	3,368,534	3,360,301

Accumulated other comprehensive income (loss)	86,039	165,771
Accumulated earnings (deficit)	(258,899)	(385,487)
Treasury stock, at cost	(98,162)	(98,162)
Total EchoStar stockholders' equity (deficit)	3,097,605	3,042,516
Noncontrolling interests	9,449	9,110
Total stockholders' equity (deficit)	3,107,054	3,051,626
Total liabilities and stockholders' equity (deficit)	\$ 6,687,469	\$ 6,543,737

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

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**ECHOSTAR CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS**  
**AND COMPREHENSIVE INCOME (LOSS)**  
(In thousands, except per share amounts)  
(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
<b>Revenue:</b>		
Equipment revenue - DISH Network	\$ 237,365	\$ 272,126
Equipment revenue - other	157,347	65,909
Services and other revenue - DISH Network	126,658	121,207
Services and other revenue - other	243,410	20,584
Total revenue	764,780	479,826
<b>Costs and Expenses:</b> (exclusive of depreciation shown separately below - Note 7)		
Cost of sales - equipment	337,166	293,384
Cost of sales - services and other	167,830	61,460
Research and development expenses	17,350	8,859
Selling, general and administrative expenses	96,979	44,772
General and administrative expenses - DISH Network	1,955	3,489
Depreciation and amortization (Notes 7 and 8)	114,090	57,014
Total costs and expenses	735,370	468,978
Operating income (loss)	29,410	10,848
<b>Other Income (Expense):</b>		
Interest income	2,879	2,677
Interest expense, net of amounts capitalized	(38,621)	462
Unrealized and realized gains (losses) on marketable investment securities and other investments	127,995	665
Unrealized gains (losses) on investments accounted for at fair value, net	—	3,304
Other, net	4,533	6,991
Total other income (expense)	96,786	14,099
Income (loss) before income taxes	126,196	24,947
Income tax (provision) benefit, net	305	(7,788)
Net income (loss)	126,501	17,159
Less: Net income (loss) attributable to noncontrolling interests	(87)	(5)
Net income (loss) attributable to EchoStar	\$ 126,588	\$ 17,164
<b>Weighted-average common shares outstanding - Class A and B common stock:</b>		
Basic	86,684	85,466
Diluted	87,326	92,331
<b>Earnings per share - Class A and B common stock:</b>		
Basic net income (loss) per share attributable to EchoStar	\$ 1.46	\$ 0.20
Diluted net income (loss) per share attributable to EchoStar	\$ 1.45	\$ 0.19
<b>Comprehensive Income (Loss):</b>		
Net income (loss)	\$ 126,501	\$ 17,159
<i>Other comprehensive income (loss), net of tax:</i>		
Foreign currency translation adjustments	5,092	(192)
Unrealized holding gains (losses) on available-for-sale securities	43,429	6,771
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(127,995)	(665)
Total other comprehensive income (loss), net of tax	(79,474)	5,914
Comprehensive income (loss)	47,027	23,073
Less: Comprehensive income (loss) attributable to noncontrolling interests	171	(5)

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

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**ECHOSTAR CORPORATION**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(In thousands)

(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
<b>Cash Flows From Operating Activities:</b>		
Net income (loss)	\$ 126,501	\$ 17,159
<i>Adjustments to reconcile net income (loss) to net cash flows from operating activities:</i>		
Depreciation and amortization	114,090	57,014
Equity in losses (earnings) of affiliates	(4,185)	(5,008)
Unrealized and realized (gains) losses on marketable investment securities and other investments	(127,995)	(665)
Unrealized (gains) losses on investments accounted for at fair value, net	—	(3,304)
Non-cash, stock-based compensation	6,918	2,981
Deferred tax expense (benefit)	(4,766)	1,759
Other, net	6,511	353
Change in noncurrent assets	(3,681)	1,570
Changes in current assets and current liabilities, net	(34,183)	21,313
<b>Net cash flows from operating activities</b>	<b>79,210</b>	<b>93,172</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of marketable investment securities	(278,902)	(551,508)
Sales and maturities of marketable investment securities	348,754	488,781
Purchases of property and equipment	(114,007)	(39,140)
Change in restricted cash and marketable investment securities	299	—
Purchase of strategic investments included in marketable and other investment securities	(374)	(27,775)
Proceeds from sale of strategic investments	—	15,437
Other, net	(4,554)	51
<b>Net cash flows from investing activities</b>	<b>(48,784)</b>	<b>(114,154)</b>
<b>Cash Flows From Financing Activities:</b>		
Repayment of long-term debt and capital lease obligations	(17,477)	(13,019)
Debt issuance costs	(229)	—
Net proceeds from Class A common stock options exercised and issued under the Employee Stock Purchase Plan	1,297	14,153
Other	288	694
<b>Net cash flows from financing activities</b>	<b>(16,121)</b>	<b>1,828</b>
<b>Effect of exchange rates on cash and cash equivalents</b>	<b>754</b>	<b>(1,064)</b>
Net increase (decrease) in cash and cash equivalents	15,059	(20,218)
Cash and cash equivalents, beginning of period	614,035	141,814
Cash and cash equivalents, end of period	<u>\$ 629,094</u>	<u>\$ 121,596</u>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash paid for interest (including capitalized interest)	<u>\$ 13,737</u>	<u>\$ 11,716</u>
Capitalized interest	<u>\$ 11,598</u>	<u>\$ 9,050</u>
Cash received for interest	<u>\$ 4,993</u>	<u>\$ 4,693</u>
Cash paid for income taxes	<u>\$ 1,648</u>	<u>\$ 474</u>
Satellites and other assets financed under capital lease obligations	<u>\$ 28,455</u>	<u>\$ 9,343</u>
Capital expenditures included in accounts payable	<u>\$ 7,652</u>	<u>\$ 9,463</u>

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

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

(Unaudited)

## 1. Organization and Business Activities

### *Principal Business*

We were organized in October 2007 as a corporation under the laws of the State of Nevada. EchoStar Corporation is a holding company (together with its subsidiaries, “EchoStar,” the “Company,” “we,” “us” and/or “our”). On June 8, 2011, we acquired all of the outstanding equity of Hughes Communications, Inc. (the “Hughes Acquisition”). Following the Hughes Acquisition, we operate three segments.

- **EchoStar Technologies** — which designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox “placeshifting” technology, primarily for satellite TV service providers, telecommunication and international cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Our EchoStar Technologies segment also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services primarily to DISH Network.
- **EchoStar Satellite Services** — which uses 10 of our 11 owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, S. de R.L. de C.V. (“Dish Mexico”), United States government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers.
- **Hughes** — which provides satellite broadband Internet access to North American consumers and broadband network services and systems to the domestic and international enterprise markets. Hughes also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. Hughes became a new segment as a result of the Hughes Acquisition and the results of operations of Hughes Communications, Inc. and its subsidiaries (“Hughes Communications”) are included in our results effective June 9, 2011. See Note 11 for further discussion of the Hughes Acquisition.

Effective January 1, 2008, DISH Network completed its distribution to us (the “Spin-off”) of its digital set-top box business and certain infrastructure and other assets, including certain of its satellites, uplink and satellite transmission assets, real estate and other assets and related liabilities. Since the Spin-off, we and DISH Network have operated as separate publicly-traded companies, and neither entity has any ownership interest in the other. However, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, or by certain trusts established by Mr. Ergen for the benefit of his family.

## 2. Summary of Significant Accounting Policies

### *Basis of Presentation*

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) and with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Accordingly, these statements do not include all of the information and notes required for complete financial statements prepared under GAAP. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included. Our results of operations for the interim periods presented are not necessarily indicative of the results that may be expected for the full year. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2011 (“2011 10-K”). Certain prior period amounts have been reclassified to conform to the current period presentation.

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## ECHOSTAR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued (Unaudited)

### *Principles of Consolidation*

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities where we are the primary beneficiary. Non-majority owned investments are accounted for using the equity method when we have the ability to significantly influence the operating decisions of the investee. When we do not have the ability to significantly influence the operating decisions of an investee, the cost method is used. All significant intercompany accounts and transactions have been eliminated in consolidation.

### *Use of Estimates*

The preparation of financial statements in conformity with GAAP requires us 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 revenue and expense for each reporting period. Estimates are used in accounting for, among other things, deferred revenue and deferred subscriber acquisition costs amortization periods, percentage-of-completion related to revenue recognition, allowances for doubtful accounts, allowance for sales returns/rebates, warranty obligations, self-insurance obligations, deferred taxes and related valuation allowances, uncertain tax positions, loss contingencies, fair value of financial instruments, fair value of options granted under our stock-based compensation plans, fair value of assets and liabilities acquired in business combinations, capital leases, asset impairments, useful lives of property, equipment and intangible assets, and royalty obligations. Weakened economic conditions may increase the inherent uncertainty in the estimates and assumptions indicated above. We base our estimates and assumptions on historical experience and on various other factors that we believe to be reasonable under the circumstances. Due to the inherent uncertainty involved in making estimates, actual results may differ from previously estimated amounts, and such differences may be material to our Condensed Consolidated Financial Statements. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected prospectively in the period they occur.

### *Fair Value Measurements*

We determine fair value based on the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Market or observable inputs are the preferred source of values, followed by unobservable inputs or assumptions based on hypothetical transactions in the absence of market inputs. We apply the following hierarchy in determining fair value:

- Level 1, defined as observable inputs being quoted prices in active markets for identical assets;
- Level 2, defined as observable inputs other than quoted prices included in Level 1, including quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which significant inputs and significant value drivers are observable in active markets; and
- Level 3, defined as unobservable inputs for which little or no market data exists, consistent with reasonably available assumptions made by other participants therefore requiring assumptions based on the best information available.

As of March 31, 2012 and December 31, 2011, the carrying value of our cash and cash equivalents; current marketable investment securities; trade accounts receivable, net of allowance for doubtful accounts; and current liabilities were equal to or approximates fair value due to their short-term nature or proximity to current market rates.

Fair values for our publicly traded debt securities are based on quoted market prices. The fair values of our private debt is estimated based on an analysis in which we evaluate market conditions, related securities, various public and

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

private offerings, and other publicly available information. In performing this analysis, we make various assumptions regarding, among other things, credit spreads, and the impact of these factors on the value of the notes. See Note 9 for the fair value of our long-term debt.

**3. Basic and Diluted Net Income (Loss) Per Share**

We present both basic earnings per share (“EPS”) and diluted EPS. Basic EPS excludes potential dilution and is computed by dividing “Net income (loss) attributable to EchoStar” by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the potential dilution that could occur if stock awards were exercised.

The potential dilution from stock awards was computed using the treasury stock method based on the average market value of our Class A common stock. The following table presents EPS amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands except per share amounts)	
Net income (loss) attributable to EchoStar	\$ 126,588	\$ 17,164
<b>Weighted-average common shares outstanding - Class A and B common stock:</b>		
Basic	86,684	85,466
Dilutive impact of stock awards outstanding	642	6,865
Diluted	87,326	92,331
<b>Earnings per share - Class A and B common stock:</b>		
Basic net income (loss) per share attributable to EchoStar	\$ 1.46	\$ 0.20
Diluted net income (loss) per share attributable to EchoStar	\$ 1.45	\$ 0.19

As of March 31, 2012 and 2011, there were stock awards to purchase 4.4 million and 2.3 million shares, respectively, of our Class A common stock outstanding, not included in the weighted-average common shares outstanding above, as their effect is antidilutive.

Vesting of options and rights to acquire shares of our Class A common stock granted pursuant to a performance-based stock incentive plan (“Restricted Performance Units”) is contingent upon meeting a certain company goal which is not yet probable of being achieved. As a consequence, the following are also not included in the diluted EPS calculation.

	As of March 31,	
	2012	2011
	(In thousands)	
Performance-based options	659	689
Restricted Performance Units	74	92
Total	733	781

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**4. Other Comprehensive Income Related Tax Effects**

The following table presents the tax effects allocated to each component of other comprehensive income. A full valuation allowance has been established against any deferred tax assets that are capital in nature.

	For the Three Months Ended March 31,					
	2012			2011		
	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount	Before Tax Amount	Tax (Expense) Benefit	Net of Tax Amount
	(In thousands)					
Foreign currency translation adjustments	\$ 5,092	\$ —	\$ 5,092	\$ (192)	\$ —	\$ (192)
Unrealized holding gains (losses) on available-for-sale securities	43,429	—	43,429	6,771	—	6,771
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	(127,995)	—	(127,995)	(665)	—	(665)
Other comprehensive income (loss)	<u>\$ (79,474)</u>	<u>\$ —</u>	<u>\$ (79,474)</u>	<u>\$ 5,914</u>	<u>\$ —</u>	<u>\$ 5,914</u>

**5. Marketable Investment Securities, Restricted Cash and Cash Equivalents, and Other Investment Securities**

Our marketable investment securities, restricted cash and cash equivalents, and other investment securities consist of the following:

	As of	
	March 31, 2012	December 31, 2011
	(In thousands)	
<b>Marketable investment securities - current:</b>		
VRDNs	\$ 214,845	\$ 218,665
Strategic	120,170	216,090
Other	718,635	647,652
<i>Total marketable investment securities - current</i>	1,053,650	1,082,407
Restricted marketable investment securities (1)	3,181	3,939
<b>Total</b>	<u>1,056,831</u>	<u>1,086,346</u>
<b>Restricted cash and cash equivalents (1)</b>	<u>20,806</u>	<u>20,347</u>
<b>Marketable and other investment securities - noncurrent:</b>		
Cost method	26,193	26,193
Equity method	121,122	114,246
<b>Total marketable and other investment securities - noncurrent</b>	<u>147,315</u>	<u>140,439</u>
<b>Total marketable investment securities, restricted cash and cash equivalents, and other investment securities</b>	<u>\$ 1,224,952</u>	<u>\$ 1,247,132</u>

(1) Restricted marketable investment securities and restricted cash and cash equivalents are included in "Restricted cash and marketable investment securities" on our Condensed Consolidated Balance Sheets.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**Marketable Investment Securities**

Our marketable investment securities portfolio consists of various debt and equity instruments, all of which are classified as available-for-sale.

*Variable rate demand notes ("VRDNs")*

VRDNs are long-term floating rate municipal bonds with embedded put options that allow the bondholder to sell the security at par plus accrued interest. All of the put options are secured by a pledged liquidity source. Our VRDN portfolio is comprised of investments in many municipalities, which are backed by financial institutions or other highly rated companies that serve as the pledged liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis.

*Strategic*

Our current strategic marketable investment securities are highly speculative and have experienced and continue to experience volatility. As of March 31, 2012 and December 31, 2011, a significant portion of our strategic investment portfolio consisted of securities of several issuers and a significant portion of the value of that portfolio depends on the value of those issuers.

Other

Our other current marketable investment securities portfolio includes investments in various debt instruments including corporate and government bonds.

*Restricted Cash and Marketable Investment Securities*

As of March 31, 2012 and December 31, 2011, our restricted marketable investment securities, together with our restricted cash, included amounts required as collateral for our letters of credit or surety bonds.

**Marketable and Other Investment Securities - Noncurrent**

We account for our unconsolidated debt and equity investments under the fair value, equity and/or cost method of accounting. We have several strategic investments in certain equity securities that are included in noncurrent "Marketable and other investment securities" on our Condensed Consolidated Balance Sheets.

*Cost and Equity*

Non-majority owned investments in equity securities are generally accounted for using the equity method when we have the ability to significantly influence the operating decisions of an investee. However, when we do not have the ability to significantly influence the operating decisions of an investee, the cost method is used.

Our ability to realize value from our strategic investments in companies that are not publicly traded depends on the success of those companies' businesses and their ability to obtain sufficient capital to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

*Fair Value*

We elect the fair value method for certain debt and equity investments in affiliates when we believe the fair value method of accounting provides more meaningful information to our investors. For our investments carried at fair

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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value, interest and dividends are measured at fair value and are recorded in "Unrealized gains (losses) on investments accounted for at fair value, net" in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss).

**Unrealized Gains (Losses) on Marketable Investment Securities**

As of March 31, 2012 and December 31, 2011, we had accumulated net unrealized gains, net of related tax effect, of \$95 million and \$180 million, respectively, as a part of "Accumulated other comprehensive income (loss)" within "Total stockholders' equity (deficit)." A full valuation allowance has been established against any net deferred tax assets that are capital in nature. The components of our available-for-sale investments are summarized in the table below.

	As of March 31, 2012				As of December 31, 2011			
	Marketable Investment Securities	Gains	Unrealized Losses	Net	Marketable Investment Securities	Gains	Unrealized Losses	Net
	(In thousands)							
<b>Debt securities:</b>								
VRDNs	\$ 214,845	\$ —	\$ —	\$ —	\$ 218,665	\$ —	\$ —	\$ —
Other (including restricted)	721,816	635	(1,017)	(382)	651,591	253	(2,715)	(2,462)
<b>Equity securities:</b>								
Other	120,170	95,568	—	95,568	216,090	182,214	—	182,214
<b>Total marketable investment securities</b>	<u>\$ 1,056,831</u>	<u>\$ 96,203</u>	<u>\$ (1,017)</u>	<u>\$ 95,186</u>	<u>\$ 1,086,346</u>	<u>\$ 182,467</u>	<u>\$ (2,715)</u>	<u>\$ 179,752</u>

As of March 31, 2012, restricted and non-restricted marketable investment securities included debt securities of \$831 million with contractual maturities of one year or less and \$106 million with contractual maturities greater than one year. Actual maturities may differ from contractual maturities as a result of our ability to sell these securities prior to maturity.

**Marketable Investment Securities in a Loss Position**

The following table reflects the length of time that our available-for-sale debt securities have been in an unrealized loss position. We do not intend to sell our investments in debt securities before they recover or mature, and it is more likely than not that we will hold these debt investments until that time. In addition, we are not aware of any specific factors indicating that the underlying issuers of these debt securities would not be able to pay interest as it becomes due or repay the principal at maturity. Therefore, we believe that these changes in the estimated fair values of these marketable investment securities are primarily related to temporary market fluctuations.

Debt Securities	As of			
	March 31, 2012		December 31, 2011	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
	(In thousands)			
Less than 12 months	\$ 428,083	\$ (1,017)	\$ 507,925	\$ (2,709)
12 months or more	—	—	3,931	(6)

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**Fair Value Measurements**

Our investments measured at fair value on a recurring basis were as follows:

	As of							
	March 31, 2012				December 31, 2011			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
<b>Cash equivalents (including restricted)</b>	\$ 534,686	\$ 15,735	\$ 518,951	\$ —	\$ 543,243	\$ 16,197	\$ 527,046	\$ —
<b>Debt securities:</b>								
VRDNs	\$ 214,845	\$ —	\$ 214,845	\$ —	\$ 218,665	\$ —	\$ 218,665	\$ —
Other (including restricted)	721,816	—	721,816	—	651,591	—	651,591	—
<b>Equity securities - strategic</b>	120,170	120,170	—	—	216,090	216,090	—	—
<b>Total assets at fair value</b>	\$ 1,056,831	\$ 120,170	\$ 936,661	\$ —	\$ 1,086,346	\$ 216,090	\$ 870,256	\$ —

**Unrealized and Realized Gains (Losses) on Marketable Investment Securities and Other Investments**

During the three months ended March 31, 2012 and 2011, we recognized \$128 million and \$1 million, respectively, of realized gains on sales of our debt and equity marketable investment securities.

**Investment in TerreStar**

In February 2008, we completed several transactions under a Master Investment Agreement between us, TerreStar Corporation and TerreStar Networks Inc. ("TerreStar"). Under the Master Investment Agreement, we acquired, among other things, \$50 million in aggregate principal amount of TerreStar Networks Inc.'s 6 1/2% Senior Exchangeable Paid-in-Kind Notes due June 15, 2014 ("Exchangeable Notes"). TerreStar Networks, Inc. and certain of its affiliates filed for bankruptcy protection under Chapter 11 of the United States Bankruptcy Code on October 19, 2010. The United States Bankruptcy Court for the Southern District of New York confirmed TerreStar Networks Inc.'s Chapter 11 plan of reorganization (the "TerreStar Networks Plan") on February 15, 2012.

Pursuant to the TerreStar Networks Plan, which became effective March 29, 2012, our Exchangeable Notes were cancelled. In satisfaction of our claims against TerreStar under the Exchangeable Notes, we have a right to receive a distribution, along with other general unsecured creditors, in accordance with the terms of the TerreStar Networks Plan. The amount of any distribution we ultimately receive will vary depending upon and will be impacted by, among other things, the outcome of any claim objections, and will be substantially less than the amount we paid for the Exchangeable Notes. Any proceeds received on this investment will be recognized as a gain in "Unrealized and realized gains (losses) on marketable investment securities and other investments" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) and will directly impact our profitability. As of March 31, 2012 and December 31, 2011, we had no investment in TerreStar.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**6. Inventory**

Inventory consists of the following:

	As of	
	March 31, 2012	December 31, 2011
	(In thousands)	
Finished goods	\$ 70,556	\$ 49,038
Raw materials	17,482	11,212
Work-in-process	9,583	8,457
<b>Total inventory</b>	<b>\$ 97,621</b>	<b>\$ 68,707</b>

**7. Property and Equipment**

Depreciation and amortization expense consists of the following:

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Satellites	\$ 37,059	\$ 23,125

Furniture, fixtures, equipment and other	50,573	25,377
Amortization of intangible assets and other	23,263	6,869
Buildings and improvements	3,195	1,643
Total depreciation and amortization	<u>\$ 114,090</u>	<u>\$ 57,014</u>

The increase in our depreciation and amortization expense from the three months ended March 31, 2011 compared to the same period in 2012 is primarily related to the Hughes Acquisition.

Cost of sales and other expense categories included in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation expense.

### **Satellites**

We currently utilize 11 satellites in geostationary orbit approximately 22,300 miles above the equator, including the SPACEWAY™ 3 satellite, which was added to our satellite fleet as a result of the Hughes Acquisition in 2011. Five of these satellites are leased. Four of our leased satellites are accounted for as capital leases and are depreciated over the terms of the satellite service agreements, and the one satellite we lease from DISH Network is accounted for as an operating lease. We depreciate our owned satellites on a straight-line basis over the estimated useful life of each satellite. See Note 14 for further discussion of our satellite leases with DISH Network.

### **Satellite Anomalies**

Prior to 2012, certain of our satellites have experienced anomalies, some of which have had a significant adverse impact on their remaining useful life and/or commercial operation. There can be no assurance that future anomalies will not further impact the remaining useful life and commercial operation of any of the satellites in our fleet. See “*Long-Lived Satellite Assets*” below for further discussion of evaluation of impairment. In addition, there can be no assurance that we can recover critical transmission capacity in the event one or more of our in-orbit satellites were to fail. We generally do not carry in-orbit insurance on any of our satellites, other than SPACEWAY 3, EchoStar XVII/Jupiter and EchoStar XVI as discussed below, and therefore, we will bear the risk of any uninsured in-orbit

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### **ECHOSTAR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued (Unaudited)**

failures. However, pursuant to the terms of the agreements governing certain portions of our indebtedness, we are required, subject to certain limitations on coverage, to maintain launch insurance for EchoStar XVII/Jupiter and EchoStar XVI and to maintain in-orbit insurance for EchoStar XVII/Jupiter, EchoStar XVI and SPACEWAY 3. Satellite anomalies with respect to certain of our satellites are discussed below.

### **Owned Satellites**

*EchoStar III.* EchoStar III, which is currently an in-orbit spare, was designed to meet a minimum 12-year useful life. During first quarter 2012, we determined that EchoStar III experienced a solar array anomaly which did not impact commercial operation of the satellite; however there can be no assurance that future anomalies will not impact its commercial operation. EchoStar III was fully depreciated during 2009.

*EchoStar VI.* EchoStar VI was designed to meet a minimum 12-year useful life. Prior to 2012, this satellite experienced solar array anomalies and the loss of traveling wave tube amplifiers (“TWTAs”) that did not reduce its useful life; however, the solar array anomalies impacted the commercial operation of the satellite. During first quarter 2012, we determined that EchoStar VI experienced the loss of two additional TWTAs increasing the total number of TWTAs lost on the satellite to five. The recent loss of TWTAs did not reduce the estimated useful life of the satellite and had no impact on the commercial operation of the satellite; however there can be no assurance that future anomalies will not reduce its useful life or impact its commercial operation. EchoStar VI will be fully depreciated in August 2012.

### **Leased Satellites**

*EchoStar I.* During first quarter 2012, it was determined that EchoStar I experienced a communications receiver anomaly. While this anomaly did not impact the commercial operation of the satellite, there can be no assurance that future anomalies will not impact its future commercial operation.

*AMC-16.* During 2012, AMC-16 experienced two additional solar-power anomalies, causing a partial power loss that further reduced its capacity. Testing is being performed to determine the extent to which these anomalies impacted its commercial operations, the extent to which our monthly recurring payment under the applicable satellite services agreement may be further reduced and the extent to which our capital lease obligation may be further decreased. There can be no assurance that these anomalies or any future anomalies will not reduce its useful life or further impact its commercial operations.

### **Long-Lived Satellite Assets**

We evaluate our satellites for impairment and test for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. This evaluation is performed at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. Certain of the anomalies discussed above, and previously disclosed, may be considered to represent a significant adverse change in the physical condition of a particular satellite. However, based on the redundancy designed within each satellite, these anomalies are not considered to be significant events that would require evaluation for impairment recognition because the projected cash flows have not been significantly affected by these anomalies.

**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

**8. Intangible Assets and Goodwill****Intangible Assets**

Our identifiable intangible assets subject to amortization consisted of the following:

	As of			
	March 31, 2012		December 31, 2011	
	Intangible Assets	Accumulated Amortization	Intangible Assets	Accumulated Amortization
	(In thousands)			
Customer relationships	\$ 295,327	\$ (86,995)	\$ 295,327	\$ (77,560)
Contract-based	255,366	(154,137)	255,366	(145,406)
Technology-based (1)	153,185	(53,656)	153,185	(49,307)
Trademark portfolio	32,191	(1,861)	32,191	(1,364)
Favorable leases	4,707	(981)	4,707	(687)
Total	<u>\$ 740,776</u>	<u>\$ (297,630)</u>	<u>\$ 740,776</u>	<u>\$ (274,324)</u>

Amortization expense on these intangible assets is recorded on a straight-line basis over a useful life primarily ranging from approximately one to twenty years or in relation to the estimated discounted cash flows over the life of the intangible. Amortization expense was \$23 million and \$7 million for the three months ended March 31, 2012 and 2011, respectively.

Estimated future amortization of our identifiable intangible assets as of March 31, 2012 is as follows:

	Amount (In thousands)
<b>For the Years Ended December 31,</b>	
2012 (remaining nine months)	\$ 67,726
2013	69,495
2014	78,082
2015	63,360
2016	42,263
Thereafter (1)	122,220
Total	<u>\$ 443,146</u>

(1) On December 31, 2010, we acquired certain assets of Move Networks, Inc. which included in-process research and development ("R&D"). In-process R&D assets acquired in a business combination initially are considered indefinite-lived assets until either the completion or abandonment of the associated R&D efforts. Upon the successful completion of the development process, we will commence amortization of the balance over the estimated useful life of the project. For purposes of the future amortization table, we include, among other things, the entire in-process R&D balance of \$26 million in the category labeled "Thereafter" until such time that the R&D efforts are finalized or abandoned.

**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

**Goodwill**

During the three months ended March 31, 2012, we made adjustments to the allocation of our purchase price related to the Hughes Acquisition as summarized in the table below.

	Goodwill (In thousands)
<b>Balance as of December 31, 2011</b>	\$ 533,018
Adjustments to the Hughes Acquisition (non-deductible)	(6,338)
<b>Balance as of March 31, 2012</b>	<u>\$ 526,680</u>

**9. Debt****Fair Value of our Debt**

The following table summarizes the carrying and fair values of our debt facilities:

	As of			
	March 31, 2012		December 31, 2011	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	(In thousands)			

6 1/2% Senior Secured Notes due 2019	\$ 1,100,000	\$ 1,155,000	\$ 1,100,000	\$ 1,138,500
7 5/8% Senior Notes due 2021	900,000	969,750	900,000	936,000
Mortgages and other notes payable	6,567	6,567	6,644	6,644
Subtotal	2,006,567	\$ 2,131,317	2,006,644	\$ 2,081,144
Capital lease obligations (1)	539,117	NA	527,618	NA
Total debt and capital lease obligations	\$ 2,545,684		\$ 2,534,262	

(1) Disclosure regarding fair value of capital leases is not required.

We estimated the fair value of our publicly traded long-term debt using market prices in less active markets (Level 2).

## 10. Stock-Based Compensation

### Stock Incentive Plans

We maintain stock incentive plans to attract and retain officers, directors and key employees. Stock awards under these plans include both performance and non-performance based stock incentives. As of March 31, 2012, we had outstanding under these plans stock options to acquire 8.7 million shares of our Class A common stock and 0.1 million restricted stock units. Stock options granted prior to and on March 31, 2012 were granted with exercise prices equal to or greater than the market value of our Class A common stock at the date of grant and with a maximum term of ten years. While historically we have issued stock awards subject to vesting, typically at the rate of 20% to 33% per year, some stock awards have been granted with immediate vesting and other stock awards vest only upon the achievement of certain company-wide objectives. As of March 31, 2012, we had 4.8 million shares of our Class A common stock available for future grant under our stock incentive plans.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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In connection with the Spin-off, as permitted by DISH Network's existing stock incentive plans and consistent with the Spin-off exchange ratio, each DISH Network stock option was converted into two stock options as follows:

- an adjusted DISH Network stock option for the same number of shares that were exercisable under the original DISH Network stock option, with an exercise price equal to the exercise price of the original DISH Network stock option multiplied by 0.831219.
- a new EchoStar stock option for one-fifth of the number of shares that were exercisable under the original DISH Network stock option, with an exercise price equal to the exercise price of the original DISH Network stock option multiplied by 0.843907.

Similarly, each holder of DISH Network restricted stock units retained his or her DISH Network restricted stock units and received one EchoStar restricted stock unit for every five DISH Network restricted stock units that they held.

Consequently, the fair value of the DISH Network stock award and the new EchoStar stock award immediately following the Spin-off was equivalent to the fair value of such stock award immediately prior to the Spin-off.

The following stock awards were outstanding:

Stock Awards Outstanding	As of March 31, 2012			
	EchoStar Awards		DISH Network Awards	
	Stock Options	Restricted Stock Units	Stock Options	Restricted Stock Units
Held by EchoStar employees	7,916,296	89,940	2,580,701	94,999
Held by DISH Network employees	791,554	53,620	N/A	N/A
Total	8,707,850	143,560	2,580,701	94,999

We are responsible for fulfilling all stock awards related to EchoStar common stock and DISH Network is responsible for fulfilling all stock awards related to DISH Network common stock, regardless of whether such stock awards are held by our or DISH Network's employees. Notwithstanding the foregoing, our stock-based compensation expense, resulting from stock awards outstanding at the Spin-off date, is based on the stock awards held by our employees regardless of whether such stock awards were issued by EchoStar or DISH Network. Accordingly, stock-based compensation that we expense with respect to DISH Network stock awards is included in "Additional paid-in capital" on our Condensed Consolidated Balance Sheets.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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### Stock Award Activity

Our stock option activity was as follows:

	For the Three Months Ended March 31, 2012	
	Options	Weighted- Average Exercise Price
Total options outstanding, beginning of period	8,778,413	\$ 27.22
Granted	15,000	\$ 28.14
Exercised	(24,803)	\$ 17.80
Forfeited and cancelled	(60,760)	\$ 29.99
Total options outstanding, end of period	8,707,850	\$ 27.23
Performance-based options outstanding, end of period (1)	658,700	\$ 25.30
Exercisable at end of period	3,742,230	\$ 26.03

(1) These stock options are included in the caption "Total options outstanding, end of period." See discussion of the 2005 LTIP below.

We realized tax benefits from stock awards exercised as follows:

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Tax benefit from stock awards exercised	\$ 1,236	\$ 2,170

Based on the closing market price of our Class A common stock on March 31, 2012, the aggregate intrinsic value of our stock options was as follows:

	As of March 31, 2012	
	Options Outstanding	Options Exercisable
	(In thousands)	
Aggregate intrinsic value	\$ 33,740	\$ 13,972

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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Our restricted stock unit activity was as follows:

	For the Three Months Ended March 31, 2012	
	Restricted Stock Units	Weighted- Average Grant Date Fair Value
Total restricted stock units outstanding, beginning of period	144,226	\$ 29.22
Granted	—	\$ —
Vested	—	\$ —
Forfeited and cancelled	(666)	\$ 25.46
Total restricted stock units outstanding, end of period	143,560	\$ 29.24
Restricted Performance Units outstanding, end of period (1)	73,610	\$ 26.62

(1) These Restricted Performance Units are included in the caption "Total restricted stock units outstanding, end of period." See discussion of the 2005 LTIP below.

**Long-Term Performance-Based Plans**

**2005 LTIP.** During 2005, DISH Network adopted a long-term, performance-based stock incentive plan (the "2005 LTIP"). The 2005 LTIP provides stock options and restricted stock units, either alone or in combination, which vest over seven years at the rate of 10% per year during the first four years, and at the rate of 20% per year thereafter. Exercise of the stock awards is subject to the foregoing vesting schedule and a performance condition that a company-specific goal is achieved by March 31, 2015.

Contingent compensation related to the 2005 LTIP will not be recorded in our financial statements unless and until the achievement of the performance condition is probable. The competitive nature of our industry and certain other factors can significantly impact achievement of the goal. Consequently, while it was determined that achievement of the goal was not probable as of March 31, 2012, this assessment could change in the future.

If all of the stock awards under the 2005 LTIP were vested and the goal had been met, or if we had determined that achievement of the goal was probable during the three months ended March 31, 2012, we would have recorded total non-cash, stock-based compensation expense for our employees as indicated in the table below. If the goal is met and there are unvested stock awards at that time, the vested amounts would be expensed immediately on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), with the unvested portion recognized ratably over the remaining vesting period.

2005 LTIP	
Total	Vested Portion (1)

	(In thousands)	
DISH Network awards held by EchoStar employees	\$ 16,292	\$ 16,140
EchoStar awards held by EchoStar employees	3,008	2,977
<b>Total</b>	<b>\$ 19,300</b>	<b>\$ 19,117</b>

(1) Represents the amount of this award that has met the foregoing vesting schedule and would therefore vest upon achievement of the performance condition.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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Of the 8.7 million stock options and 0.1 million restricted stock units outstanding under our stock incentive plans the following awards were outstanding pursuant to the 2005 LTIP:

	As of March 31, 2012	
	Number of Awards	Weighted-Average Exercise Price
Stock options	658,700	\$ 25.30
Restricted Performance Units	73,610	
<b>Total</b>	<b>732,310</b>	

**Stock-Based Compensation**

During December 2011, DISH Network paid a dividend in cash of \$2.00 per share on their outstanding Class A and Class B common stock to shareholders of record on November 17, 2011. In light of such dividend, during January 2012, the exercise price of 2.6 million DISH Network stock options held by 194 of our employees was reduced by \$2.00 per share ("DISH Network's 2012 Stock Option Adjustment"). During the three months ended March 31, 2012, we incurred \$3 million of additional non-cash, stock-based compensation expense in connection with DISH Network's 2012 Stock Option Adjustment. This amount is included in the table below. Total non-cash, stock-based compensation expense for all of our employees is shown in the following table and was allocated to the same expense categories as the base compensation for such employees:

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Research and development expenses	\$ 1,061	\$ 603
Selling, general and administrative expenses	5,857	2,378
<b>Total non-cash, stock-based compensation</b>	<b>\$ 6,918</b>	<b>\$ 2,981</b>

As of March 31, 2012, our total unrecognized compensation cost related to our non-performance based unvested stock awards was \$42 million and includes compensation expense that we will recognize for DISH Network stock awards held by our employees as a result of the Spin-off. This cost is based on an estimated future forfeiture rate of approximately 1.8% per year and will be recognized over a weighted-average period of approximately three years. Share-based compensation expense is recognized based on stock awards ultimately expected to vest and is reduced for estimated forfeitures. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Changes in the estimated forfeiture rate can have a significant effect on share-based compensation expense since the effect of adjusting the rate is recognized in the period the forfeiture estimate is changed.

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**Valuation**

The fair value of each stock option for the three months ended March 31, 2012 and 2011 was estimated at the date of the grant using a Black-Scholes option valuation model with the following assumptions:

	For the Three Months Ended March 31,	
	2012	2011
<b>Stock Options</b>		
Risk-free interest rate	1.33%	2.57%
Volatility factor	40.36%	34.68%
Expected term of options in years	6.0	6.0
Weighted-average fair value of options granted	\$ 11.37	\$ 14.42

We do not currently intend to pay dividends on our common stock and accordingly, the dividend yield percentage used in the Black-Scholes option valuation model is set at zero for all periods. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded stock options which have no vesting restrictions and are fully transferable. Consequently, our estimate of fair value may differ from other valuation models. Further, the Black-Scholes option valuation model requires the input of subjective assumptions. Changes in the subjective input assumptions can materially affect the fair value estimate.

We will continue to evaluate the assumptions used to derive the estimated fair value of our stock options as new events or changes in circumstances become known.

## 11. Acquisition

### *Hughes Communications*

On June 8, 2011, we completed the Hughes Acquisition, pursuant to an agreement and plan of merger (the "Hughes Agreement") by and between us, certain of our subsidiaries, including EchoStar Satellite Services L.L.C., and Hughes Communications, Inc. Pursuant to the Hughes Agreement, 100% of the issued and outstanding shares of common stock and vested stock options of Hughes Communications, Inc. were converted into the right to receive \$60.70 (minus any applicable exercise price) in cash and substantially all of the outstanding debt of Hughes Communications, Inc. was repaid. In addition, each share of unvested restricted stock and unvested stock option of Hughes Communications, Inc. was converted into the right to receive \$60.70 (minus any applicable exercise price) in cash on the vesting date of the stock award.

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A summary of the purchase price and opening balance sheet for the Hughes Acquisition at the June 8, 2011 acquisition date is presented in the following table. The opening balance sheet presented below reflects our preliminary purchase price allocation.

	<b>Preliminary Purchase Price Allocation</b>
	<b>(In thousands)</b>
Cash	\$ 98,900
Marketable investment securities	22,148
Other current assets	282,471
Property and equipment	930,426
Intangibles	420,907
Goodwill (non-deductible)	509,860
FCC authorizations	400,000
Other noncurrent assets	55,776
Current liabilities	(293,029)
Deferred tax liabilities	(220,928)
Long-term liabilities	(22,239)
Non-controlling interests	(9,679)
<b>Total purchase price</b>	<b>\$ 2,174,613</b>

The following unaudited pro forma condensed consolidated operating results for the three months ended March 31, 2011 gives effect to the Hughes Acquisition as if it occurred on January 1, 2010. These pro forma amounts are not necessarily indicative of the operating results that would have occurred if this transaction had occurred on such date and should not be used as a predictive measure of our future financial position, results of operations or liquidity. The pro forma adjustments are based on currently available information and certain assumptions that we believe are reasonable.

<b>Supplemental pro forma financial information (Unaudited)</b>	<b>For the Three Months Ended March 31, 2011</b>
	<b>(In thousands, except per share amounts)</b>
Total revenue	\$ 743,109
Net income (loss) attributable to EchoStar	\$ (6,246)
Basic net income (loss) per share attributable to EchoStar	\$ (0.07)
Diluted net income (loss) per share attributable to EchoStar	\$ (0.07)

Effective June 9, 2011, revenue and expenses associated with the Hughes Acquisition are included within the Hughes segment in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss). See Note 13 for further discussion.

## 12. Commitments and Contingencies

### Commitments

*Acquisition of Brazilian Orbital Slot.* On August 30, 2011, we were declared the winner of the right to select an orbital slot in an auction conducted by ANATEL, the Brazilian communications regulatory authority. We selected the 45 degree west longitude orbital location for a bid of approximately \$80 million using an exchange rate of \$1 to 1.8221 Brazilian Real as of March 31, 2012. We must comply with certain post-auction regulatory and payment requirements before we will receive the orbital slot. Once we receive the orbital slot, which is expected to occur

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during May 2012, the slot will be used to expand our video and data capabilities in South America. Pursuant to our obligations under the license for the orbital slot we will be required to make significant additional investments, which may affect our future financial condition or results of operations.

*EchoStar XVI.* During November 2009, we entered into a contract for the construction of EchoStar XVI, a direct broadcast satellite (“DBS”), which is expected to be launched during the second half of 2012 and will operate at the 61.5 degree west longitude orbital location. DISH Network has agreed to lease all of the capacity on this satellite from us for a portion of its useful life. As of March 31, 2012, the remaining obligation related to EchoStar XVI is \$68 million, which includes the launch contract, launch insurance and one-year of in-orbit insurance.

*EchoStar XVII/Jupiter.* During June 2009, Hughes Communications entered into a contract for the construction of EchoStar XVII/Jupiter, which is expected to launch in the summer of 2012. Barrett Xplore Inc. has agreed to lease the user beams designed to operate in Canada, which represents a portion of the capacity available on EchoStar XVII/Jupiter. As of March 31, 2012, the remaining obligation related to EchoStar XVII/Jupiter is \$120 million, which includes the launch contract, launch insurance and one year of in-orbit insurance.

### Contingencies

#### *Separation Agreement*

In connection with the Spin-off, we entered into a separation agreement with DISH Network that provides, among other things, for the division of certain liabilities, including liabilities resulting from litigation. Under the terms of the separation agreement, we have assumed certain liabilities that relate to our business including certain designated liabilities for acts or omissions that occurred prior to the Spin-off. Certain specific provisions govern intellectual property related claims under which, generally, we will only be liable for our acts or omissions following the Spin-off and DISH Network will indemnify us for any liabilities or damages resulting from intellectual property claims relating to the period prior to the Spin-off as well as DISH Network’s acts or omissions following the Spin-off.

#### *Litigation*

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages, and many of these proceedings seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described below, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties (as with many patent-related cases). For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

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#### *Cyberfone Systems, LLC (f/k/a LVL Patent Group, LLC)*

On September 15, 2011, LVL Patent Group, LLC filed a complaint against us and our wholly-owned subsidiary, EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, and DirecTV, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 6,044,382, which is entitled “Data Transaction Assembly Server.” On November 18, 2011, Cyberfone Systems, LLC (f/k/a LVL Patent Group, LLC) filed an amended complaint making the same claim. DirecTV was dismissed from the case on January 4, 2012.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *E-Contact Technologies, LLC*

On February 22, 2012, E-Contact Technologies, LLC (“E-Contact”) filed suit against two of our subsidiaries, Hughes Communications, Inc. and Hughes Network Systems, LLC, in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 5,347,579, which is entitled “Personal Computer Diary.” E-Contact appears to assert that some portion of HughesNet email services infringe that patent. HughesNet email services are provided by a third party service provider, who has assumed indemnification obligations for the case.

We, along with the third party service provider, intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us or our service provider to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Joao Control & Monitoring Systems*

During December 2010, Joao Control & Monitoring Systems (“Joao”) filed suit against Sling Media Inc., our indirect wholly owned subsidiary, ACTI Corporation, ADT Security, Alarmclub.Com, American Honda Motor Company, BMW, Byremote, Drivacam, Honeywell, Iveda Corporation, Magtec Products, Mercedes-Benz, On-Net Surveillance, OnStar, SafeFreight Technology, Skyway Security, SmartVue Corporation, Toyota Motor Sales, Tyco, UTC Fire and Xanboo in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 6,549,130 and 6,587,046. The abstracts of the patents state that the claims are directed to the remote control of devices and appliances. Joao is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During 2011, the case was transferred to the Northern District of California.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Nazomi Communications, Inc.*

On February 10, 2010, Nazomi Communications, Inc. (“Nazomi”) filed suit against Sling Media, Inc., our indirect wholly owned subsidiary, Nokia Corp, Nokia Inc., Microsoft Corp., Amazon.com Inc., Western Digital Corp., Western Digital Technologies, Inc., Garmin Ltd., Garmin Corp., Garmin International, Inc., Garmin USA, Inc., Vizio Inc. and iOmega Corp in the United States District Court for the Central District of California alleging infringement of United States Patent No. 7,080,362 (the “‘362 patent”) and United States Patent No. 7,225,436 (the “‘436 patent”). The ‘362 patent and the ‘436 patent relate to Java hardware acceleration. The suit alleges that the Slingbox-Pro-HD product infringes the ‘362 patent and the ‘436 patent because the Slingbox-PRO HD allegedly incorporates an ARM926EJ-S processor core capable of Java hardware acceleration. During 2010, the case was transferred to the Northern District of California.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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### **ECHOSTAR CORPORATION** **NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued** (Unaudited)

#### *NorthPoint Technology, Ltd.*

On July 2, 2009, NorthPoint Technology, Ltd. (“NorthPoint”) filed suit against us, DISH Network, and DirecTV in the United States District Court for the Western District of Texas alleging infringement of United States Patent No. 6,208,636 (the “‘636 patent”). The ‘636 patent relates to the use of multiple low-noise block converter feedhorns, or LNBFs, which are antennas used for satellite reception. On April 21, 2011, the United States Patent and Trademark Office issued an order granting reexamination of the ‘636 patent. On June 21, 2011, the District Court entered summary judgment in our favor, finding that all asserted claims of the ‘636 patent are invalid. NorthPoint has appealed.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Personalized Media Communications, Inc.*

During 2008, Personalized Media Communications, Inc. (“PMC”) filed suit against us, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 4,694,490, 5,109,414, 4,965,825, 5,233,654, 5,335,277, and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving DISH Network and us as defendants. Trial is currently set for August 2012.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Semiconductor Ideas to the Market BV*

On March 16, 2012, Semiconductor Ideas to the Market BV (“ITOM”) filed suit against our subsidiary Hughes Network Systems, LLC, as well as Texas Instruments, Inc., Qualcomm, Inc., Broadcom Corp., Samsung Electronics America, Inc., Samsung Telecommunications America, LLC, Dell Inc., Apple Inc., Ford Motor Company, Buffalo Technology (USA) Inc., Amazon.com, Inc., Hughes Telematics, Inc., Motorola Mobility, Inc., Motorola Solutions, Inc., Honeywell International Inc., Koninklijke Philips Electronics N.V., and Philips Consumer Lifestyle International B.V. The suit was brought in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 7,299,018 which is entitled “Receiver comprising a

digitally controlled capacitor bank” and United States Patent No. 7,072,614 which is entitled “Communication device”. ITOM alleges infringement through use of various third party chipsets in unspecified products and/or systems.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Technology Development and Licensing L.L.C.*

On January 22, 2009, Technology Development and Licensing L.L.C. (“TDL”) filed suit against us and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the Patent and Trademark Office.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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### ECHOSTAR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - *Continued* (Unaudited)

#### *Vigilos, LLC*

On February 23, 2011, Vigilos, LLC filed suit against us, two of our subsidiaries, Sling Media, Inc. and EchoStar Technologies L.L.C., and Monsoon Multimedia, Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,839,731, which is entitled “System and Method for Providing Data Communication in a Device Network.” Subsequently in 2011, Vigilos added DISH Network L.L.C., a wholly owned subsidiary of DISH Network, as a defendant in its First Amended Complaint and the case was transferred to the Northern District of California. Later in 2011, Vigilos filed a Second Amended Complaint that added claims for infringement of a second patent, United States Patent No. 7,370,074, which is entitled “System and Method for Implementing Open-Protocol Remote Device Control.”

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### *Other*

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

### 13. Segment Reporting

Operating segments are components of an enterprise for which separate financial information is available and regularly evaluated by the chief operating decision maker(s) of an enterprise. Total assets by segment have not been specified because the information is not available to the chief operating decision-maker. Under this definition, we operate three segments.

- **EchoStar Technologies** — which designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox “placeshifting” technology, primarily for satellite TV service providers, telecommunication and international cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Our EchoStar Technologies segment also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services primarily to DISH Network.
- **EchoStar Satellite Services** — which uses 10 of our 11 owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, United States government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers.
- **Hughes** — which provides satellite broadband Internet access to North American consumers and broadband network services and systems to the domestic and international enterprise markets. Hughes also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. Hughes became a new segment as a result of the Hughes Acquisition and the results of operations of Hughes Communications are included in our results effective June 9, 2011. See Note 11 for further discussion of the Hughes Acquisition.

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The “All Other and Eliminations” category consists of revenue and net income (loss) attributable to EchoStar from other operations including our corporate investment portfolio for which segment disclosure requirements do not apply. In addition, this category includes interest expense related to our 6 1/2% Senior Secured Notes due 2019 and our 7 5/8% Senior Notes due 2021, net of capitalized interest. Transactions between segments were not significant.

The following table reports our operating segment data and reconciles earnings before interest, taxes, depreciation and amortization (“EBITDA”) to reported “Net income (loss) attributable to EchoStar” in our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss):

<u>For the Three Months Ended March 31, 2012</u>	<u>EchoStar Technologies</u>	<u>EchoStar Satellite Services</u>	<u>Hughes (In thousands)</u>	<u>All Other and Eliminations</u>	<u>Consolidated Total</u>
Total revenue	\$ 408,579	\$ 73,583	\$ 274,218	\$ 8,400	\$ 764,780
EBITDA (1)	24,487	52,200	69,202	130,226	276,115
Interest income	—	22	73	2,784	2,879
Interest expense, net of amounts capitalized	(20)	(13,794)	(88)	(24,719)	(38,621)
Income tax benefit (provision), net	(277)	(2,652)	(5,218)	8,452	305
Depreciation and amortization	(19,503)	(31,439)	(55,588)	(7,560)	(114,090)
Net income (loss) attributable to EchoStar	<u>\$ 4,687</u>	<u>\$ 4,337</u>	<u>\$ 8,381</u>	<u>\$ 109,183</u>	<u>\$ 126,588</u>
<b>For the Three Months Ended March 31, 2011</b>					
Total revenue	\$ 405,383	\$ 68,771	\$ —	\$ 5,672	\$ 479,826
EBITDA (1)	24,263	44,246	—	10,318	78,827
Interest income	—	—	—	2,677	2,677
Interest expense, net	(2)	(8,523)	—	8,987	462
Income tax benefit (provision), net	1,334	(4,640)	—	(4,482)	(7,788)
Depreciation and amortization	(26,651)	(23,625)	—	(6,738)	(57,014)
Net income (loss) attributable to EchoStar	<u>\$ (1,056)</u>	<u>\$ 7,458</u>	<u>\$ —</u>	<u>\$ 10,762</u>	<u>\$ 17,164</u>

(1) EBITDA is not a measure determined in accordance with GAAP and should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding liquidity and the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industries.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**Geographic Information and Transactions with Major Customers**

**Geographic Information.** Revenues are attributed to geographic regions based upon the location where the goods and services are provided. North American revenue includes transactions with North American customers. All other revenue includes transactions with customers in Asia, Africa, Australia, Europe, South America and the Middle East. The following table summarizes total long-lived assets and revenue attributed to the North American and other foreign locations.

<u>Long-lived assets, including FCC authorizations:</u>	<u>As of</u>	
	<u>March 31, 2012</u>	<u>December 31, 2011</u>
	<u>(In thousands)</u>	
North America	\$ 3,914,949	\$ 3,888,286
All other	34,389	34,540
Total	<u>\$ 3,949,338</u>	<u>\$ 3,922,826</u>
	<u>For the Three Months Ended March 31,</u>	
	<u>2012</u>	<u>2011</u>
	<u>(In thousands)</u>	
Revenue:		
North America	\$ 688,584	\$ 472,309
All other	76,196	7,517
Total	<u>\$ 764,780</u>	<u>\$ 479,826</u>

**Transactions with Major Customers.** During the three months ended March 31, 2012 and 2011, our revenue included sales to two major customers. The following table summarizes sales to each customer and its percentage of total revenue.

<u>For the Three Months Ended March 31,</u>	
<u>2012</u>	<u>2011</u>
<u>(In thousands)</u>	

<b>Total revenue</b>		
DISH Network:		
EchoStar Technologies Segment	\$ 300,198	\$ 336,032
EchoStar Satellite Services Segment	53,633	53,941
Hughes Segment	531	—
All Other and Eliminations	9,661	3,360
<b>Total DISH Network</b>	<b>\$ 364,023</b>	<b>\$ 393,333</b>
Bell TV (EchoStar Technologies Segment)	66,178	41,402
All other	334,579	45,091
<b>Total revenue</b>	<b>\$ 764,780</b>	<b>\$ 479,826</b>
<b>Percentage of total revenue</b>		
DISH Network	47.6%	82.0%
Bell TV	8.7%	8.6%
All other	43.7%	9.4%

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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**14. Related Party Transactions**

**DISH Network**

Following the Spin-off, we and DISH Network have operated as separate public companies and DISH Network has no ownership interest in us. However, a substantial majority of the voting power of the shares of both companies is owned beneficially by Charles W. Ergen, our Chairman, or by certain trusts established by Mr. Ergen for the benefit of his family.

We and DISH Network have entered into certain agreements pursuant to which we obtain certain products, services and rights from DISH Network; DISH Network obtains certain products, services and rights from us; and we and DISH Network have indemnified each other against certain liabilities arising from our respective businesses. We also may enter into additional agreements with DISH Network in the future.

Generally, the amounts DISH Network pays for products and services provided under the agreements are based on our cost plus a fixed margin (unless noted differently below), which varies depending on the nature of the products and services provided.

The following is a summary of the terms of our principal agreements with DISH Network that may have an impact on our financial position and results of operations.

**“Equipment revenue — DISH Network”**

**Receiver Agreement.** In connection with the Spin-off, we and DISH Network entered into a receiver agreement pursuant to which DISH Network had the right, but not the obligation, to purchase digital set-top boxes and related accessories, and other equipment from us for a period ending on January 1, 2012 (the “Prior Receiver Agreement”). The Prior Receiver Agreement allowed DISH Network to purchase digital set-top boxes, related accessories and other equipment from us at our cost plus a fixed percentage margin, which varied depending on the nature of the equipment purchased. Additionally, we provided DISH Network with standard manufacturer warranties for the goods sold under the Prior Receiver Agreement. DISH Network was able to terminate the Prior Receiver Agreement for any reason upon at least 60 days notice to us. We were able to terminate the Prior Receiver Agreement if certain entities were to acquire DISH Network. The Prior Receiver Agreement also included an indemnification provision, whereby the parties indemnified each other for certain intellectual property matters.

Effective January 1, 2012, we and DISH Network entered into a new agreement (the “2012 Receiver Agreement”) pursuant to which DISH Network continues to have the right, but not the obligation, to purchase digital set-top boxes, related accessories, and other equipment from us for the period from January 1, 2012 to December 31, 2014. DISH Network has an option, but not the obligation, to extend the 2012 Receiver Agreement for one additional year upon 180 days notice prior to the end of the term. The material terms of the 2012 Receiver Agreement are substantially the same as the material terms of the Prior Receiver Agreement, except that the 2012 Receiver Agreement allows DISH Network to purchase digital set-top boxes, related accessories and other equipment from us either: (i) at a cost (decreasing as we reduce costs and increasing as costs increase) plus a dollar mark-up which will depend upon the cost of the product subject to a collar on our mark-up; or (ii) at cost plus a fixed margin, which will depend on the nature of the equipment purchased. Under the 2012 Receiver Agreement, our margins will be increased if we are able to reduce the costs of our digital set-top boxes and our margins will be reduced if these costs increase. There can be no assurance that, over the long term, aggregate pricing under the 2012 Receiver Agreement will be substantially the same as it was under the Prior Receiver Agreement.

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

**“Services and other revenue — DISH Network”**

**Broadcast Agreement.** In connection with the Spin-off, we and DISH Network entered into a broadcast agreement pursuant to which we provided certain broadcast services to DISH Network, including teleport services such as transmission and downlinking, channel origination services, and channel management services for a period ending on January 1, 2012 (the "Prior Broadcast Agreement"). DISH Network had the ability to terminate channel origination services and channel management services for any reason and without any liability upon at least 60 days notice to us. If DISH Network terminated teleport services for a reason other than our breach, DISH Network was obligated to pay us the aggregate amount of the remainder of the expected cost of providing the teleport services. The fees for the services provided under the Prior Broadcast Agreement were calculated at cost plus a fixed margin, which varied depending on the nature of the products and services provided.

Effective January 1, 2012, we and DISH Network entered into a new broadcast agreement (the "2012 Broadcast Agreement") pursuant to which we will continue to provide broadcast services to DISH Network, for the period from January 1, 2012 to December 31, 2016. The material terms of the 2012 Broadcast Agreement are substantially the same as the material terms of the Prior Broadcast Agreement, except that: (i) the fees for services provided under the 2012 Broadcast Agreement are calculated at either: (a) our cost of providing the relevant service plus a fixed dollar fee, which is subject to certain adjustments; or (b) our cost of providing the relevant service plus a fixed margin, which will depend on the nature of the services provided; and (ii) if DISH Network terminates the teleport services provided under the 2012 Broadcast Agreement for a reason other than our breach, DISH Network is generally obligated to reimburse us for any direct costs we incur related to any such termination that we cannot reasonably mitigate. There can be no assurance that, over the long term, aggregate pricing under the 2012 Broadcast Agreement will be substantially the same as it was under the Prior Broadcast Agreement.

**Broadcast Agreement for Certain Sports Related Programming.** During May 2010, we and DISH Network entered into a broadcast agreement pursuant to which we provide certain broadcast services to DISH Network in connection with its carriage of certain sports related programming. The term of this agreement is for ten years. If DISH Network terminates this agreement for a reason other than our breach, DISH Network is generally obligated to reimburse us for any direct costs we incur related to any such termination that we cannot reasonably mitigate. The fees for the broadcast services provided under this agreement depend, among other things, upon the cost to develop and provide such services.

**Satellite Capacity Agreements.** Since the Spin-off, we have entered into certain satellite capacity agreements pursuant to which DISH Network leases satellite capacity on certain satellites owned or leased by us. The fees for the services provided under these satellite capacity agreements depend, among other things, upon the orbital location of the applicable satellite and the length of the lease. The term of each lease is set forth below:

**EchoStar VI, VIII and XII.** DISH Network leases certain satellite capacity from us on EchoStar VI, VIII and XII. The leases generally terminate upon the earlier of: (i) the end of life or replacement of the satellite (unless DISH Network determines to renew on a year-to-year basis); (ii) the date the satellite fails; (iii) the date the transponders on which service is being provided fails; or (iv) a certain date, which depends upon, among other things, the estimated useful life of the satellite, whether the replacement satellite fails at launch or in orbit prior to being placed into service, and the exercise of certain renewal options. DISH Network generally has the option to renew each lease on a year-to-year basis through the end of the respective satellite's life. There can be no assurance that any options to renew such agreements will be exercised.

**EchoStar IX.** DISH Network leases certain satellite capacity from us on EchoStar IX. Subject to availability, DISH Network generally has the right to continue to lease satellite capacity from us on EchoStar IX on a month-to-month basis.

**EchoStar XVI.** DISH Network will lease certain satellite capacity from us on EchoStar XVI after its service commencement date, and this lease generally terminates upon the earlier of: (i) the end of life or replacement of

**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
(Unaudited)

the satellite; (ii) the date the satellite fails; (iii) the date the transponder(s) on which service is being provided under the agreement fails; or (iv) ten years following the actual service commencement date. Upon expiration of the initial term, DISH Network has the option to renew on a year-to-year basis through the end of life of the satellite. There can be no assurance that any options to renew this agreement will be exercised. EchoStar XVI is expected to be launched during the second half of 2012.

**EchoStar XV.** EchoStar XV is owned by DISH Network and is operated at the 61.5 degree west longitude orbital location. The FCC has granted us an authorization to operate the satellite at the 61.5 degree west longitude orbital location. For so long as EchoStar XV remains in service at the 61.5 degree west longitude orbital location, DISH Network is obligated to pay us a fee for the use of the orbital slot which varies depending on the number of frequencies being used by EchoStar XV.

**Nimiq 5 Agreement.** During 2009, we entered into a fifteen-year satellite service agreement with Telesat Canada ("Telesat") to receive service on all 32 DBS transponders on the Nimiq 5 satellite at the 72.7 degree west longitude orbital location (the "Telesat Transponder Agreement"). During 2009, DISH Network also entered into a satellite service agreement (the "DISH Nimiq 5 Agreement") with us, pursuant to which they receive service from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement.

Under the terms of the DISH Nimiq 5 Agreement, DISH Network makes certain monthly payments to us that commenced in 2009 when the Nimiq 5 satellite was placed into service and continue through the service term. Unless earlier terminated under the terms and conditions of the DISH Nimiq 5 Agreement, the service term will expire ten years following the date it was placed into service. Upon expiration of the initial term, DISH Network has the option to renew the DISH Nimiq 5 Agreement on a year-to-year basis through the end of life of the Nimiq 5 satellite. Upon in-orbit failure or end of life of the Nimiq 5 satellite, and in certain other circumstances, DISH Network has certain rights to receive service from us on a replacement satellite. There can be no assurance that any options to renew the DISH Nimiq 5 Agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

**QuetzSat-1 Agreement.** During 2008, we entered into a ten-year satellite service agreement with SES, which provides, among other things, for the provision by SES to us of service on 32 DBS transponders on the QuetzSat-1 satellite. This satellite was launched on September 29, 2011 and was placed into service during the fourth quarter 2011 at the 67.1 degree west longitude orbital location while we and DISH Network explore alternative uses for the QuetzSat-1 satellite. In the interim, we are providing DISH Network with alternate capacity at the 77 degree west longitude orbital location. We commenced payments

under our agreement with SES upon the placement of the QuetzSat-1 satellite at the 67.1 degree west longitude orbital location. During 2008, we also entered into a transponder service agreement with DISH Network pursuant to which DISH Network will receive service from us on 24 of the DBS transponders on QuetzSat-1, which will replace certain other transponders leased from us.

Under the terms of our contractual arrangements with DISH Network, we will recognize revenue for the QuetzSat-1 satellite when it is placed into service at the 77 degree west longitude orbital location and continuing through the remainder of the service term. Unless extended or earlier terminated under the terms and conditions of our agreement with DISH Network for the QuetzSat-1 satellite, the initial service term will expire in November 2021. Upon expiration of the initial service term, DISH Network has the option to renew the agreement for the QuetzSat-1 satellite on a year-to-year basis through the end of life of the QuetzSat-1 satellite. Upon an in-orbit failure or end of life of the QuetzSat-1 satellite, and in certain other circumstances, DISH Network has certain rights to receive service from us on a replacement satellite. There can be no assurance that any options to renew this agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

*TT&C Agreement.* In connection with the Spin-off, we entered into a telemetry, tracking and control (“TT&C”) agreement pursuant to which we provided TT&C services to DISH Network for a period ending on January 1, 2012 (the “Prior TT&C Agreement”). The fees for services provided under the Prior TT&C Agreement were calculated

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**ECHOSTAR CORPORATION**  
**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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at cost plus a fixed margin. DISH Network was able to terminate the Prior TT&C Agreement for any reason upon 60 days notice.

On January 1, 2012, we entered into a TT&C agreement pursuant to which we will continue to provide TT&C services to DISH Network and its subsidiaries for a period ending on December 31, 2016 (the “2012 TT&C Agreement”). The material terms of the 2012 TT&C Agreement are substantially the same as the material terms of the Prior TT&C Agreement, except that the fees for services provided under the 2012 TT&C Agreement are calculated at either: (i) a fixed fee; or (ii) cost plus a fixed margin, which will vary depending on the nature of the services provided.

*Real Estate Lease Agreements.* We have entered into lease agreements pursuant to which DISH Network leases certain real estate from us. The rent on a per square foot basis for each of the leases is comparable to per square foot rental rates of similar commercial property in the same geographic area, and DISH Network is responsible for its portion of the taxes, insurance, utilities and maintenance of the premises. The term of each of the leases is set forth below:

*Inverness Lease Agreement.* The lease for certain space at 90 Inverness Circle East in Englewood, Colorado is for a period ending on December 31, 2016. This agreement can be terminated by either party upon six months prior notice.

*Meridian Lease Agreement.* The lease for all of 9601 S. Meridian Blvd. in Englewood, Colorado is for a period ending on December 31, 2016.

*Santa Fe Lease Agreement.* The lease for all of 5701 S. Santa Fe Dr. in Littleton, Colorado is for a period ending on December 31, 2016 with a renewal option for one additional year.

*EchoStar Data Networks Sublease Agreement.* The sublease for certain space at 211 Perimeter Center in Atlanta, Georgia is for a period ending on October 31, 2016.

*Gilbert Lease Agreement.* The lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona is a month to month lease and can be terminated by either party upon 30 days prior notice.

*Cheyenne Lease Agreement.* Effective January 1, 2012, we and DISH Network entered into a lease for certain space at 530 EchoStar Drive in Cheyenne, Wyoming for a period ending on December 31, 2031.

*Product Support Agreement.* In connection with the Spin-off, we entered into a product support agreement pursuant to which DISH Network has the right, but not the obligation, to receive product support (including certain engineering and technical support services) for all set-top boxes and related components that our subsidiaries have previously sold and in the future may sell to DISH Network. The fees for the services provided under the product support agreement are calculated at cost plus a fixed margin, which varies depending on the nature of the services provided. The term of the product support agreement is the economic life of such receivers and related components, unless terminated earlier. DISH Network may terminate the product support agreement for any reason upon at least 60 days notice. In the event of an early termination of this agreement, DISH Network shall be entitled to a refund of any unearned fees paid to us for the services.

*DISHOnline.com Services Agreement.* Effective January 1, 2010, DISH Network entered into a two-year agreement with us pursuant to which DISH Network will receive certain services associated with an online video portal. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. DISH Network has the option to renew this agreement for three successive one year terms and the agreement may be terminated for any reason upon at least 120 days notice to us. In November 2011, DISH Network exercised its right to renew this agreement for a one-year period ending on December 31, 2012.

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**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued**  
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*DISH Remote Access Services Agreement.* Effective February 23, 2010, DISH Network entered into an agreement with us pursuant to which DISH Network will receive, among other things, certain remote DVR management services. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement has a term of five years with automatic renewal for successive one year terms and may be terminated for any reason upon at least 120 days notice to us.

*SlingService Services Agreement.* Effective February 23, 2010, DISH Network entered into an agreement with us pursuant to which DISH Network will receive certain place-shifting services. The fees for the services provided under this services agreement depend, among other things, upon the cost to develop and operate such services. This agreement has a term of five years with automatic renewal for successive one year terms and may be terminated for any reason upon at least 120 days notice to us.

*Move Networks Services Agreement.* In the fourth quarter 2011, we granted DISH Network the right to use Move Network's software and video publishing systems, which facilitate the streaming, downloading and distribution of audio and video content to set-top boxes via the Internet. The fees for the services provided under this agreement are based upon a fixed fee which varies based upon the number of set-top boxes in a given month that access Move Network's software. This agreement has a term of five years with automatic renewal for successive one year terms and may be terminated by DISH Network for any reason upon at least 180 days notice to us.

*Blockbuster.* On April 26, 2011, DISH Network acquired substantially all of the assets of Blockbuster, Inc. (the "Blockbuster Acquisition"). On June 8, 2011, we completed the Hughes Acquisition. Hughes provided certain broadband products and services to Blockbuster pursuant to an agreement that was entered into prior to the Blockbuster Acquisition and the Hughes Acquisition. Subsequent to both the Blockbuster Acquisition and the Hughes Acquisition, Blockbuster entered into a new agreement with Hughes which extends for a period through October 31, 2014, pursuant to which Blockbuster may continue to purchase broadband products and services from Hughes. Blockbuster has the option to renew the agreement for an additional one year period.

Additionally, on August 5, 2011, we entered into a letter agreement with DISH Network pursuant to which certain assets used to support Blockbuster's website were transferred to us and we agreed to provide certain technical and infrastructure support for the Blockbuster website. The fees for the services provided under the letter agreement are calculated at cost plus a fixed margin, which varies depending upon the nature of the services provided. The letter agreement provides that it shall continue in effect until the completion of a definitive agreement between DISH Network and us setting forth the terms of our support of the Blockbuster website.

*RUS Implementation Agreement.* In September 2010, DISH Broadband L.L.C. ("DISH Broadband"), DISH Network's wholly owned subsidiary, was selected by the Rural Utilities Service ("RUS") of the United States Department of Agriculture to receive up to approximately \$14 million in broadband stimulus grant funds (the "Grant Funds"). On June 8, 2011, we completed the Hughes Acquisition. Effective November 2011, Hughes Communications and DISH Broadband entered into a RUS Implementation Agreement (the "RUS Agreement") pursuant to which Hughes Communications provides certain portions of the equipment and broadband service used to implement DISH Broadband's RUS program. The initial term of the RUS Agreement shall continue until the earlier of: (i) September 24, 2013; or (ii) the date that the Grant Funds have been exhausted. In addition, DISH Broadband may terminate the RUS Agreement for convenience upon 45 days' prior written notice to Hughes Communications.

#### **"General and administrative expenses — DISH Network"**

*Management Services Agreement.* We have a Management Services Agreement with DISH Network pursuant to which DISH Network makes certain of its officers available to provide services (which are primarily legal and accounting services) to us. Specifically, Paul W. Orban remains employed by DISH Network, but also served as our Senior Vice President and Controller through April 2012. In addition, R. Stanton Dodge remains employed by DISH Network, but also served as our Executive Vice President, General Counsel and Secretary through November

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### **ECHOSTAR CORPORATION NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued (Unaudited)**

2011. We make payments to DISH Network based upon an allocable portion of the personnel costs and expenses incurred by DISH Network with respect to such DISH Network officers (taking into account wages and fringe benefits). These allocations are based upon the estimated percentages of time to be spent by the DISH Network executive officers performing services for us under the Management Services Agreement. We also reimburse DISH Network for direct out-of-pocket costs incurred by DISH Network for management services provided to us. We and DISH Network evaluate all charges for reasonableness at least annually and make any adjustments to these charges as we and DISH Network mutually agree upon.

The Management Services Agreement automatically renewed on January 1, 2012 for an additional one-year period until January 1, 2013 and renews automatically for successive one-year periods thereafter, unless terminated earlier: (i) by us at any time upon at least 30 days notice; (ii) by DISH Network at the end of any renewal term, upon at least 180 days notice; or (iii) by DISH Network upon notice to us, following certain changes in control.

*Real Estate Lease Agreement.* During 2008, we entered into a sublease for space at 185 Varick Street, New York, New York from DISH Network for a period of approximately seven years. The rent on a per square foot basis for this sublease was comparable to per square foot rental rates of similar commercial property in the same geographic area at the time of the sublease, and we are responsible for our portion of the taxes, insurance, utilities and maintenance of the premises.

*Professional Services Agreement.* Prior to 2010, in connection with the Spin-off, we entered into various agreements with DISH Network including the Transition Services Agreement, Satellite Procurement Agreement and Services Agreement, which all expired on January 1, 2010 and were replaced by a Professional Services Agreement. During 2009, we and DISH Network agreed that we shall continue to have the right, but not the obligation, to receive the following services from DISH Network, among others, certain of which were previously provided under the Transition Services Agreement: information technology, travel and event coordination, internal audit, legal, accounting and tax, benefits administration, program acquisition services and other support services. Additionally, we and DISH Network agreed that DISH Network shall continue to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network (previously provided under the Satellite Procurement Agreement) and receive logistics, procurement and quality assurance services from us (previously provided under the Services Agreement). The Professional Services Agreement automatically renewed on January 1, 2012 for an additional one-year period until January 1, 2013 and renews automatically for successive one-year periods

thereafter, unless terminated earlier by either party upon at least 60 days notice. However, either party may terminate the Professional Services Agreement in part with respect to any particular service it receives for any reason upon at least 30 days notice.

#### **Other Agreements — DISH Network**

*Satellite Capacity Leased from DISH Network.* During 2009, we entered into a satellite capacity agreement pursuant to which we lease certain satellite capacity from DISH Network on EchoStar I. The fee for the services provided under this satellite capacity agreement depends, among other things, upon the orbital location of the satellite and the length of the lease. During the three months ended March 31, 2012 and 2011, the amount of those fees included in “Cost of sales — services and other” on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) was approximately \$4 million and \$6 million, respectively. The lease generally terminates upon the earlier of: (i) the end of life or replacement of the satellite (unless we determine to renew on a year-to-year basis); (ii) the date the satellite fails; (iii) the date the transponder on which service is being provided fails; or (iv) a certain date, which depends, among other things, upon the estimated useful life of the satellite, whether the replacement satellite fails at launch or in orbit prior to being placed into service, and the exercise of certain renewal options. We generally have the option to renew this lease on a year-to-year basis through the end of the satellite’s life. There can be no assurance that any options to renew this agreement will be exercised.

*Remanufactured Receiver Agreement.* In connection with the Spin-off, we entered into a remanufactured receiver agreement with DISH Network pursuant to which we have the right, but not the obligation, to purchase

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**ECHOSTAR CORPORATION**  
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remanufactured receivers and related components from DISH Network at cost plus a fixed margin, which varies depending on the nature of the equipment purchased. In November 2011, we and DISH Network extended this agreement until December 31, 2012. We may terminate the remanufactured receiver agreement for any reason upon at least 60 days notice to DISH Network. DISH Network may also terminate this agreement if certain entities acquire it. During the each of the three months ended March 31, 2012 and 2011, we purchased remanufactured receivers and related components from DISH Network for an aggregate amount of less than \$1 million.

*Tax Sharing Agreement.* In connection with the Spin-off, we entered into a tax sharing agreement with DISH Network which governs our respective rights, responsibilities and obligations after the Spin-off with respect to taxes for the periods ending on or before the Spin-off. Generally, all pre-Spin-off taxes, including any taxes that are incurred as a result of restructuring activities undertaken to implement the Spin-off, are borne by DISH Network, and DISH Network will indemnify us for such taxes. However, DISH Network is not liable for and will not indemnify us for any taxes that are incurred as a result of the Spin-off or certain related transactions failing to qualify as tax-free distributions pursuant to any provision of Section 355 or Section 361 of the Code because of: (i) a direct or indirect acquisition of any of our stock, stock options or assets; (ii) any action that we take or fail to take; or (iii) any action that we take that is inconsistent with the information and representations furnished to the IRS in connection with the request for the private letter ruling, or to counsel in connection with any opinion being delivered by counsel with respect to the Spin-off or certain related transactions. In such case, we will be solely liable for, and will indemnify DISH Network for, any resulting taxes, as well as any losses, claims and expenses. The tax sharing agreement will only terminate after the later of the full period of all applicable statutes of limitations, including extensions, or once all rights and obligations are fully effectuated or performed.

*TiVo.* On April 29, 2011, we and DISH Network entered into a settlement agreement with TiVo, Inc. (“TiVo”). The settlement resolved all pending litigation between us and DISH Network, on the one hand, and TiVo, on the other hand, including litigation relating to alleged patent infringement involving certain DISH digital video recorders, or DVRs, which litigation is described in our Annual Report on Form 10-K for the year ended December 31, 2011 under the caption “Item 3. Legal Proceedings — TiVo Inc.”

Under the settlement agreement, all pending litigation has been dismissed with prejudice and all injunctions that permanently restrain, enjoin or compel any action by us or DISH Network have been dissolved. We and DISH Network are jointly responsible for making payments to TiVo in the aggregate amount of \$500 million, including an initial payment of \$300 million and the remaining \$200 million in six equal annual installments between 2012 and 2017. Pursuant to the terms and conditions of the agreements entered into in connection with the Spin-off, DISH Network made the initial payment to TiVo in May 2011, except for the contribution from us totaling approximately \$10 million, representing an allocation of liability relating to our sales of DVR-enabled receivers to an international customer. Future payments will be allocated between us and DISH Network based on historical sales of certain licensed products, with EchoStar being responsible for 5% of each annual payment.

We and DISH Network, on the one hand, and TiVo, on the other hand, have also agreed on mutual releases of certain related claims and agreed not to challenge each other’s DVR technology-related patents that are licensed under the settlement agreement.

Because both we and DISH Network were defendants in the TiVo lawsuit, we and DISH Network were jointly and severally liable to TiVo for any final damages and sanctions that could have been awarded by the District Court. As previously disclosed, DISH Network determined that it was obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We contributed an amount equal to our \$5 million intellectual property liability limit under the receiver agreement. We and DISH Network further agreed that EchoStar’s \$5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the receiver agreement. We and DISH Network also agreed that we would each be entitled to joint ownership of, and a cross-license to use, any intellectual property developed in connection with any potential new alternative technology. Any amounts that we are responsible for under the settlement agreement with TiVo are in addition to the \$5 million contribution previously made by us.

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**Patent Cross-License Agreements.** During December 2011, we and DISH Network entered into separate patent cross-license agreements with the same third party whereby: (i) we and such third party licensed our respective patents to each other subject to certain conditions; and (ii) DISH Network and such third party licensed their respective patents to each other subject to certain conditions (each, a “Cross-License Agreement”). Each Cross-License Agreement covers patents acquired by the respective party prior to January 1, 2017 and aggregate payments under both Cross-License Agreements total less than \$10 million. Each Cross-License Agreement also contains an option to extend each Cross-License Agreement to include patents acquired by the respective party prior to January 1, 2022. If both options are exercised, the aggregate additional payments to such third party would total less than \$3 million. However, we and DISH Network may elect to extend our respective Cross-License Agreement independently of each other. Since the aggregate payments under both Cross-License Agreements were based on the combined annual revenues of us and DISH Network, we and DISH Network agreed to allocate our respective payments to such third party based on our respective percentage of combined total revenue.

**Sprint Settlement Agreement.** On November 3, 2011, DISH Network and Sprint Nextel Corporation (“Sprint”) entered into an agreement with Sprint (the “Sprint Settlement Agreement”) pursuant to which all disputed issues relating to DISH Network’s acquisition of DBSD North America, Inc. (“DBSD North America”) and TerreStar were resolved between DISH Network and Sprint, including, but not limited to, issues relating to costs allegedly incurred by Sprint to relocate users from the spectrum then licensed to DBSD North America and TerreStar (the “Sprint Clearing Costs”). We were a party to the Sprint Settlement Agreement solely for the purposes of executing a mutual release between us and Sprint relating to the Sprint Clearing Costs. We were a holder of certain TerreStar debt instruments. In March 2012, our remaining debt instruments were exchanged for a right to receive a distribution in accordance with the terms of the liquidating trust established pursuant to TerreStar’s chapter 11 plan of liquidation. Pursuant to the terms of the Sprint Settlement Agreement, DISH Network made a net payment of approximately \$114 million to Sprint.

**DBSD North America Agreement.** On March 9, 2012, DISH Network completed its acquisition of 100% of the equity of reorganized DBSD North America. Prior to DISH Network’s acquisition of DBSD North America and our completion of the Hughes Acquisition, DBSD North America and Hughes Network Systems, LLC (“HNS”), a wholly-owned subsidiary of Hughes, entered into an agreement pursuant to which our Hughes segment provides, among other things, hosting, operations and maintenance services of DBSD North America’s satellite gateway and associated ground infrastructure. This agreement was renewed for a one year period ending on February 15, 2013, and renews for four successive one-year periods unless terminated by DBSD North America upon at least 30 days notice prior to the expiration of any renewal term. During the three months ended March 31, 2012, our Hughes segment provided services to DBSD North America for an aggregate amount of less than \$1 million.

**TerreStar Agreement.** On March 9, 2012, DISH Network completed its acquisition of substantially all the assets of TerreStar. Prior to DISH Network’s acquisition of substantially all the assets of TerreStar and our completion of the Hughes Acquisition, TerreStar and HNS entered into various agreements pursuant to which our Hughes segment provides, among other things, hosting, operations and maintenance services for TerreStar’s satellite gateway and associated ground infrastructure. These agreements generally may be terminated by DISH Network at any time for convenience. During the three months ended March 31, 2012, our Hughes segment provided services to TerreStar for an aggregate amount of less than \$1 million.

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**ECHOSTAR CORPORATION**  
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**Other Agreements**

In November 2009, Mr. Roger Lynch became employed by both us and DISH Network as Executive Vice President. Mr. Lynch is responsible for the development and implementation of advanced technologies that are of potential utility and importance to both us and DISH Network. Mr. Lynch’s compensation consists of cash and equity compensation and is borne by both DISH Network and us.

**Hughes Systique Corporation (“Hughes Systique”)**

We contract with Hughes Systique for software development services. In addition to our 45% ownership in Hughes Systique, Pradman Kaul, the President of Hughes Communications, Inc. and a member of our Board of Directors and his brother, who is the CEO and President of Hughes Systique, in the aggregate, owned approximately 26%, on an undiluted basis, of Hughes Systique’s outstanding shares as of March 31, 2012. Furthermore, Mr. Pradman Kaul serves on the board of directors of Hughes Systique. We are considered the “primary beneficiary” of Hughes Systique and as a result, we are required to consolidate Hughes Systique’s results of operations in our operating results.

**NagraStar L.L.C.**

We own 50% of NagraStar L.L.C. (“NagraStar”), a joint venture that is our primary provider of encryption and related security technology used in our set-top boxes. Although we do not consolidate NagraStar, we have the ability to significantly influence its operating policies; therefore, we account for our investment in NagraStar under the equity method of accounting.

The table below summarizes our transactions with NagraStar.

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands)	
Purchases from NagraStar	\$ 2,942	\$ 1,795
	As of	
	March 31, 2012	December 31, 2011
	(In thousands)	
Amounts payable to NagraStar	\$ 3,899	\$ 2,965

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**ECHOSTAR CORPORATION**  
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**Dish Mexico**

During 2008, we entered into a joint venture for a direct-to-home (“DTH”) satellite service in Mexico known as Dish Mexico. Pursuant to these arrangements, we provide certain broadcast services and satellite capacity and sell hardware such as digital set-top boxes and related equipment to Dish Mexico.

The following table summarizes our transactions with Dish Mexico.

	For the Three Months Ended March 31,	
	2012	2011
(In thousands)		
<b>Sales not related to the original contribution commitment associated with our investment:</b>		
Digital set-top boxes and related accessories	\$ 14,296	\$ 9,347
Sales of satellite services	\$ 2,130	\$ 2,130
Uplink services	\$ 2,352	\$ 1,705
Engineering services	\$ 562	\$ —
	As of	
	March 31, 2012	December 31, 2011
	(In thousands)	
Amounts receivable from Dish Mexico	\$ 7,150	\$ 8,594

**Joint Venture in Taiwan**

During December 2009, we entered into a joint venture to provide a DTH satellite service in Taiwan and certain other targeted regions in Asia. We own 50% and have joint control of the joint venture. Pursuant to our joint venture arrangements, we sell hardware such as digital set-top boxes and provide certain technical support services to the joint venture. We have provided \$18 million of cash to the joint venture, and an \$18 million line of credit that the joint venture may only use to purchase set-top boxes from us. This investment is subject to an evaluation for other-than-temporary impairment on a quarterly basis. This quarterly evaluation consists of reviewing, among other things, company business plans and current financial statements, if available, for factors that may indicate an impairment of our investment. During 2010, we recorded a \$14 million charge to fully impair this investment. In December 2011, we entered into an agreement to sell all of our equity in the joint venture, other than an approximately 5% interest, to a third party for nominal consideration (the “JV Sale Transaction”). Upon the closing of the JV Sale Transaction, which is subject to receipt of customary regulatory approvals, our line of credit will be terminated. We expect to close the JV Sale Transaction during the first half of 2012. As of March 31, 2012, the remaining amount available under the line of credit was \$10 million and if advanced would be subject to our evaluation for other-than-temporary impairment.

[Table of Contents](#)**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*You should read the following management’s discussion and analysis of our financial condition and results of operations together with the condensed consolidated financial statements and notes to the financial statements included elsewhere in this quarterly report. This management’s discussion and analysis is intended to help provide an understanding of our financial condition, changes in financial condition and results of our operations and contains forward-looking statements that involve risks and uncertainties. The forward-looking statements are not historical facts, but rather are based on current expectations, estimates, assumptions and projections about our industry, business and future financial results. Our actual results could differ materially from the results contemplated by these forward-looking statements due to a number of factors, including those discussed in our Annual Report on Form 10-K for the year ended December 31, 2011 under the caption “Item 1A. Risk Factors.”*

**EXECUTIVE SUMMARY**

EchoStar Corporation is a holding company, whose subsidiaries operate three primary segments: the EchoStar Technologies segment, the EchoStar Satellite Services segment and the Hughes segment.

**EchoStar Technologies Segment**

Our EchoStar Technologies segment designs, develops and distributes digital set-top boxes and related products and technology, including our Slingbox “placeshifting” technology, primarily for satellite TV service providers, telecommunication and international cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Slingbox “placeshifting” technology allows consumers to watch and control their home digital video and audio content via a broadband Internet connection. Most of our digital set-top boxes are sold to DISH Network, but we also sell a significant number of digital set-top boxes to Bell TV in Canada, Dish Mexico in Mexico and other international customers.

Our EchoStar Technologies segment also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services that are provided primarily to DISH Network.

We believe opportunities exist to expand our business by selling equipment and services in both the United States and international markets. As a result of our extensive experience with digital set-top boxes and digital broadcast operations, we are able to provide end-to-end pay-TV delivery systems incorporating our satellite and terrestrial backhaul capacity, customized digital set-top boxes and related components, and network design and management. We recently decided to focus the efforts of our digital set-top box business on international markets and not to actively seek set-top box opportunities with United States cable operators.

**Dependence on DISH Network.** We depend on DISH Network for a substantial portion of the revenue for our EchoStar Technologies segment and we expect that for the foreseeable future DISH Network will continue to be the primary source of revenue for our EchoStar Technologies segment. Therefore, our results of operations are, and will for the foreseeable future be, closely linked to the performance of DISH Network's pay-TV service. Effective January 1, 2012, we entered into a new receiver agreement with DISH Network pursuant to which we are obligated to sell digital set-top boxes and related products to DISH Network until December 31, 2014. However, DISH Network is under no obligation to purchase our digital set-top boxes or related products before or after this date. The receiver agreement allows DISH Network to purchase digital set-top boxes, related accessories and other equipment from us either: (i) at a cost (decreasing as we reduce cost and increasing as costs increase) plus a dollar mark-up which will depend upon the cost of the product subject to a collar on our mark-up; or (ii) at cost plus a fixed margin, which will depend on the nature of the equipment purchased. Under the receiver agreement, our margins will be increased if we are able to reduce the costs of our digital set-top boxes and our margins will be impaired if these costs increase. In addition, while we expect to sell equipment to other customers, the number of potential new customers for our EchoStar Technologies segment is small and may be limited by our common ownership and related management with DISH Network, and our current customer concentration is likely to continue for the foreseeable future.

To the extent that DISH Network's gross subscriber additions decrease or DISH Network experiences a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations.

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

The impact on us of any decreases in DISH Network subscriber growth may be offset in the near term by an increase in sales to DISH Network resulting from the upgrade of DISH Network subscribers to advanced products such as HD receivers and HD DVRs, including our recently introduced whole-home HD DVR, as well as by the upgrade of DISH Network digital set-top boxes to new technologies such as MPEG-4 digital compression technology. However, there can be no assurance that any of these factors will mitigate any decreases in sales to DISH Network. In addition, although we expect DISH Network to continue to purchase products and services from us, there can be no assurance that these purchases will continue in the future.

We may experience significant pressure on margins we earn on the sale of digital set-top boxes and other equipment, including on sales to DISH Network. This pressure may be due to economic conditions, advancements in the technology and functionality of digital set-top boxes and other equipment. The margins we earn on sales are determined largely through periodic negotiations that could result in pricing reflecting, among other things, the digital set-top boxes and other equipment that best meet our customers' current sales and marketing priorities, the product and service alternatives available from other equipment suppliers, and our ability to respond to customer requirements and to differentiate ourselves from other equipment suppliers on bases other than pricing.

Our future success may also depend on the extent to which prospective customers that have been competitors of DISH Network are willing to purchase products and services from us. Many of these customers may continue to view us as a competitor as a result of common ownership and related management with DISH Network. If we do not develop relationships with new customers, we may not be able to expand our customer base and our ability to increase or maintain our revenue will be impacted.

**Additional Challenges for our EchoStar Technologies Segment.** We believe that our best opportunities for developing potential new customers for our EchoStar Technologies segment over the near term lie in international markets, and we therefore expect our performance in international markets to be a significant factor in determining whether we will be able to generate revenue and income growth in future periods. However, there can be no assurance that we will be able to sustain or grow our international business. In particular, we have noticed an increase in new market entrants that offer low cost set-top boxes, including set-top boxes that are modeled after our products or products of our principal competitors. The entry of these new competitors may result in pricing pressure in international markets that we hope to enter. If market prices in international markets are substantially reduced by such new entrants, it may be difficult for us to make profitable sales in international markets.

Furthermore, if we do not continue to distinguish our products through distinctive, technologically advanced features and design, as well as continue to build and strengthen our brand recognition, our business could be harmed as we may not be able to effectively compete on price alone in both domestic and international markets against low cost competitors. Our ability to compete in the digital set-top box industry will also depend heavily on our ability to successfully bring advanced technologies, including Internet delivery of video content, to market to keep pace with our competitors. If we do not otherwise compete effectively, demand for our products could decline, our gross margins could decrease, we could lose market share, our revenues and earnings may decline and our growth prospects would be diminished.

Sustained economic weakness and volatile credit markets may cause certain suppliers that we rely on to cease operations, which, in turn, may cause us to suffer disruptions to our supply chain or incur higher production costs. Our ability to sustain or increase profitability will also depend in large part on our ability to control or reduce our costs of producing digital set-top boxes. The market for our digital set-top boxes, like other electronic products, has been characterized by regular reductions in selling prices and production costs. Therefore, we will likely be required to reduce production costs to maintain the margins we earn on digital set-top boxes and the profitability of our EchoStar Technologies segment. However, our ability to reduce production costs may be limited by, among other things, economic conditions and a shortage of available parts and may lead to inflated pricing.

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

**EchoStar Satellite Services Segment**

Our EchoStar Satellite Services segment uses ten of our owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full-time and occasional-use basis primarily to DISH Network, and secondarily to Dish Mexico, United States government service providers, state agencies, Internet service providers, broadcast news organizations, programmers and private enterprise customers. Furthermore, we continue to pursue expanding our business offerings by providing value added services such as telemetry, tracking and control services to third parties. However, there can be no assurance that we will be able to effectively compete against our competitors due to their significant resources and operating history.

As of March 31, 2012 and December 31, 2011, our EchoStar Satellite Services segment had contracted revenue backlog attributable to satellites currently in-orbit of approximately \$1.227 billion and \$1.285 billion, respectively, and contracted backlog attributable to satellites under construction of \$621 million for each period.

**Dependence on DISH Network.** We depend on DISH Network for a substantial portion of the revenue for our EchoStar Satellite Services segment. Therefore, our results of operations are and will for the foreseeable future be closely linked to the performance of DISH Network’s pay-TV service.

While we expect to continue to provide satellite services to DISH Network for the foreseeable future, its satellite capacity requirements may change for a variety of reasons, including the launch of its own additional satellites. Any termination or reduction in the services we provide to DISH Network would increase excess capacity on our satellites and require that we aggressively pursue alternative sources of revenue for this segment. Possible adverse effects on the EchoStar Technology segment from DISH Network’s possible decline in gross subscriber additions are not expected to materially impact the revenue generated within the EchoStar Satellite Services segment in the near term.

In addition, because the number of potential new customers for our EchoStar Satellite Services segment is small, our current customer concentration is likely to continue for the foreseeable future. Our future success may also depend on the extent to which prospective customers that have been competitors of DISH Network are willing to purchase services from us. Many of these customers may continue to view us as a competitor given the common ownership and management team we continue to share with DISH Network.

**Additional Challenges for our EchoStar Satellite Services Segment.** Our ability to expand revenues in the EchoStar Satellite Services segment will likely require that we displace incumbent suppliers that generally have well established business models and often benefit from long-term contracts with their customers. As a result, to grow our EchoStar Satellite Services segment we may need to develop or otherwise acquire access to new satellite-delivered services so that we may offer differentiated services to prospective customers. However, there can be no assurance that we would be able to develop or otherwise acquire access to such differentiated services or develop the sales and marketing expertise necessary to sell such services profitably.

In addition, as our satellite fleet ages, we will be required to evaluate replacement alternatives such as acquiring, leasing or constructing additional satellites, with or without customer commitments for capacity, which may require us to seek additional financing. However, there can be no assurance that such financing will be available to fund any such replacement alternatives on terms that would be attractive to us or at all.

**Hughes Segment**

On June 8, 2011, we completed the Hughes Acquisition, pursuant to the Hughes Agreement by and between us, certain of our subsidiaries, including EchoStar Satellite Services L.L.C., and Hughes Communications, Inc. Hughes Communications is the global leader in broadband satellite technologies and services and a leading provider of managed network services. Together with Hughes Communications, we have an extensive fleet of owned and leased satellites, experienced personnel and communications facilities around the world. The Hughes Acquisition significantly expands our ability to provide new video and data products and solutions. For information about the

**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

risks related to the Hughes Acquisition, please see Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2011.

Our Hughes segment provides satellite broadband Internet access to North American consumers, which we refer to as the consumer market, and broadband network services and systems to the domestic and international enterprise markets. Our Hughes segment also provides managed services to large enterprises and networking systems solutions to customers for mobile satellite and wireless backhaul systems. We incorporate advances in technology to reduce costs and to increase the functionality and reliability of our products and services. Through the usage of advanced spectrally efficient modulation and coding methodologies, such as DVB-S2 and proprietary software web acceleration and compression techniques, we continue to improve the efficiency of our networks. In addition, we invest in technologies to enhance our system and network management capabilities, specifically our managed services for enterprises. We also continue to invest in next generation technologies that can be applied to our future products and services.

In June 2009, Hughes Communications entered into a contract for construction of EchoStar XVII/Jupiter, our next-generation, geostationary high throughput satellite. EchoStar XVII/Jupiter will employ a multi-spot beam, bent pipe Ka-band architecture and will provide additional capacity for the HughesNet consumer broadband Internet service in North America. We anticipate launching EchoStar XVII/Jupiter in the summer of 2012.

As of March 31, 2012, we had approximately 634,000 customers that subscribe to our Hughes segment’s consumer and small/medium enterprise service. In addition, as of March 31, 2012, our Hughes segment had total revenue backlog, which we define as our expected future revenue under customer contracts that are non-cancelable and excluding agreements with our customers in our consumer market, of approximately \$1.019 billion.

**Additional Challenges for our Hughes Segment.** Our ability to continue to grow our consumer revenue will depend on our success in adding new subscribers on our satellite network and successful launch and deployment of our EchoStar XVII/Jupiter satellite as planned. We may need to adjust our service offerings in response to the offerings of our competitors, including ViaSat Communications, following its commencement of service on the ViaSat-1

satellite which launched in October 2011. In addition, following the commencement of service on ViaSat-1 and prior to the commencement of service on EchoStar XVII/Jupiter, ViaSat Communications may be in a better position to offer faster connection speeds more economically than us, which could adversely impact our ability to add new subscribers and our consumer revenues.

An additional focus in this business is our ability to grow our revenue in the enterprise business, both domestically and internationally. The growth of the enterprise business is also impacted by global economic conditions.

### **International DTH Platforms**

During 2008, we entered into a joint venture with Dish Mexico. Pursuant to these arrangements, we provide certain broadcast services and satellite capacity and sell hardware such as digital set-top boxes and related equipment to Dish Mexico. We sold \$14 million and \$9 million of digital set-top boxes and related components and \$2 million and \$2 million of satellite services to Dish Mexico during the three months ended March 31, 2012 and 2011, respectively. We also sold \$2 million of uplink services to Dish Mexico during each of the three months ended March 31, 2012 and 2011 and \$1 million of engineering services to Dish Mexico during the three months ended March 31, 2012. We did not provide any engineering services to Dish Mexico during the three months ended March 31, 2011.

### **New Business Opportunities**

We are exploring opportunities to selectively pursue partnerships, joint ventures and strategic acquisition opportunities that we believe may allow us to increase our existing market share, expand into new markets, broaden our portfolio of products and intellectual property, and strengthen our relationships with our customers.

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## **Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

### **Adverse Economic Conditions**

Our ability to grow or maintain our business may be adversely affected by weak global and domestic economic conditions, including wavering consumer confidence and constraints on discretionary purchasing, unemployment, tight credit markets, declines in global and domestic stock markets, falling home prices and other factors that may adversely affect the markets in which we operate. Our ability to increase our income or to generate additional revenues will depend in part on our ability to organically grow our businesses, identify and successfully exploit opportunities to acquire other businesses or technologies, and enter into strategic partnerships. These activities may require significant additional capital that may not be available on terms that would be attractive to us or at all. In particular, volatile credit markets, which have significantly impacted the availability and cost of financing, specifically in the leveraged finance markets, may significantly constrain our ability to obtain financing to support our growth initiatives. These developments in the credit markets may increase our cost of financing and impair our liquidity position. In addition, these developments may cause us to defer or abandon business strategies and transactions that we would otherwise pursue if financing were available on acceptable terms.

Furthermore, unfavorable events in the economy, including deterioration in the credit and equity markets could cause consumer demand for pay-TV services and consequently sales of our digital set-top boxes to DISH Network, Bell TV, Dish Mexico and other international customers to decline materially because consumers may delay purchasing decisions or reduce or reallocate their discretionary spending, which would also have an adverse effect on our Hughes segment.

### **Basis of Presentation**

The following discussion and analysis of our condensed consolidated results of operations, financial condition and liquidity are presented on a historical basis. Our results of operations for the three months ended March 31, 2012 also include those of Hughes Communications, which we acquired on June 8, 2011. Therefore, our results of operations for the three months ended March 31, 2012 are not comparable to our results of operations for the three months ended March 31, 2011.

## **EXPLANATION OF KEY METRICS AND OTHER ITEMS**

**Equipment revenue — DISH Network.** “Equipment revenue — DISH Network” primarily includes sales of digital set-top boxes and related components to DISH Network, including Slingboxes and related hardware products.

**Equipment revenue - other.** “Equipment revenue - other” primarily includes sales of digital set-top boxes and related components to Bell TV, Dish Mexico and other domestic and international customers, including sales of Slingboxes and related hardware products. “Equipment revenue - other” also includes the sale of broadband equipment and networks to customers in our enterprise and consumer markets.

**Services and other revenue — DISH Network.** “Services and other revenue — DISH Network” primarily includes revenue associated with satellite and transponder leasing, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, professional services, facilities rental revenue and other services provided to DISH Network.

**Services and other revenue - other.** “Services and other revenue - other” primarily includes the sale of enterprise and consumer broadband services, as well as maintenance and other contracted services. “Services and other revenue - other” also includes revenue associated with satellite and transponder leasing, satellite uplinking/downlinking and other services provided to customers other than DISH Network.

**Cost of sales — equipment.** “Cost of sales — equipment” principally includes costs associated with digital set-top boxes and related components sold to DISH Network, Bell TV, Dish Mexico and other domestic and international customers, including costs associated with Slingboxes and related hardware products. “Cost of sales — equipment” also includes the cost of broadband equipment and networks sold to customers in our enterprise and consumer markets.

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**Cost of sales - services and other.** “Cost of sales — services and other” primarily includes the cost of broadband services provided to our enterprise and consumer customers, as well the cost of providing maintenance and other contracted services. “Cost of sales — services and other” also includes costs associated with satellite and transponder leasing, satellite uplinking/downlinking, signal processing, conditional access management, telemetry, tracking and control, professional services, facilities rental revenue and other services.

**Research and development expenses.** “Research and development expenses” consist primarily of costs associated with the design and development of products to support future growth by reducing costs and providing new technology and innovations to our customers.

**Selling, general and administrative expenses.** “Selling, general and administrative expenses” primarily includes selling and marketing costs and employee-related costs associated with administrative services (i.e., information systems, human resources and other services), including non-cash, stock-based compensation expense. It also includes professional fees (i.e., legal, information systems and accounting services) and other items associated with facilities and administrative services provided by DISH Network and other third parties.

**Interest income.** “Interest income” primarily includes interest earned on our cash, cash equivalents and marketable investment securities, including accretion on debt securities.

**Interest expense, net of amounts capitalized.** “Interest expense, net of amounts capitalized” primarily includes interest expense associated with our debt and capital lease obligations (net of capitalized interest), and amortization of debt issuance costs.

**Unrealized and realized gains (losses) on marketable investment securities and other investments.** “Unrealized and realized gains (losses) on marketable investment securities and other investments” consists primarily of gains and losses realized on the sale or exchange of investments and “other-than-temporary” impairments of marketable and other investment securities.

**Unrealized gains (losses) on investments accounted for at fair value, net.** “Unrealized gains (losses) on investments accounted for at fair value, net” consists of unrealized gains and losses from changes in fair value of marketable and other strategic investments accounted for at fair value.

**Other, net.** The primary components of “Other, net” are transaction costs related to acquisitions and equity in earnings and losses of our affiliates.

**Earnings before interest, taxes, depreciation and amortization (“EBITDA”).** EBITDA is defined as “Net income (loss) attributable to EchoStar” plus “Interest expense, net of amounts capitalized” net of “Interest income,” “Income taxes” and “Depreciation and amortization.” EBITDA is not a measure determined in accordance with GAAP. This “non-GAAP measure” is reconciled to “Net income (loss) attributable to EchoStar” in our discussion of “Results of Operations” below. EBITDA should not be considered a substitute for operating income, net income or any other measure determined in accordance with GAAP. Conceptually, EBITDA measures the amount of income generated each period that could be used to service debt, pay taxes and fund capital expenditures. EBITDA should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP. EBITDA is used by our management as a measure of operating efficiency and overall financial performance for benchmarking against our peers and competitors. Management believes EBITDA provides meaningful supplemental information regarding liquidity and the underlying operating performance of our business. Management also believes that EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties to evaluate companies in our industries.

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*Three Months Ended March 31, 2012 Compared to the Three Months Ended March 31, 2011.*

Statements of Operations Data	For the Three Months Ended March 31,		Variance	
	2012	2011	Amount	%
	(In thousands)			
<b>Revenue:</b>				
Equipment revenue - DISH Network	\$ 237,365	\$ 272,126	\$ (34,761)	(12.8)
Equipment revenue - other	157,347	65,909	91,438	*
Services and other revenue - DISH Network	126,658	121,207	5,451	4.5
Services and other revenue - other	243,410	20,584	222,826	*
Total revenue	764,780	479,826	284,954	59.4
<b>Costs and Expenses:</b>				
Cost of sales - equipment	337,166	293,384	43,782	14.9
% of Total equipment revenue	85.4%	86.8%		
Cost of sales - services and other	167,830	61,460	106,370	*
% of Total services and other revenue	45.4%	43.3%		
Research and development expenses	17,350	8,859	8,491	95.8
% of Total revenue	2.3%	1.8%		
Selling, general and administrative expenses	98,934	48,261	50,673	*
% of Total revenue	12.9%	10.1%		

Depreciation and amortization	114,090	57,014	57,076	*
Total costs and expenses	735,370	468,978	266,392	56.8
Operating income (loss)	29,410	10,848	18,562	*
<b>Other Income (Expense):</b>				
Interest income	2,879	2,677	202	7.5
Interest expense, net of amounts capitalized	(38,621)	462	(39,083)	*
Unrealized and realized gains (losses) on marketable investment securities and other investments	127,995	665	127,330	*
Unrealized gains (losses) on investments accounted for at fair value, net	—	3,304	(3,304)	(100.0)
Other, net	4,533	6,991	(2,458)	(35.2)
Total other income (expense)	96,786	14,099	82,687	*
Income (loss) before income taxes	126,196	24,947	101,249	*
Income tax (provision) benefit, net	305	(7,788)	8,093	*
<b>Effective tax rate</b>	<b>(0.2)%</b>	<b>31.2%</b>		
Net income (loss)	126,501	17,159	109,342	*
Less: Net income (loss) attributable to noncontrolling interests	(87)	(5)	(82)	*
Net income (loss) attributable to EchoStar	\$ 126,588	\$ 17,164	\$ 109,424	*
<b>Other Data:</b>				
EBITDA	\$ 276,115	\$ 78,827	\$ 197,288	*

\* Percentage is not meaningful.

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**Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

**Equipment revenue — DISH Network.** “Equipment revenue — DISH Network” totaled \$237 million during the three months ended March 31, 2012, a decrease of \$35 million or 12.8% compared to the same period in 2011. This change primarily related to a decline in average revenue per unit partially offset by an increase in unit sales of set-top boxes. The decline in average revenue per unit was driven by a change in product mix and continued manufacturing efficiencies, which reduced our set-top box costs. Pursuant to the receiver agreement set-top boxes are sold to DISH Network at a cost (decreasing as we reduce costs and increasing as costs increase) plus a dollar mark-up, or at cost plus a fixed margin, resulting in a decline in revenue per unit when lower set-top box costs are incurred. See Note 14 in the Notes to our Condensed Consolidated Financial Statements for further discussion.

**Equipment revenue - other.** “Equipment revenue - other” totaled \$157 million during the three months ended March 31, 2012, an increase of \$91 million compared to the same period in 2011. This increase was primarily related to revenue of \$54 million contributed by our Hughes segment from the sale of broadband equipment and networks to customers in our enterprise and consumer markets. Higher sales to Bell TV as a result of an increase in the number of units sold and higher average revenue per unit also contributed to the increase.

**Services and other revenue - other.** “Services and other revenue - other” totaled \$243 million during the three months ended March 31, 2012, an increase of \$223 million compared to the same period in 2011. This increase was primarily related to services revenue of \$220 million contributed by our Hughes segment from the sale of broadband services to customers in our enterprise and consumer markets, and customers’ maintenance and other contracted services.

**Cost of sales — equipment.** “Cost of sales — equipment” totaled \$337 million during the three months ended March 31, 2012, an increase of \$44 million or 14.9% compared to the same period in 2011. This change primarily related to a \$46 million increase in costs associated with the sale of broadband equipment and networks sold to customers in our enterprise and consumer markets from our Hughes segment and an increase in costs related to Bell TV sales, discussed above. This change was partially offset by lower cost of sales resulting from a decrease in sales of digital set-top boxes and related components to DISH Network. “Cost of sales — equipment” represented 85.4% and 86.8% of total equipment revenue for the three months ended March 31, 2012 and 2011, respectively. The improvement in the expense to revenue ratio principally resulted from the decrease in sales of set-top boxes and related components to DISH Network which have lower margins as discussed above.

**Cost of sales — services and other.** “Cost of sales — services and other” totaled \$168 million during the three months ended March 31, 2012, an increase of \$106 million compared to the same period in 2011. This change primarily related to costs of \$103 million associated with the sale of broadband services provided to customers in our enterprise and consumer markets, and customers’ maintenance and other contracted services from our Hughes segment. “Cost of sales — services and other” represented 45.4% and 43.3% of total services and other revenue for the three months ended March 31, 2012 and 2011, respectively. The increase in the expense to revenue ratio principally resulted from an increase in revenue and expenses from our Hughes segment.

**Selling, general and administrative expenses.** “Selling, general and administrative expenses” totaled \$99 million during the three months ended March 31, 2012, an increase of \$51 million compared to the same period in 2011. This change primarily related to an increase in marketing and advertising expenses, and other general and administrative expenses, of which \$50 million was associated with our Hughes segment. “Selling, general and administrative expenses” represented 12.9% and 10.1% of total revenue for the three months ended March 31, 2012 and 2011, respectively. The increase in the expense to revenue ratio principally resulted from an increase in revenue and expenses from our Hughes segment as well as a decrease in equipment revenue from DISH Network.

**Depreciation and amortization.** “Depreciation and amortization” expense totaled \$114 million during the three months ended March 31, 2012, an increase of \$57 million compared to the same period in 2011. The increase was primarily related to additional amortization and depreciation expense of \$56 million from our Hughes segment.

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**Interest expense, net of amounts capitalized.** “Interest expense, net of amounts capitalized” totaled \$39 million during the three months ended March 31, 2012, an increase of \$39 million compared to the same period in 2011. This change primarily related to an increase in interest expense related to the issuance of our 6 1/2% senior secured notes due 2019 and 7 5/8% senior notes due 2021 during the second quarter of 2011.

**Unrealized and realized gains (losses) on marketable investment securities and other investments.** “Unrealized and realized gains (losses) on marketable investment securities and other investments” totaled \$128 million during the three months ended March 31, 2012, an increase of \$127 million compared to the same period in 2011. This change primarily related to a \$128 million gain related to the sale of marketable investment securities during 2012.

**Earnings before interest, taxes, depreciation and amortization.** EBITDA was \$276 million during the three months ended March 31, 2012, an increase of \$197 million compared to the same period in 2011. This change primarily related to a \$128 million gain related to the sale of marketable investment securities during the first quarter 2012. The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands)	
EBITDA	\$ 276,115	\$ 78,827
Interest income (expense), net	(35,742)	3,139
Income tax (provision) benefit, net	305	(7,788)
Depreciation and amortization	(114,090)	(57,014)
Net income (loss) attributable to EchoStar	<u>\$ 126,588</u>	<u>\$ 17,164</u>

**Income tax (provision) benefit, net.** The income tax benefit totaled less than \$1 million during the three months ended March 31, 2012, an increase of \$8 million compared to an \$8 million provision in the same period in 2011. This change primarily related to a decrease in the effective tax rate, partially offset by an increase in “Income (loss) before income taxes.” The decrease in our effective tax rate for the three months ended March 31, 2012 was primarily related to the release of valuation allowances associated with our capital investments.

**Net income (loss) attributable to EchoStar.** Our net income attributable to EchoStar was \$127 million during the three months ended March 31, 2012, an increase of \$109 million compared to the same period in 2011. This change was primarily related to the changes in revenue, expenses and “Unrealized and realized gains (losses) on marketable investment securities and other investments” discussed above.

**LIQUIDITY AND CAPITAL RESOURCES****Cash, Cash Equivalents and Current Marketable Investment Securities**

We consider all liquid investments purchased within 90 days of their maturity to be cash equivalents. See “Item 3. — Quantitative and Qualitative Disclosures About Market Risk” for further discussion regarding our marketable investment securities. As of March 31, 2012, our cash, cash equivalents and current marketable investment securities totaled \$1.683 billion compared to \$1.696 billion as of December 31, 2011, a decrease of \$13 million. This decrease in cash, cash equivalents and current marketable investment securities was primarily driven by capital expenditures of \$114 million, partially offset by cash generated from operations of \$79 million.

We have investments in various debt and equity instruments including corporate bonds, corporate equity securities, government bonds, and variable rate demand notes (“VRDNs”). VRDNs are long-term floating rate municipal bonds with embedded put options that allow the bondholder to sell the security at par plus accrued interest. All of the put options are secured by a pledged liquidity source. Our VRDN portfolio is comprised of investments in many municipalities, which are backed by financial institutions or other highly rated companies that serve as the pledged

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liquidity source. While they are classified as marketable investment securities, the put option allows VRDNs to be liquidated generally on a same day or on a five business day settlement basis. As of March 31, 2012 and December 31, 2011, we held VRDNs, within our current marketable investment securities portfolio, with fair values of \$215 million and \$219 million, respectively.

**Cash Flows**

The following discussion highlights our cash flow activities during the three months ended March 31, 2012.

**Cash flows from operating activities**

We typically reinvest the cash flows from operating activities in our business. For the three months ended March 31, 2012, we reported “Net cash flows from operating activities” of \$79 million. This amount is primarily comprised of \$127 million of net income and \$114 million of non-cash charges for “Depreciation and amortization” expense, partially offset by unrealized and realized net gains on marketable investment securities and other investments of

\$128 million. The increase in cash flows was also partially offset by changes in operating assets and liabilities related to timing differences between book expense and cash payments.

### ***Cash flows from investing activities***

Our investing activities generally include purchases and sales of marketable investment securities, capital expenditures, acquisitions and strategic investments. For the three months ended March 31, 2012, we reported net cash outflows from investing activities of \$49 million, which was primarily related to capital expenditures of \$114 million partially offset by net sales of marketable investment securities of \$70 million.

### ***Cash flows from financing activities***

Our financing activities generally include net proceeds related to the issuance of long-term debt, cash used for the repurchase, redemption or payment of long-term debt and capital lease obligations, and repurchases of our Class A common stock. For the three months ended March 31, 2012, we reported net cash outflows from financing activities of \$16 million primarily resulting from repayment of debt of \$17 million, partially offset by proceeds received from Class A stock option exercises and stock issued under the Employee Stock Purchase Plan. The repayment of debt of \$17 million primarily related to capital lease obligations.

### ***Contractual Obligations***

**Acquisition of Brazilian Orbital Slot.** On August 30, 2011, we were declared the winner of the right to select an orbital slot in an auction conducted by ANATEL, the Brazilian communications regulatory authority. We selected the 45 degree west longitude orbital location for a bid of approximately \$80 million using an exchange rate of \$1 to 1.8221 Brazilian Real as of March 31, 2012. We must comply with certain post-auction regulatory and payment requirements before we will receive the orbital slot. Once we receive the orbital slot, which is expected to occur during May 2012, the slot will be used to expand our video and data capabilities in South America. Pursuant to our obligations under the license for the orbital slot we will be required to make significant additional investments, which may affect our future financial condition or results of operations.

**EchoStar XVI.** During November 2009, we entered into a contract for the construction of EchoStar XVI, a direct broadcast satellite (“DBS”), which is expected to be launched during the second half of 2012 and will operate at the 61.5 degree west longitude orbital location. DISH Network has agreed to lease all of the capacity on this satellite from us for a portion of its useful life. As of March 31, 2012, the remaining obligation related to EchoStar XVI is \$68 million, which includes the launch contract, launch insurance and one-year of in-orbit insurance.

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## **Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

**EchoStar XVII/Jupiter.** During June 2009, Hughes Communications entered into a contract for the construction of EchoStar XVII/Jupiter, which is expected to launch in the summer of 2012. Barrett Xplore Inc. has agreed to lease the user beams designed to operate in Canada, which represents a portion of the capacity available on EchoStar XVII/Jupiter. As of March 31, 2012, the remaining obligation related to EchoStar XVII/Jupiter is \$120 million, which includes the launch contract, launch insurance and one year of in-orbit insurance.

### ***Off-Balance Sheet Arrangements***

Other than the transactions below, we generally do not engage in off-balance sheet financing activities or use derivative financial instruments for hedge accounting or speculative purposes.

As of March 31, 2012, we had \$24 million of contractual obligations to customers and other statutory/governmental agencies, which were secured by letters of credit and insurance bonds. Of this amount, \$4 million was secured by restricted cash; \$1 million related to insurance bonds; and \$19 million was issued under credit arrangements available to our foreign subsidiaries. Certain letters of credit issued by our foreign subsidiaries are secured by their assets.

As of March 31, 2012, we had a notional amount of \$8 million in foreign currency forward contracts in place to partially mitigate foreign exchange risk. We evaluate our derivative financial instruments from time to time, but there can be no assurance that we will not enter into additional foreign currency forward contracts, or take other measures, in the future to mitigate our foreign exchange risk.

### ***Future Capital Requirements***

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through our operations to fund our investment needs. Since we currently depend on DISH Network for a substantial portion of our revenue, our cash flow from operations depends heavily on its needs for equipment and services. To the extent that DISH Network’s gross subscriber additions decrease or DISH Network experiences a net loss of subscribers, sales of our digital set-top boxes and related components to DISH Network may further decline, which in turn could have a further material adverse effect on our financial position and results of operations. In addition, we currently have two satellites under construction, EchoStar XVI and EchoStar XVII/Jupiter. The expected future payments related to these satellites are \$188 million. As a result, there can be no assurance that we will have positive cash flows from operations. Furthermore, if we experience negative cash flows, our existing cash and marketable investment securities balances may be reduced.

We have a significant amount of outstanding indebtedness. As of March 31, 2012, our total indebtedness was \$2.546 billion. Our liquidity requirements will be significant, primarily due to our debt service requirements. In addition, our future capital expenditures are likely to increase if we make additional investments in infrastructure necessary to support and expand our business, or if we decide to purchase one or more additional satellites. Other aspects of our business operations may also require additional capital. We periodically evaluate various strategic initiatives, the pursuit of which also could require us to raise significant additional capital.

### ***Satellites***

As our satellite fleet ages, we will be required to evaluate replacement alternatives such as acquiring, leasing or constructing additional satellites, with or without customer commitments for capacity. We also may construct or lease additional satellites in the future to provide satellite services at additional orbital locations or to improve the quality of our satellite services.

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**Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS — Continued**

***Stock Repurchases***

Pursuant to a stock repurchase plan approved by our Board of Directors, we are authorized to repurchase up to \$500 million of our outstanding shares of Class A common stock through and including December 31, 2012. As of March 31, 2012, we have not made any repurchases of outstanding shares of our Class A common stock under this plan.

***Seasonality***

For our EchoStar Technologies and EchoStar Satellite Services segments, we are affected by seasonality to the extent it impacts our customers. Our customers in the pay-TV industry, including DISH Network, our largest customer, typically experience seasonality. Historically, the first half of the year generally produces fewer new subscribers for the pay-TV industry than the second half of the year. However, we can not provide assurance that this will continue in the future.

For our Hughes segment, like many communications infrastructure equipment vendors, a higher amount of our hardware revenues occur in the second half of the year due to our customers' annual procurement and budget cycles. Large enterprises and operators often allocate their capital expenditure budgets at the beginning of their fiscal year (which often coincides with the calendar year). The typical sales cycle for large complex system procurements is 6 to 12 months, which often results in the customer expenditure occurring towards the end of the year. Customers often seek to expend the budgeted funds prior to the end of the year and the next budget cycle.

**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

***Market Risks Associated with Financial Instruments and Foreign Currency***

Our investments and debt are exposed to market risks, discussed below.

***Cash, Cash Equivalents and Current Marketable Investment Securities***

As of March 31, 2012, our cash, cash equivalents and current marketable investment securities had a fair value of \$1.683 billion. Of that amount, a total of \$1.563 billion was invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper and corporate obligations described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, among other things, fund operations, make strategic investments and expand the business. Consequently, the size of this portfolio fluctuates significantly as cash is received and used in our business. The value of this portfolio is negatively impacted by credit losses; however, this risk is mitigated through diversification that limits our exposure to any one issuer.

***Interest Rate Risk***

A change in interest rates would affect the fair value of our cash, cash equivalents and current marketable investment securities portfolio; however, we normally hold these investments to maturity. Based on our current non-strategic investment portfolio of \$1.563 billion as of March 31, 2012, a hypothetical 10% change in average interest rates during 2012 would not have a material impact on their fair value due to the limited duration of our investments.

Our cash, cash equivalents and current marketable investment securities had an average annual rate of return for the three months ended March 31, 2012 of 0.8%. A change in interest rates would affect our future annual interest income from this portfolio, since funds would be re-invested at different rates as the instruments mature. A hypothetical 10%

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**Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - Continued**

decrease in average interest rates during 2012 would result in a decrease of approximately \$1 million in annual interest income.

***Strategic Marketable Investment Securities***

As of March 31, 2012, we held current strategic and financial debt and equity investments of public companies with a fair value of \$120 million. These investments, which are held for strategic and financial purposes, are concentrated in a small number of companies, are highly speculative and have experienced and continue to experience volatility. The fair value of our strategic and financial debt and equity investments can be significantly impacted by the risk of adverse changes in securities markets generally, as well as risks related to the performance of the companies whose securities we have invested in, risks associated with specific industries, and other factors. These investments are subject to significant fluctuations in fair value due to the volatility of the securities markets and of the underlying businesses. In general, the debt instruments held in our strategic marketable investment securities portfolio are not significantly impacted by interest rate fluctuations as their value is more closely related to factors specific to the underlying business. A hypothetical 10%

adverse change in the price of our public strategic debt and equity investments would result in a decrease of approximately \$12 million in the fair value of these investments.

### ***Restricted Cash and Marketable Investment Securities and Noncurrent Marketable and Other Investment Securities***

#### ***Restricted Cash and Marketable Investment Securities***

As of March 31, 2012, we had \$24 million of restricted cash and marketable investment securities invested in: (a) cash; (b) VRDNs convertible into cash at par value plus accrued interest generally in five business days or less; (c) debt instruments of the United States Government and its agencies; (d) commercial paper and corporate notes with an overall average maturity of less than one year and rated in one of the four highest rating categories by at least two nationally recognized statistical rating organizations; and/or (e) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our March 31, 2012 investment portfolio, a hypothetical 10% increase in average interest rates would not have a material impact in the fair value of our restricted cash and marketable investment securities.

#### ***Other Investment Securities***

As of March 31, 2012, we had \$147 million of noncurrent public and nonpublic debt and equity instruments that we hold for strategic business purposes and account for under the cost, equity and/or fair value methods of accounting. A hypothetical 10% adverse change in the value of these debt and equity instruments would result in a decrease of approximately \$15 million in the fair value of these investments.

Our ability to realize value from our strategic investments in companies that are not publicly traded depends on the success of those companies' businesses and their ability to obtain sufficient capital to execute their business plans. Because private markets are not as liquid as public markets, there is also increased risk that we will not be able to sell these investments, or that when we desire to sell them we will not be able to obtain fair value for them.

### ***Foreign Currency Risk***

We generally conduct our business in United States dollars. Our international business is conducted in United States dollars and a variety of foreign currencies and it is therefore exposed to fluctuations in foreign currency exchange rates. Our objective in managing our exposure to foreign currency changes is to reduce earnings and cash flow volatility associated with foreign exchange rate fluctuations. Accordingly, we may enter into foreign exchange contracts to mitigate risks associated with foreign currency denominated assets, liabilities, commitments and anticipated foreign currency transactions. As of March 31, 2012, we had an estimated \$36 million of foreign currency denominated receivables and payables outstanding, and \$8 million of foreign currency forward contracts in

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### **Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK - Continued**

place to partially mitigate foreign currency risk. The differences between the face amounts of the foreign exchange contracts and their estimated fair values were not material as of March 31, 2012.

The impact of a hypothetical 10% adverse change in exchange rates on the fair value of foreign currency denominated net assets and liabilities of our foreign subsidiaries would be an estimated loss of \$14 million as of March 31, 2012.

#### ***Long-Term Debt***

As of March 31, 2012, we had long-term debt of \$2.007 billion, excluding capital lease obligations, on our Condensed Consolidated Balance Sheets. We estimated the fair value of this debt to be approximately \$2.131 billion using quoted market prices for our publicly traded debt, which constitutes approximately 99% of our debt. Our debt has fixed interest rates; however the fair value of our debt is affected by fluctuations in interest rates. A hypothetical 10% decrease in assumed interest rates would increase the fair value of our debt by approximately \$82 million. To the extent interest rates increase, our costs of financing would increase if and when we refinance our debt. As of March 31, 2012, a hypothetical 10% increase in assumed interest rates would increase our annual interest expense by approximately \$14 million.

#### ***Derivative Financial Instruments***

In general we do not use derivative financial instruments for hedge accounting or speculative purposes; however, as of March 31, 2012, we had \$8 million of foreign currency forward contracts in place to partially mitigate foreign exchange risk. We evaluate our derivative financial instruments from time to time, but there can be no assurance that we will not enter into additional foreign currency forward contracts, or take other measures, in the future to mitigate our foreign exchange risk.

### **Item 4. CONTROLS AND PROCEDURES**

#### **Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

#### **Changes in Internal Control Over Financial Reporting**

On June 8, 2011, we completed the Hughes Acquisition. We are currently integrating policies, processes, people, technology and operations for the combined company. Management will continue to evaluate our internal control over financial reporting as we execute integration activities. Except as discussed above,

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**PART II — OTHER INFORMATION**

**Item 1. LEGAL PROCEEDINGS**

We are involved in a number of legal proceedings (including those described below) concerning matters arising in connection with the conduct of our business activities. Many of these proceedings are at preliminary stages, and many of these proceedings seek an indeterminate amount of damages. We regularly evaluate the status of the legal proceedings in which we are involved to assess whether a loss is probable or there is a reasonable possibility that a loss or an additional loss may have been incurred and to determine if accruals are appropriate. If accruals are not appropriate, we further evaluate each legal proceeding to assess whether an estimate of the possible loss or range of possible loss can be made.

For certain cases described below, management is unable to provide a meaningful estimate of the possible loss or range of possible loss because, among other reasons, (i) the proceedings are in various stages; (ii) damages have not been sought; (iii) damages are unsupported and/or exaggerated; (iv) there is uncertainty as to the outcome of pending appeals or motions; (v) there are significant factual issues to be resolved; and/or (vi) there are novel legal issues or unsettled legal theories to be presented or a large number of parties (as with many patent-related cases). For these cases, however, management does not believe, based on currently available information, that the outcomes of these proceedings will have a material adverse effect on our financial condition, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

***Cyberfone Systems, LLC (f/k/a LVL Patent Group, LLC)***

On September 15, 2011, LVL Patent Group, LLC filed a complaint against us and our wholly-owned subsidiary, EchoStar Technologies L.L.C., as well as DISH Network L.L.C. a wholly-owned subsidiary of DISH Network, and DirecTV, Inc. in the United States District Court for the District of Delaware alleging infringement of United States Patent No. 6,044,382, which is entitled “Data Transaction Assembly Server.” On November 18, 2011, Cyberfone Systems, LLC (f/k/a LVL Patent Group, LLC) filed an amended complaint making the same claim. DirecTV was dismissed from the case on January 4, 2012.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

***E-Contact Technologies, LLC***

On February 22, 2012, E-Contact Technologies, LLC (“E-Contact”) filed suit against two of our subsidiaries, Hughes Communications, Inc. and Hughes Network Systems, LLC, in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 5,347,579, which is entitled “Personal Computer Diary.” E-Contact appears to assert that some portion of HughesNet email services infringe that patent. HughesNet email services are provided by a third party service provider, who has assumed indemnification obligations for the case.

We, along with the third party service provider, intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us or our service provider to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

***Joao Control & Monitoring Systems***

During December 2010, Joao Control & Monitoring Systems (“Joao”) filed suit against Sling Media Inc., our indirect wholly owned subsidiary, ACTI Corporation, ADT Security, Alarmclub.Com, American Honda Motor Company, BMW, Byremote, Drivecam, Honeywell, Iveda Corporation, Magtec Products, Mercedes-Benz, On-Net Surveillance, OnStar, SafeFreight Technology, Skyway Security, SmartVue Corporation, Toyota Motor Sales, Tyco, UTC Fire and Xanboo in the United States District Court for the Central District of California alleging infringement of United States Patent Nos. 6,549,130 and 6,587,046. The abstracts of the patents state that the claims are directed to the remote control of devices and appliances. Joao is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. During 2011, the case was transferred to the Northern District of California.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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**PART II — OTHER INFORMATION - Continued**

***Nazomi Communications, Inc.***

On February 10, 2010, Nazomi Communications, Inc. (“Nazomi”) filed suit against Sling Media, Inc., our indirect wholly owned subsidiary, Nokia Corp, Nokia Inc., Microsoft Corp., Amazon.com Inc., Western Digital Corp., Western Digital Technologies, Inc., Garmin Ltd., Garmin Corp., Garmin International, Inc., Garmin USA, Inc., Vizio Inc. and iOmega Corp in the United States District Court for the Central District of California alleging

infringement of United States Patent No. 7,080,362 (the “‘362 patent”) and United States Patent No. 7,225,436 (the “‘436 patent”). The ‘362 patent and the ‘436 patent relate to Java hardware acceleration. The suit alleges that the Slingbox-Pro-HD product infringes the ‘362 patent and the ‘436 patent because the Slingbox-PRO HD allegedly incorporates an ARM926EJ-S processor core capable of Java hardware acceleration. During 2010, the case was transferred to the Northern District of California.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### ***NorthPoint Technology, Ltd.***

On July 2, 2009, NorthPoint Technology, Ltd. (“NorthPoint”) filed suit against us, DISH Network, and DirecTV in the United States District Court for the Western District of Texas alleging infringement of United States Patent No. 6,208,636 (the “‘636 patent”). The ‘636 patent relates to the use of multiple low-noise block converter feedhorns, or LNBFs, which are antennas used for satellite reception. On April 21, 2011, the United States Patent and Trademark Office issued an order granting reexamination of the ‘636 patent. On June 21, 2011, the District Court entered summary judgment in our favor, finding that all asserted claims of the ‘636 patent are invalid. NorthPoint has appealed.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### ***Personalized Media Communications, Inc.***

During 2008, Personalized Media Communications, Inc. (“PMC”) filed suit against us, DISH Network and Motorola Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent Nos. 4,694,490, 5,109,414, 4,965,825, 5,233,654, 5,335,277, and 5,887,243, which relate to satellite signal processing. PMC is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. Subsequently, Motorola Inc. settled with PMC, leaving DISH Network and us as defendants. Trial is currently set for August 2012.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe any of the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### ***Semiconductor Ideas to the Market BV***

On March 16, 2012, Semiconductor Ideas to the Market BV (“ITOM”) filed suit against our subsidiary Hughes Network Systems, LLC, as well as Texas Instruments, Inc., Qualcomm, Inc., Broadcom Corp., Samsung Electronics America, Inc., Samsung Telecommunications America, LLC, Dell Inc., Apple Inc., Ford Motor Company, Buffalo Technology (USA) Inc., Amazon.com, Inc., Hughes Telematics, Inc., Motorola Mobility, Inc., Motorola Solutions, Inc., Honeywell International Inc., Koninklijke Philips Electronics N.V., and Philips Consumer Lifestyle International B.V. The suit was brought in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 7,299,018 which is entitled “Receiver comprising a digitally controlled capacitor bank” and United States Patent No. 7,072,614 which is entitled “Communication device”. ITOM alleges infringement through use of various third party chipsets in unspecified products and/or systems.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

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### **PART II — OTHER INFORMATION - Continued**

#### ***Technology Development and Licensing L.L.C.***

On January 22, 2009, Technology Development and Licensing L.L.C. (“TDL”) filed suit against us and DISH Network in the United States District Court for the Northern District of Illinois alleging infringement of United States Patent No. Re. 35,952, which relates to certain favorite channel features. TDL is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. In July 2009, the Court granted our motion to stay the case pending two reexamination petitions before the Patent and Trademark Office.

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patent, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We are being indemnified by DISH Network for any potential liability or damages resulting from this suit relating to the period prior to the effective date of the Spin-off. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### ***Vigilos, LLC***

On February 23, 2011, Vigilos, LLC filed suit against us, two of our subsidiaries, Sling Media, Inc. and EchoStar Technologies L.L.C., and Monsoon Multimedia, Inc. in the United States District Court for the Eastern District of Texas alleging infringement of United States Patent No. 6,839,731, which is entitled “System and Method for Providing Data Communication in a Device Network.” Subsequently in 2011, Vigilos added DISH Network L.L.C., a wholly owned subsidiary of DISH Network, as a defendant in its First Amended Complaint and the case was transferred to the Northern District of

California. Later in 2011, Vigilos filed a Second Amended Complaint that added claims for infringement of a second patent, United States Patent No. 7,370,074, which is entitled "System and Method for Implementing Open-Protocol Remote Device Control."

We intend to vigorously defend this case. In the event that a court ultimately determines that we infringe the asserted patents, we may be subject to substantial damages, which may include treble damages, and/or an injunction that could require us to materially modify certain features that we currently offer to consumers. We cannot predict with any degree of certainty the outcome of the suit or determine the extent of any potential liability or damages.

#### Other

In addition to the above actions, we are subject to various other legal proceedings and claims which arise in the ordinary course of business. In our opinion, the amount of ultimate liability with respect to any of these actions is unlikely to materially affect our financial position, results of operations or liquidity, though the outcomes could be material to our operating results for any particular period, depending, in part, upon the operating results for such period.

#### Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2011 includes a detailed discussion of our risk factors. During the three months ended March 31, 2012, there were no material changes in our risk factors as previously disclosed.

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### PART II — OTHER INFORMATION - Continued

#### Item 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

##### Issuer Purchases of Equity Securities

The following table provides information regarding repurchases of our Class A common stock from January 1, 2012 through March 31, 2012.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Approximate Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (1)
(In thousands, except share data)				
January 1 - January 31, 2012	—	\$ —	—	\$ 500,000
February 1 - February 29, 2012	—	\$ —	—	\$ 500,000
March 1 - March 31, 2012	—	\$ —	—	\$ 500,000
Total	—	\$ —	—	\$ 500,000

- (1) Our Board of Directors previously authorized stock repurchases of up to \$500 million of our Class A common stock. On November 2, 2011, our Board of Directors extended the plan, such that we are currently authorized to repurchase up to \$500 million of our outstanding shares of Class A common stock through and including December 31, 2012. Purchases under our repurchase program may be made through open market purchases, privately negotiated transactions, or Rule 10b5-1 trading plans, subject to market conditions and other factors. We may elect not to purchase the maximum amount of shares allowable under this program and we may also enter into additional share repurchase programs authorized by our Board of Directors.

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### PART II — OTHER INFORMATION - Continued

#### Item 6. EXHIBITS

##### (a) Exhibits.

10.1+	Receiver Agreement dated January 1, 2012 between Echosphere L.L.C. and EchoStar Technologies L.L.C. **
10.2+	Broadcast Agreement dated January 1, 2012 between EchoStar Broadcasting Corporation and DISH Network L.L.C.**
31.1+	Section 302 Certification of Chief Executive Officer.
31.2+	Section 302 Certification of Chief Financial Officer.
32.1+	Section 906 Certification of Chief Executive Officer.
32.2+	Section 906 Certification of Chief Financial Officer.
101+	The following materials from the Quarterly Report on Form 10-Q of EchoStar for the quarter ended March 31, 2012, filed on May 7, 2012, formatted in eXtensible Business Reporting Language ("XBRL"): (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), (iii) Condensed Consolidated Statements of Cash Flows and (iv) related notes to these financial statements.*

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+ Filed herewith.

\* In accordance with Rule 402 of Regulation S-T, the information in this Exhibit 101 shall not be deemed “filed” for the purposes of section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by the specific reference in such filing.

\*\* Certain portions of the exhibit have been omitted and separately filed with the Securities and Exchange Commission pursuant to a request for confidential treatment.

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ECHOSTAR CORPORATION

By: /s/ Michael T. Dugan

Michael T. Dugan  
Chief Executive Officer, President and Director  
(Duly Authorized Officer)

By: /s/ Kenneth G. Carroll

Kenneth G. Carroll  
Executive Vice President and Chief Financial Officer  
(Principal Financial Officer)

Date: May 7, 2012

2012 RECEIVER AGREEMENT

This 2012 Receiver Agreement ("Agreement") is entered into as of this 1<sup>st</sup> day of January, 2012 (the "Effective Date"), by and between EchoStar Technologies L.L.C. ("ETLLC"), having a principal place of business at 100 Inverness Terrace East, Englewood CO, 80112 and EchoSphere L.L.C. ("Licensee"), having a principal place of business at 9601 S. Meridian Blvd., Englewood CO 80112.

INTRODUCTION

- A. ETLLC has developed a proprietary Digital Satellite Receiver (as defined in Section 1.4 below) for use in conjunction with the DISH service, a digital direct broadcast satellite ("DBS") programming service network owned and operated by Affiliates of Licensee in the United States (the "DISH Service").
- B. Licensee is a distributor of consumer electronics products and desires to purchase OEM Products (as defined in Section 1.36 below) from ETLLC solely for distribution and sale in connection with the DISH Service in the Territory (as defined in Section 1.46 below).
- C. ETLLC is willing to sell OEM Products to Licensee for such purposes, subject to and in accordance with the terms and conditions set forth below.
- D. ETLLC and Licensee previously entered into that certain "Receiver Agreement" effective January 1, 2008 (as thereafter amended) (the "Prior Receiver Agreement") pursuant to which the parties placed Purchase Orders (as defined in the Prior Receiver Agreement) for OEM Product (as defined in the Prior Receiver Agreement) from January 1, 2008 to December 31, 2011. The Prior Receiver Agreement will expire pursuant to its terms on December 31, 2011. The parties now desire to enter into this Agreement whereby OEM Products purchased pursuant to purchase orders on or after January 1, 2012 will be governed by this Agreement, as set forth in Section 13.5 of this Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

**1. DEFINITIONS**

In addition to any other defined terms in this Agreement and except as otherwise expressly provided for in this Agreement, the following terms shall have the following meanings:

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\*\*\*Certain confidential portions of this exhibit were omitted by means of redacting a portion of the text. Copies of the exhibit containing the redacted portions have been filed separately with the Securities and Exchange Commission subject to a request for confidential treatment pursuant to Rule 24b-2 under the Securities Exchange Act.

- 1.1 "Accessories" means: (i) an antenna, LNB, feedhorn, feedarm, and other equipment necessary to bring a satellite signal into the home; or (ii) remote control devices for Digital Satellite Receivers, as such components may change from time to time in ETLLC's sole discretion.
- 1.2 "Affected Party" shall have the meaning set forth in Section 10.2.
- 1.3 "Affiliate" means, with respect to a party to this Agreement, any person or entity directly or indirectly controlling, controlled by or under common control with such party provided that, solely for purposes hereof, DISH Network Corporation and its subsidiaries shall not be considered Affiliates of EchoStar Corporation and its subsidiaries, and EchoStar Corporation and its subsidiaries shall not be considered Affiliates of DISH Network Corporation and its subsidiaries.
- 1.4 "Agreement" shall have the meaning set forth in the introductory paragraph.\*\*\*
- 1.6 "Approved OEM Brand Name" means those Licensee Marks, which have been approved in writing by ETLLC (which approval shall not be unreasonably withheld), for placement on the bezel (front panel) of OEM Products and packaging therefor in accordance with the trademark usage guidelines (or as otherwise mutually agreed) of both Licensee and ETLLC.\*\*\*
- 1.8 "Business Day" means any day ending at 11:59 p.m. (Mountain Time) other than a Saturday or Sunday or a day on which commercial banks located in Denver, Colorado, are authorized or required to close.\*\*\*
- 1.10 "Covered Component" shall have the meaning set forth in Section 13.3.
- 1.11 "Digital Converter Box" means a digital-to-analog converter box manufactured by or on behalf of ETLLC, which as of the Effective Date includes the "TR-40" digital converter box and the "TR-50" digital converter box and shall include such additional digital converter box models as mutually agreed between the Parties.
- 1.12 "Digital Satellite Receiver" means a digital satellite receiver/decoder for use in connection with direct to home satellite programming services (including any related components), whether stand alone or incorporated into another product (i.e., a television or VCR), which may include Accessories. For clarity and the avoidance of doubt, Existing Receivers, K Version Receivers and New Receivers are all Digital Satellite Receivers.
- 1.13 "DBS" shall have the meaning set forth in the introduction.
- 1.14 "DISH Service" shall have the meaning set forth in the introduction.

1. 15 “DISH System” means a Digital Satellite Receiver manufactured by or on behalf of ETLLC solely for use in connection with, and compatible with the specifications of, the DISH Service.\*\*\*
- 1.17 “ETLLC” shall have the meaning set forth in the introductory paragraph.
1. 18 “ETLLC Group” shall have the meaning set forth in Section 13.1.1.
- 1.19 “ETLLC Marks” means those trademarks, service marks or trade names owned by ETLLC or for which ETLLC has the right to grant a sublicense, as such ETLLC Marks may change from time to time in ETLLC’s discretion.
- 1.20 “ETLLC System Architecture” means the software, system architecture, and conditional access system that ETLLC commonly deploys in its Digital Satellite Receivers.
1. 21 “Excess Inventory” shall have the meaning set forth in Section 5.7.
- 1.22 “Existing Digital Satellite Receiver” or “Existing Receiver” means those Digital Satellite Receivers set forth in Section 1 of Schedule 1.
1. 23 “Force Majeure” shall have the meaning set forth in Section 14.8.
1. 24 “Forecast” shall have the meaning set forth in Section 5.1. \*\*\*
1. 26 “Initial Term” shall have the meaning set forth in Section 10.1.
- 1.27 “Indemnified Party” shall have the meaning set forth in Section 13.4.1.
1. 28 “Indemnifying Party” shall have the meaning set forth in Section 13.4.1.
- 1.29 “Intellectual Property” means all patents, copyrights, design rights, trademarks, service marks, trade secrets, know-how and any other intellectual or industrial property rights (whether registered or unregistered) and all applications for the same owned or controlled by ETLLC or Licensee, as the case may be, anywhere in the world.
1. 30 “K Version Receiver” shall mean: (i) those Digital Satellite Receivers set forth in Section 3 of Schedule 1; and (ii) those future Digital Satellite Receivers with modifications to\*\*\* as are mutually agreed by the parties from time to time.
- 1.31 “Licensee” shall have the meaning set forth in the introductory paragraph.
- 1.33 “Licensee Group” shall have the meaning set forth in Section 13.1.2.

- 1.34 “Licensee Marks” means the trademarks or trade names owned by Licensee, or for which Licensee has a license to use or the right to grant a sublicense sufficient for the purposes of this Agreement.
- 1.35 “New Digital Satellite Receiver” or “New Receiver” means those Digital Satellite Receivers set forth in Section 2 of Schedule 1 and such future Digital Satellite Receivers that: (i) are not a K Version Receiver; (ii) have not previously been: (a) manufactured by or on behalf of ETLLC; and (b) deployed to Licensee’s subscribers in production quantity, as of the date of this Agreement; and (iii) \*\*\* as are mutually agreed by the parties from time to time.
- 1.36 “OEM Product” means: (i) any Digital Satellite Receiver that: (a) is manufactured by or on behalf of ETLLC; (b) is branded with an Approved OEM Brand Name; (c) is designed to be compatible only with the DISH Service; and (d) after being equipped with a Security Access Device is designed to be unable to receive, decode or descramble signals transmitted by satellite transponders that are not owned, leased, or controlled by Licensee or an Affiliate of Licensee; (ii) a Sling Product; (iii) a Digital Converter Box; or (iv) Accessories. For clarity and the avoidance of doubt, a Digital Satellite Receiver which is specifically designed for a third party other than Licensee or an Affiliate of Licensee shall not be considered an OEM Product.
- 1.37 “OEM Product Price” shall have the meaning set forth in Section 4.1.
1. 38 “Other Party” shall have the meaning set forth in Section 10.2.
- 1.39 “Programming” means the video and audio signals transmitted by DBS satellite transponders that are owned or controlled by Licensee or an Affiliate and are part of DISH Network’s regular programming services.

1. 40 “Purchase Order” shall have the meaning set forth in Section 5.2.

1.41 “Security Access Device” means the card or smart chip, which, through the use of a secure microprocessor, controls the ability of the OEM Product to access the Programming.

1.42 “Sling Product” means those Sling products set forth in Section 4 of Schedule 1 or such other products generally made available by Sling Media, Inc. and its subsidiaries as are mutually agreed upon between the Parties from time to time.

1. 43 “Subscriber Information” shall have the meaning set forth in Section 9.2.

1. 44 “Taxes” shall have the meaning set forth in Section 14.1.

1.45 “Term” means the duration of this Agreement as specified in Section 10.1.

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1.46 “Territory” means the geographic boundaries of: (i) the United States of America; (ii) Puerto Rico; and (iii) any other territorial possession of the United States within DISH Network’s existing satellite footprint as of the date of this Agreement.

1. 47 “Third Party Intellectual Property” shall have the meaning set forth in Section 13.2.1.

1.48 “Third Party Mark” shall have the meaning set forth in Section 13.2.1.

1. 49 “Third Party Vendor” shall have the meaning set forth in Section 13.3.

1. 50 “Uncapped Claim” shall have the meaning set forth in Section 13.4.2.

1. 51 “Warranty” shall have the meaning set forth in Section 6.1.1. \*\*\*

1.53 “Warranty Period for Security Access Devices” shall have the meaning set forth in Section 6.4.

## 2. **MANUFACTURE AND SALE OF OEM PRODUCTS BY ETLIC**

### 2.1 Manufacture.

2.1.1 Manufacture. ETLIC agrees to manufacture and sell OEM Products to Licensee during the Term, and Licensee has the right, but not the obligation, to purchase OEM Products from ETLIC during the Term, in accordance with and subject to the terms of this Agreement. ETLIC may select and authorize any third party to manufacture OEM Products on ETLIC’s behalf. \*\*\*

2.2 Authorization; Territory. Licensee shall be authorized to resell OEM Products within the Territory solely to: (i) retailers, distributors, installers and end users of DISH Network; and (ii) solely for use in conjunction with DISH Network in the Territory. Licensee agrees that it shall not sell any OEM Product to: (a) any person or entity other than those authorized in clauses (i) and (ii) of the preceding sentence; (b) any person or entity who Licensee knows or has reason to know intends to use it, or resell it for use, in Canada or at any other location outside of the Territory; or (c) any person or entity who Licensee knows or has reason to know intends to use it, or resell it for use, in conjunction with a DBS service other than DISH Network.

2.3 Approved OEM Brand Names. Upon request by Licensee, ETLIC shall manufacture the OEM Product with any of the Approved OEM Brand Names affixed to the bezel (front panel) of the OEM Products in accordance with Section 8 below; provided, however, that ETLIC shall have no obligation under this Section 2.3 unless at the time of such request Licensee issues and delivers to ETLIC a firm Purchase Order for not less than \*\*\* units of an OEM Product with an Approved OEM Brand Name requested by Licensee which has not been previously manufactured by ETLIC

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hereunder. At the request of Licensee, new Approved OEM Brand Names may be added upon prior written approval of ETLIC (which approval shall not be unreasonably withheld). The provisions of Section 8.1 shall apply to the use of ETLIC Marks on or in connection with OEM Product delivered hereunder which include any Approved OEM Brand Name.

2.4 Costs. Licensee shall be responsible, and shall pay ETLIC in advance, for all costs of labor and materials for the customization of an OEM Product with any Approved OEM Brand Name hereunder, including without limitation: (a) any tooling required; (b) silk-screening front panels of the satellite receivers; and (c) all costs in connection with the customization of any packaging for OEM Products.

2.5 Identical Products. All OEM Products other than Sling Products and Digital Converter Boxes delivered hereunder to Licensee shall be identical in functionality and technical specifications to the DISH Systems, and shall be identical in appearance to the DISH Systems except for the placement of Approved OEM Brand Names on OEM Products pursuant to Section 2.3 above, as otherwise expressly provided herein and as otherwise mutually agreed by the parties in writing.

2.6 Freedom of Action. Licensee acknowledges and agrees that this Agreement is non-exclusive in nature and that nothing in this Agreement shall prohibit or otherwise restrict ETLIC and/or any of their Affiliates from entering into an agreement with any third party concerning activities which are the same or similar activities to those contemplated in this Agreement, or any other activity. ETLIC agrees that it shall not directly sell any OEM Product except for Sling Products or Digital Converter Boxes to any person or entity other than Licensee.

### 3. **TRADEMARK LICENSE AGREEMENT**

3.1 Trademark License Agreement. Licensee shall sign the Trademark License Agreement in ETLIC's customary form.

### 4. **PRICE; PAYMENT TERMS; RELATED MATTERS**

4.1 Price. Licensee shall pay ETLIC for OEM Products in accordance with the pricing set forth in Schedule 4.1 (the "OEM Product Price").\*\*\*

4.3 Reserved.

4.4 Payment. Except as otherwise agreed to by the parties, all invoices to Licensee hereunder shall be due, in immediately available funds, within \*\*\* days from the date of invoice, which shall be issued no earlier than the ship date for the OEM Products covered by the invoice.

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4.5 Taxes. In addition to the prices Licensee pays for OEM Products, as provided above, Licensee is responsible for any and all sales, use, gross receipts, excise and other taxes applicable to the sale, use, transportation or addition to value of the OEM Products.

4.6 Shipping Costs. Unless otherwise mutually agreed upon between the Parties, all OEM Products shall be shipped DDP (Destination Duty Paid) if international or DAP (Delivered at Place) on domestic shipments to Denver, Colorado or Atlanta, GA USA or such other terms or location mutually agreed upon between the parties. Title of OEM Products purchased under this Agreement shall pass to Licensee upon delivery by ETLIC or its agent to the carrier for shipment thereof or at such other time as mutually agreed upon between the Parties. Licensee shall be responsible for all costs of shipping and insurance of OEM Products. ETLIC shall have the sole responsibility to file any claims with the carrier for damage, missing items or otherwise, and Licensee shall have no liability or responsibility if ETLIC is unable to obtain full compensation for any loss from the claim. ETLIC shall select the method of shipment and carrier; provided, however, that, in the event that ETLIC fails to make the necessary arrangements for shipment, ETLIC acknowledges and agrees that Licensee shall, without incurring any liability, have the option, in its sole discretion, to select the method of shipment and the carrier.

4.7 Default. If Licensee defaults in any payment due ETLIC, or Licensee violates any term or condition of this Agreement or of any credit extended by ETLIC or any Affiliate to Licensee, ETLIC reserves the right to: (i) suspend any shipment to Licensee; (ii) require payment for shipments prior to shipment or delivery; and/or (iii) require payment of all unpaid balances prior to any shipment and payment for that shipment. Exercise of any of the above rights by ETLIC shall not be construed as a limitation of ETLIC's authority to exercise any other rights which ETLIC may have at law, in equity or pursuant to this Agreement.

4.8 Third Party License Fees. The Parties acknowledge and agree that as of the Effective Date the OEM Product Price for Digital Satellite Receivers includes \*\*\*). The Parties further acknowledge and agree that as of the Effective Date \*\*\*.

### 5. **ORDERS, SHIPMENT; FORECASTS; AND RETURNS**

5.1 Forecast. Each month during the Term, Licensee will send ETLIC a rolling forecast in accordance with the forecasting procedures set forth in Schedule 5.1 (the "Forecast"). Subject to the forecasting modification procedures set forth in Schedule 5.1, each Forecast shall be deemed a firm and binding commitment for the purchase of the OEM Products specified therein. The Forecast will be translated into a Purchase Order (as defined below), including the requested month of delivery, by Licensee in accordance with the Purchase Order procedures set forth in Schedule 5.1.

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5.2 Purchase Orders. Licensee will order OEM Products by written purchase order ("Purchase Order") issued during the Term in accordance with the procedures set forth in Schedule 5.1. Purchase Orders of Licensee shall state only: (i) identity of goods; (ii) quantity of goods; (iii) OEM Product Price of goods; and (iv) requested month of delivery of goods. Any additional terms stated in a Purchase Order shall not be binding upon ETLIC unless expressly agreed to in writing by ETLIC. In the event of any conflict between the terms of a Purchase Order and the terms of this Agreement, the terms of this Agreement shall prevail.

5.3 Cancellations and Modifications. Neither Party may cancel or modify any accepted Purchase Order, except with the prior written consent of the other Party.

5.4 Shipment. Shipments will be made in standard shipping packages that have been approved by Licensee. All shipments will include a packing slip which lists items contained in the shipment by part number, descriptions (including the serial number and corresponding Security Access Device number for each OEM Product), quantity, and Purchase Order number. Not later than a reasonable time before the scheduled delivery dates, Licensee will notify ETLLC in writing of the specific shipping destinations and the specific quantity of OEM Products to be shipped to each destination, which Licensee agrees will be at least one full truckload per destination or such other minimum quantity as the parties may agree to from time to time in writing.

5.5 Shipment Dates; Quantities. ETLLC will use reasonable commercial efforts to make shipments of OEM Products by the month specified in Purchase Orders accepted from Licensee; provided however, that ETLLC shall be permitted to modify shipping dates due to circumstances beyond ETLLC's reasonable control. All deliveries are contingent on ETLLC or its third party manufacturer receiving timely shipment of necessary materials for production. Within a reasonable time after ETLLC becomes aware that it will not be able to make shipment of all or a portion of the OEM Products by the month specified in a particular Purchase Order accepted from Licensee, ETLLC shall give Licensee notice setting forth an estimated delivery month. Licensee shall have the right, but not the obligation to reduce the total quantity of OEM Products requested in that Purchase Order in accordance with the Purchase Order Modification procedures set forth in Schedule 5.1.

5.6 Partial Shipments. Subject to Section 5.4, ETLLC reserves the right to ship OEM Products in a single or by multiple deliveries. Except as expressly provided herein, failure of ETLLC to ship in the month requested in any Purchase Order shall not entitle Licensee to cancel or amend such order. Subject to Section 5.4, ETLLC reserves the right to ship all or a portion of any Purchase Order, including partial Purchase Orders. Licensee shall pay for such portion of the shipment as is actually shipped.

5.7 Sale of OEM Products by ETLLC. While, subject to Section 5.5 and the purchase order modification procedures set forth in Schedule 5.1, Licensee's obligation

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to honor Purchase Orders submitted to ETLLC is absolute, in the event that Licensee breaches this obligation, then, in addition to all other remedies available to ETLLC under this Agreement, at law, in equity or otherwise, and notwithstanding anything to the contrary herein ETLLC and/or any of its Affiliates shall have the right, but not the obligation, to sell the OEM Products covered by the relevant Purchase Order(s) ("Excess Inventory") without removing Licensee's markings.

## 6. **WARRANTY**

### 6.1 Warranty of OEM Products.

6.1.1 General Warranty. ETLLC warrants that each OEM Product will be free from defects in materials and workmanship (the "Warranty") for a period \*\*\* (the "Warranty Period"). The materials portion of this Warranty shall not apply to: (i) any OEM Product that is abused, damaged by external causes, altered or misused; or (ii) OEM Product damaged due to improper installation or use. OEM Products shall be considered free from defects in workmanship if they are manufactured in accordance with ETLLC's manufacturing workmanship standards (or those of any third party which manufactures the OEM Product on ETLLC's behalf), conform to the product specifications, and successfully complete product acceptance tests for the product.

6.1.2 Deadline for Claims; Disclaimer. ALL CLAIMS FOR WARRANTY FULFILLMENT MUST BE RECEIVED BY ETLLC (OR ITS DESIGNEE) NO LATER THAN A REASONABLE PERIOD OF TIME AFTER THE EXPIRATION OF THE WARRANTY PERIOD FOR THE PRODUCT. THIS WARRANTY IS THE ONLY WARRANTY GIVEN BY ETLLC. ETLLC MAKES, AND LICENSEE RECEIVES, NO OTHER WARRANTY EITHER EXPRESS OR IMPLIED. ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, ARE EXPRESSLY DISCLAIMED AND EXCLUDED HEREFROM.

6.1.3 Exclusive Remedy. Except as expressly set forth in Section 6.1.4, Licensee's exclusive remedy for fulfillment of the Warranty shall be, at ETLLC's option, repair by ETLLC at an ETLLC or third party facility of ETLLC's choice, replacement of the defective OEM Product, or return of the OEM Product Price within a reasonable period of time after receipt of the OEM Product by ETLLC.\*\*\*

### 6.2 Licensee's Warranty Obligations. In addition to the obligations of Licensee elsewhere in this Article 6, Licensee shall:

6.2.1 receive at a Licensee facility all OEM Products returned for both in-warranty and out-of-warranty repair;

6.2.2 submit a daily report to ETLLC listing the serial number of each OEM Product and corresponding Security Access Device number which have been

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received by Licensee and for which the subscriber has received a replacement OEM Product and/or Security Access Device;

6.2.3 for in-warranty and out-of-warranty returns, conduct, at its own expense, an initial review of the OEM Product to verify the existence of a defect;

6.2.4 in the case of OEM Products for which no defect is found, take such actions as it deems appropriate and ETLLC shall have no liability hereunder;

6.2.5 in the case of in-warranty OEM Products with defects which are covered by the Warranty and verified by Licensee, ship such OEM Products at Licensee's expense, to an ETLLC or third party facility, as designated by ETLLC, for treatment in accordance with the Warranty in Section 6.1.1 above, with ETLLC responsible for all costs associated with the shipment of conforming OEM Products to Licensee's facility to replace failed units covered by the Warranty;

6.2.6 in the case of out-of-warranty OEM Products with defects verified by Licensee (including in-warranty OEM Products with defects not covered by the Warranty), Licensee shall take such actions as it deems appropriate and ETLLC shall have no liability hereunder; and

6.2.7 reimburse ETLLC, within a reasonable period of time the customary screening fee, and any out of pocket expenses of ETLLC to third parties, including but not limited to the costs of returning the OEM Product to Licensee, in relation to OEM Products returned by Licensee under the preceding subsections for which there was no problem found upon testing by ETLLC, or with respect to which problems were identified which are not covered by the Warranty.

6.3 Reserved.

6.4 ETLLC Security Access Device Warranty.

(a) ETLLC warrants that any Security Access Devices purchased by Licensee from ETLLC in conjunction with an OEM Product shall be free from defects in materials and workmanship for the warranty period customarily provided by ETLLC to Licensee for like product ("Warranty Period for Security Access Devices"). Licensee shall return defective Security Access Devices purchased by Licensee from ETLLC in conjunction with an OEM Product at Licensee's expense. If a Security Access Device purchased by Licensee from ETLLC in conjunction with an OEM Product is: (i) verified as having failed during the Warranty Period for Security Access Devices; (ii) returned to ETLLC by Licensee within a reasonable period of time after expiration of the Warranty Period for Security Access Devices; and (iii) confirmed as defective by ETLLC, Licensee's exclusive remedy for fulfillment of this warranty shall be, at ETLLC's option, for ETLLC to repair and return or replace and return conforming Security Access

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Devices to Licensee at no charge to Licensee, or refund Licensee the purchase price of such defective Security Access Devices.

(b) THE LIMITED WARRANTY PROVIDED BY ETLLC FOR SECURITY ACCESS DEVICES IN SECTION 6.4 IS IN LIEU OF ALL OTHER WARRANTIES, WHETHER STATUTORY, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY OF FITNESS FOR A PARTICULAR USE OR PURPOSE. IN NO EVENT SHALL ETLLC BE LIABLE FOR ANY INDIRECT, EXEMPLARY, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOSS OF USE) ARISING OUT OF OR IN CONNECTION WITH THE SALE, USE OR PERFORMANCE OF ANY SECURITY ACCESS DEVICES AND REGARDLESS OF WHETHER SUCH DAMAGES ARE BASED UPON BREACH OF WARRANTY OR CONTRACT, NEGLIGENCE, STRICT LIABILITY OR ANY OTHER LEGAL THEORY.

(c) Licensee agrees to provide ETLLC with a written report matching the identification number of each replacement Security Access Device with the serial number of the OEM Product into which it is installed prior to returning the OEM Product to the end-user. In addition, Licensee shall notify ETLLC of the disposition and identification number of all Security Access Devices that Licensee has replaced but not returned to ETLLC within a reasonable time of such replacement.

## 7. **EXPORT RESTRICTIONS**

Licensee acknowledges and understands that U.S. export laws relating to the OEM Products and Security Access Devices provided therewith may change from time to time in the future. Licensee acknowledges that it is Licensee's sole responsibility to be and remain informed of all U.S. laws relating to the export of OEM Products and Security Access Devices outside of the U.S. Licensee further acknowledges and agrees that ETLLC has absolutely no obligation to update Licensee regarding the status of U.S. export laws or any other U.S. laws relating to the export of OEM Products or Security Access Devices outside of the U.S. Without ETLLC giving any consent for export of the OEM Products or Security Access Devices and subject to territorial limitations of this Agreement, Licensee represents, warrants and covenants that: (i) prior to exporting or selling any OEM Products or Security Access Devices outside of the U.S., it will investigate all applicable U.S. laws relating to the export of OEM Products and Security Access Devices outside of the U.S.; (ii) it will not export or reexport any OEM Product or Security Access Device to Cuba, Iran, Iraq, Libya, North Korea, Sudan or Syria or any other any destination in any country prohibited by U.S. export laws governing OEM Products or Security Access Devices without the prior approval of the United States Government; and (iii) it will not use any OEM Product or Security Access Device directly or indirectly to support the design, development, production or use of nuclear, chemical or biological weapons or ballistic missiles. Licensee is strictly prohibited from violating any U.S. law relating to the export or sale of OEM Products or Security Access Devices outside of the U.S. Should Licensee export

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or sell any OEM Product or Security Access Device outside of the U.S. in violation of this Agreement and/or U.S. law, this Agreement shall automatically terminate.

## 8. TRADEMARKS

### 8.1 ETLLC's Marks.

8.1.1 In addition to the Approved OEM Brand Names affixed to the OEM Products under this Agreement, ETLLC shall have the right to affix such of the ETLLC Marks on or in connection with the OEM Products, including, but not limited to, on the Accessories and packaging and on the electronic on screen guide, in accordance with the usage guidelines for the ETLLC Marks or ETLLC's User Interface Specification, as such guidelines and/or specification may change from time to time in ETLLC's sole discretion. ETLLC agrees that Licensee shall not be required to accept the use of the ETLLC Marks on the OEM Products in any manner inconsistent with the usage guidelines for the Licensee Marks and the terms of this Section 8.1 without the prior written consent of Licensee, which consent shall not be unreasonably withheld.

8.1.2 Notwithstanding Section 8.1.1 above and Section 8.1.3 below, Licensee acknowledges and agrees that the ETLLC Marks customarily used and the minimum size and manner of placement requirements for the ETLLC Marks currently set forth in: (i) ETLLC's trademark usage guidelines and User Interface Specification; and (ii) this Section 8.1.2, are consistent with Licensee's usage guidelines for use in connection with the Licensee Marks, and may continue to be applied by ETLLC in the size and manner customarily used and set forth in ETLLC's trademark usage guidelines and User Interface Specification respectively and this Section 8.1.2 for the Term, including any extensions thereto. Specifically, and without limitation of the foregoing, Licensee agrees that ETLLC shall have the right for the duration of the Term and any extensions thereof to affix the ETLLC Marks on or in connection with the OEM Products, including without limitation on the Accessories and packaging and on the electronic program guide, such that the ETLLC Marks are displayed in a manner which is at least equally as prominent as the Approved OEM Brand Names affixed to the same. In the event that Licensee desires to change its usage guidelines in a manner that would effect the rights granted to ETLLC by Licensee under this Section 8.1.2, the parties agree to discuss the possibility of altering the application of the ETLLC Marks, Licensee Marks and Third Party Marks to the OEM Products in such a manner as will be consistent with the new usage guidelines proposed by Licensee and insure to ETLLC as nearly as possible the same results to which ETLLC is entitled under this Section 8.1.2.

8.1.3 Licensee agrees not to use any of the ETLLC Marks in any manner inconsistent with the usage guidelines for the ETLLC Marks and without the prior written consent of ETLLC, and, subject to Section 8.1.2 above, ETLLC agrees that Licensee shall not be required to use the ETLLC Marks in any manner inconsistent with the usage guidelines for the Licensee Marks without the prior written consent of Licensee

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which consent shall not be unreasonably withheld. Licensee shall not use any of the ETLLC Marks without the prior written consent of ETLLC, which consent ETLLC may withhold in its sole discretion. Licensee expressly acknowledges and understands that ETLLC and its Affiliates claim to have the absolute ownership of, or right to allow Licensee to use, the ETLLC Marks.

8.1.4 Regardless of whether ETLLC grants Licensee permission to use any ETLLC Mark, Licensee agrees that it will not in any way dispute or impugn the validity of any of the ETLLC Marks or registrations of the ETLLC Marks, nor the sole proprietary right of ETLLC and its Affiliates thereto, nor the right of ETLLC and its Affiliates to use or license the use of the ETLLC Marks in the Territory or elsewhere, either during the Term or at any time thereafter. Licensee further agrees not to perform, either during the Term or at any time thereafter, any act or deed either of commission or of omission which is inconsistent with ETLLC or its Affiliates' proprietary rights in and to the ETLLC Marks, whether or not the ETLLC Marks are registered.

### 8.2 Licensee's Marks.

8.2.1 ETLLC agrees not to use any of the Licensee Marks in any manner inconsistent with the usage guidelines for the Licensee Marks and without the prior written consent of Licensee, and Licensee agrees that ETLLC shall not be required to use the Licensee Marks in any manner inconsistent with the usage guidelines for the ETLLC Marks without the prior written consent of ETLLC which consent shall not be unreasonably withheld. ETLLC shall not use any of the Licensee Marks without the prior written consent of Licensee, which consent Licensee may withhold in its sole discretion; provided however, that no consent shall be required for ETLLC or an Affiliate to sell Excess Inventory under Section 5.7 above, for which Licensee hereby grants to ETLLC and its Affiliates a license to the Licensee Marks and any Approved OEM Brand names only as necessary for the marketing and sale of such Excess Inventory. ETLLC expressly acknowledges and understands that Licensee and its Affiliates claim to have the absolute ownership of, or right to allow ETLLC to use, the Licensee Marks.

8.2.2 Regardless of whether Licensee grants ETLLC permission to use any Licensee Mark, ETLLC agrees that it will not in any way dispute or impugn the validity of any of the Licensee Marks or registrations of the Licensee Marks, nor the sole proprietary right of Licensee and its Affiliates thereto, nor the right of Licensee and its Affiliates to use or license the use of the Licensee Marks in the Territory or elsewhere, either during the Term or at any time thereafter. ETLLC further agrees not to perform, either during the Term or at any time thereafter, any act or deed either of commission or of omission which is inconsistent with Licensee or its Affiliates proprietary rights in and to the Licensee Marks, whether or not the Licensee Marks are registered.

8.3 Third Party Trademarks. Licensee may also request that ETLLC affix to the OEM Products the "DVB", "MPEG 2" and "MPEG 4" standard trademarks, provided that no third party trademarks shall be more than half as large as the Licensee and

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ETLLC trademarks. Licensee recognizes and understands that ETLLC may not have authority to grant Licensee any rights to affix the "DVB", "MPEG 2" and "MPEG 4" standard trademarks to an OEM Product, and Licensee shall be solely responsible for securing the entitlement of such rights with the applicable rights holders. Licensee hereby acknowledges that, in the future, ETLLC may be obligated to affix the trademarks, service marks or trade names of the owners of third party technology that is presently, or at some time in the future, incorporated into the OEM Product, and Licensee hereby grants its approval for ETLLC to affix any such trademarks, service marks or trade names to the OEM Product subject to the size requirements set forth above, unless the parties mutually agree otherwise.

## 9. **CONFIDENTIAL AND PROPRIETARY INFORMATION**

9.1 **General.** At all times during the Term and for a period of \*\*\* years thereafter, the parties and their employees will maintain, in confidence, the terms and provisions of this Agreement, as well as all data, summaries, reports or information of all kinds, whether oral or written, acquired, devised or developed in any manner from the other party's personnel or files, or as a direct or indirect result of a party's actions or performance under this Agreement, and each party represents that it has not and will not reveal the same to any persons not employed by such party, except: (i) at the written direction of the party which is the owner of such information; (ii) to the extent necessary to comply with law, the valid order of a court of competent jurisdiction or the valid order or requirement of a governmental agency or any successor agency thereto, in which event the disclosing party shall notify the owner of the information in advance, prior to making any disclosure, and shall seek confidential treatment of such information; (iii) as part of its normal reporting or review procedure to its parent company, its auditors and its attorneys, provided such parent company, auditors and attorneys agree to be bound by the provisions of this paragraph; or (iv) to the extent necessary to permit the performance of obligations under this Agreement.

9.2 **Subscriber Information.** All subscribers who subscribe to any of the Programming and/or any other programming services offered by Licensee and/or any of its Affiliates shall be deemed customers of Licensee for all purposes relating to programming services (including without limitation video, audio and data services) and the hardware necessary to receive programming services. ETLLC acknowledges and agrees that the names, addresses and other identifying information of such subscribers ("**Subscriber Information**") are as between ETLLC and Licensee, with respect to the delivery of programming services and the hardware necessary to receive programming services, proprietary to Licensee, and shall be treated with the highest degree of confidentiality by ETLLC. ETLLC will not directly or indirectly use any Subscriber Information for the purpose of soliciting, or to permit any others to solicit, such subscribers to subscribe to any other programming services or to promote the sale of any hardware product used in connection with programming services, and ETLLC shall under no circumstance directly or indirectly reveal any Subscriber Information to any third party for any reason without the express prior written consent of Licensee, which

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Licensee may withhold in its sole and absolute discretion; provided, however, that nothing shall prohibit ETLLC from utilizing its own customer list for its general business operations unrelated to the delivery and/or promotion of programming services or the sale of any product used in conjunction with programming services. The provisions of this Section 9.2 shall survive termination or expiration of this Agreement indefinitely.

9.3 **Equitable Relief.** ETLLC agrees that a breach of the obligations set forth in this Section 9 will result in the substantial likelihood of irreparable harm and injury to the Licensee or its Affiliates for which monetary damages alone would be an inadequate remedy, and which damages are difficult to accurately measure. Accordingly, ETLLC agrees that Licensee and its Affiliates (or either of them) shall have the right, in addition to any other remedies available, to obtain immediate injunctive relief (without the necessity of posting or filing a bond or other security) to restrain the threatened or actual violation hereof by the ETLLC, its Affiliates, its employees and agents, as well as other equitable relief allowed by the federal and state courts. The foregoing is agreed to without prejudice to the Licensee and its Affiliates (or either of them) to exercise any other rights and remedies they may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief. The provisions of this Section 9.3 shall survive termination or expiration of this Agreement indefinitely.

9.4 **Economic Benefits Derived Held in Trust.** In the event that ETLLC derives an economic benefit, in any form, from a violation of its obligations under Section 9.2, it is hereby agreed that such economic benefit is the property of Licensee and that ETLLC shall deliver the cash value of the economic benefit to Licensee immediately upon receipt of the economic benefit. It is further agreed that ETLLC shall hold such economic benefit in trust for the benefit of Licensee until such time as its cash value is delivered to Licensee. The foregoing is agreed to without prejudice to Licensee to exercise any other rights and remedies it may have, including without limitation, the right to terminate this Agreement and seek damages or other legal or equitable relief. The provisions of this Section 9.4 shall survive termination or expiration of this Agreement indefinitely.

## 10. **TERM AND TERMINATION**

10.1 **Term.** This Agreement shall commence on the date first written above and shall continue until December 31, 2014 (the "**Initial Term**") unless terminated sooner as provided in this Agreement. Licensee shall have the exclusive right, but not the obligation, to extend this Agreement for one (1) additional year (a "**Renewal Term**", and collectively with the Initial Term, the "**Term**"), upon submission of written notice to ETLLC no less than one hundred eighty (180) calendar days prior to expiration of the current Term.

10.2 Termination By Either Party Upon Default. This Agreement may be terminated by a party (the "Affected Party") upon the occurrence of any of the following with respect to the other party (the "Other Party");

10.2.1 The Other Party commits a payment default which is not cured within \*\*\* days of receipt of written notice from the Affected Party.

10.2.2 The Other Party defaults on any obligation or breaches any representation, warranty or covenant in this Agreement (regardless of whether breach or default of such obligation, representation, warranty or covenant is designated as giving rise to a termination right), and such default or breach is not cured within \*\*\* days of receipt of written notice from the Affected Party. The parties agree that all obligations, representations, warranties and covenants contained in this Agreement, whether or not specifically designated as such, are material to the agreement of the parties to enter into and continue this Agreement.

10.3 Termination by ETLLC. ETLLC may terminate this Agreement upon written notice to Licensee at any time in case of: (i) acquisition of Licensee, directly or indirectly, by a third party, or the merger of Licensee with a third party, which in either case manufactures set-top boxes (this Section 10.3 will not apply to an acquisition of Licensee by, or the merger of Licensee with, an Affiliate of Licensee; provided that such Affiliate is not a direct or indirect manufacturer of set-top boxes); (ii) Licensee's falsification of any material records or reports required hereunder; or (iii) a material breach, as determined in ETLLC's sole judgment, by Licensee of the confidentiality provisions contained in Section 9 above.

10.4 Purchase During Notice Period. During any notice and cure period under Section 10.2, ETLLC will determine in its sole judgment the amount of OEM Products, if any, Licensee may purchase.

10.5 Termination for Convenience by Licensee. Licensee may terminate this Agreement for any or no reason by providing ETLLC not less than sixty (60) days prior written notice setting forth the termination date for this Agreement.

10.6 Payment, Forfeiture and Cancellation. Upon expiration or termination of this Agreement for any reason, all sums due ETLLC must be immediately paid. Any credit or allowance under any cooperative or incentive program or other promotion (including any credit or allowance against the future purchase of OEM Products) which has not been applied by such date shall be forfeited unless otherwise expressly provided in the program or promotion, and all orders in process may at ETLLC's option be deemed canceled unless in transit or paid for in advance by Licensee. ETLLC and Licensee hereby waive all claims against each other in connection with such forfeiture and cancellation.

10.7 Survival of Certain Obligations. Termination or expiration of this Agreement for any reason shall not terminate any obligation or liability of one party to the other which is specified in this Agreement to expressly survive termination or expiration, which arises by operation of law or which logically is to be performed after termination or expiration, nor preclude or foreclose recovery of damages or additional remedies available to any party under applicable law, except as otherwise provided in this Agreement.

## **11. REPRESENTATIONS AND WARRANTIES**

11.1 Representations, Warranties and Covenants of Licensee. Licensee represents, warrants and covenants, as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

11.1.1 Licensee has the right and authority to enter into this Agreement and the execution, delivery and performance by Licensee of this Agreement have been duly authorized by all requisite corporate action and will not violate any provision of Licensee's articles of organization, or any provision of any agreement by which Licensee is bound or affected.

11.1.2 Licensee acknowledges the applicability of U.S. export control regulations which prohibit the sale, export, reexport or diversion of certain products and technology to certain countries, and will not sell, export or reexport any of the OEM Products, in the form received, or as modified or incorporated into other equipment, except as permitted under this Agreement and authorized by such regulations.

11.1.3 Licensee is not, nor at any time will it be, in violation of any applicable Law by entering into and undertaking the performance of this Agreement and in performing its obligations pursuant to this Agreement. Licensee agrees to comply with any and all applicable laws.

11.1.4 Licensee shall provide to ETLLC such adequate assurances as ETLLC may require from time to time in order to ensure that the requirements of this Section 11.1 have been met, and will continue to be met on an ongoing basis, by Licensee.

11.1.5 Except as otherwise expressly stated in this Agreement, Licensee makes no other representations or warranties, either express or implied, statutory or otherwise, and all such warranties are hereby excluded except to the extent such exclusion is absolutely prohibited by law.

11.2 Representations, Warranties and Covenants of ETLLC. ETLLC represents, warrants and covenants as follows, which representations, warranties and covenants shall survive the execution of this Agreement:

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11.2.1 ETLLC has the right and authority to enter into this Agreement and the execution, delivery and performance by ETLLC of this Agreement have been duly authorized by all requisite corporate action and will not violate any provision of ETLLC's articles of organization, or any provision of any agreement by which ETLLC is bound or affected.

11.2.2 ETLLC is the beneficial owner of Intellectual Property created independently by it, and such Intellectual Property is not subject to any covenant or other restriction preventing or limiting ETLLC's right to manufacture the OEM Products as contemplated by this Agreement.

11.2.3 ETLLC is not, nor at any time will it be, in violation of any applicable Law by entering into and undertaking the performance of this Agreement and in performing their obligations pursuant to this Agreement. ETLLC agrees to comply with any and all applicable Laws.

11.2.4 ETLLC shall provide to Licensee such adequate assurances as Licensee may require from time to time in order to ensure that the requirements of this Section 11.2 have been met, and will continue to be met on an ongoing basis, by ETLLC.

11.2.5 Except as otherwise expressly stated in this Agreement, ETLLC makes no other representations or warranties, either express or implied, statutory or otherwise, and all such warranties are hereby excluded except to the extent such exclusion is absolutely prohibited by law.

## 12. **LIMITATION OF LIABILITY**

12.1 **Limitation.** IN NO EVENT SHALL ANY PARTY BE LIABLE FOR ANY INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, LOSS OF USE OR LOST BUSINESS, REVENUE, PROFITS OR GOODWILL) ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT, TERMINATION OR ANY OTHER MATTER RELATED HERETO. IN ADDITION TO AND WITHOUT LIMITATION OF THE FOREGOING, ETLLC SHALL HAVE NO LIABILITY OR RESPONSIBILITY TO LICENSEE OR ANYONE CLAIMING THROUGH LICENSEE FOR ANY LOSS OR DAMAGE (INCLUDING, GENERAL, INDIRECT, SPECIAL, EXEMPLARY, INCIDENTAL AND CONSEQUENTIAL DAMAGES) ARISING OUT OF ANY FAILURE OR DELAY IN SHIPMENT, LATE SHIPMENT, OR DELIVERY OF ALL OR ANY PART OF ANY ORDER.

12.2 **Risk Allocation.** The parties agree that each and every provision of this Agreement which provides for a limitation of liability, disclaimer of warranties or exclusion of damages is expressly intended to be severable and independent of any other provision since they represent separate elements of risk allocation between the

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parties and shall be separately enforced. This Section 12.2 shall expressly survive the expiration or termination of this Agreement.

## 13. **INDEMNIFICATION**

### 13.1 **General Indemnity**

13.1.1 **By Licensee.** In addition to the intellectual property indemnity in Section 13.2.1 below, Licensee shall defend, indemnify and hold ETLLC and its Affiliates, and any and all of its and their respective officers, directors, shareholders, employees, agents and representatives, and any and all of its and their assigns, successors, heirs and legal representatives (collectively the "**ETLLC Group**"), harmless from and against any and all claims, demands, litigation, settlements, judgments, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the ETLLC Group arising directly out of: (i) a breach or default of any obligation, representation, warranty or covenant of Licensee hereunder; (ii) manufacture and sale to Licensee of OEM Products bearing, or use by ETLLC or an Affiliate of, any Approved OEM Brand Name on or in connection with the OEM Products as permitted by this Agreement; and (iii) any claims of third parties otherwise arising out of or in connection with the marketing, promotion, sale and distribution of OEM Products.

13.1.2 **By ETLLC.** In addition to the intellectual property indemnity in Section 13.2.2 below, ETLLC shall defend, indemnify and hold Licensee and its Affiliates, and any and all of its and their respective officers, directors, shareholders, employees, agents and representatives, and any and all of its and their assigns, successors, heirs and legal representatives (collectively the "**Licensee Group**"), harmless from and against any and all claims, demands, litigation, settlements, judgments, damages, liabilities, costs and expenses (including, but not limited to, reasonable attorneys' fees) incurred by the Licensee Group arising directly out of: (i) a breach or default of any obligation, representation, warranty or covenant of ETLLC hereunder; and (ii) any claim whatsoever of product liability with respect to the OEM Products.

### 13.2 **Intellectual Property Indemnity**

#### 13.2.1 **By Licensee.**

(a) Licensee, at its own expense, shall defend any suit brought against ETLIC insofar as based upon a claim that: (i) the OEM Product(s), as such, directly infringes any third party trademark, trade name or service mark ("Third Party Mark") due to any trademark, trade name or service mark affixed to the OEM Products at Licensee's request; or (ii) the Digital Converter Box(es), as such, directly infringes any third party patent, copyright, trademark, service mark, trade secret, mask work or other intellectual or industrial property right ("Third Party Intellectual Property")

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\*\*\*, and Licensee shall indemnify ETLIC against any final award of damages or costs in such suit. This indemnity is conditional upon ETLIC giving Licensee prompt notice in writing of any suit for such infringement.

(b) Subject to Section 13.4.2.2, no cost or expense shall be incurred on behalf of Licensee without its written consent.

(c) Except as otherwise agreed to by the parties, Licensee's liability under Section 13.2.1(a) shall be limited to US \$2,500,000.00 per occurrence or US \$5,000,000.00 in the aggregate.

(d) Subject to Section 13.4.2.2, the foregoing states the entire liability of Licensee in connection with infringement of: (i) a Third Party Mark by an OEM Product; or (ii) any Third Party Intellectual Property by a Digital Converter Box, and except as stated in this clause, Licensee will not be liable for any loss or damage of whatever kind (including in particular any incidental, indirect, special or consequential damage) suffered by ETLIC in respect of the infringement of any Third Party Intellectual Property by an OEM Product.

#### 13.2.2 By ETLIC.

(a) Except as otherwise agreed to by the parties, ETLIC, at its own expense, shall defend any suit brought against Licensee insofar as based upon a claim that an OEM Product directly infringes (excluding any claims for which Licensee has an indemnity obligation pursuant to Section 13.2.1(a)) any Third Party Intellectual Property and shall indemnify Licensee against any final award of damages or costs in such suit. This indemnity is conditional upon Licensee giving ETLIC prompt notice in writing of any suit for such infringement.

(b) Subject to Section 13.4.2.2, no cost or expense shall be incurred on behalf of ETLIC without its written consent.

(c) Except as otherwise agreed to by the parties, in the event that a OEM Product is in such suit held to constitute infringement, ETLIC at its own election and at its own expense may either procure for Licensee the rights to continue the sale of a OEM Product or modify a OEM Product so that it becomes non-infringing.\*\*\*

(f) Except as otherwise agreed to by the parties, ETLIC's liability under Section 13.2.2(a) shall be limited to US \$2,500,000.00 per occurrence or US \$5,000,000.00 in the aggregate.

(g) Subject to Section 13.4.2.2, except as otherwise agreed to by the parties, the foregoing states the entire liability of ETLIC in connection with infringement of Third Party Intellectual Property by the OEM Products and except as stated in this clause, ETLIC will not be liable for any loss or damage of whatever kind (including in particular any incidental, indirect, special or consequential damage) suffered by Licensee or any other person in respect of the infringement of any Third Party Intellectual Property. \*\*\*

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#### 13.4 Indemnification Procedure.

13.4.1 Notice. The party seeking indemnification (the "Indemnified Party") shall promptly notify the party from whom indemnification is being sought (the "Indemnifying Party").

#### 13.4.2 Control of Proceeding.

13.4.2.1 \*\*\*With respect to any Claim for which indemnification is sought pursuant to Section 13.1 \*\*\*, the Indemnifying Party shall be entitled to have the exclusive conduct of and/or settle all negotiations and litigation arising from \*\*\* and the Indemnified Party shall, at the Indemnifying Party's request and expense, give the Indemnifying Party all reasonable assistance in connection with those negotiations and litigation. The Indemnified Party shall not make any formal, written admission as to liability or agree to any settlement of or compromise \*\*\* without the prior written consent of the Indemnifying Party, and in the event that the Indemnified Party does so without the prior written consent of the Indemnifying Party, the Indemnifying Party shall have no further obligations under this Section 13 with respect to \*\*\* at issue.

13.4.2.2 \*\*\*With respect to any Claim for which indemnification is sought pursuant to Section 13.2 \*\*\*, the Indemnified Party shall be entitled to have the exclusive conduct of and/or settle all negotiations and litigation arising from \*\*\* and the Indemnifying Party shall give the

Indemnified Party all reasonable assistance in connection with those negotiations and litigation; provided, however, that the Indemnified Party may not make any formal, written admission as to liability or settle any \*\*\* without the prior written approval of the Indemnifying Party (which approval the Indemnifying Party may withhold in its sole discretion), and in the event that the Indemnified Party does so without the prior written consent of the Indemnifying Party \*\*\*.

13.5 Relationship to Prior Receiver Agreement. Any OEM Product purchased pursuant to a Purchase Order accepted between January 1, 2008 and December 31, 2011 shall be governed by the Prior Receiver Agreement. Any OEM Product purchased pursuant to a Purchase Order accepted on or after January 1, 2012 shall be governed by this Agreement. With respect to any Claim for which indemnification is sought relating to a matter arising under both the Prior Receiver Agreement and this Agreement, the Parties shall mutually agree on how such Claim shall be allocated between the Prior Receiver Agreement and this Agreement. Any such allocated Claim shall be subject to the terms and conditions of the agreement to which it is allocated, including, without limitation, the limitation of liability set forth therein.

#### 14. GENERAL

14.1 Taxes. Any and all payments required to be made by Licensee to ETLLC under this Agreement are exclusive of any tax, levy or similar governmental charge ("Taxes") that may be assessed against Licensee by any jurisdiction. In the event that, under the laws of any jurisdiction, Licensee is required to withhold Taxes on any such

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payment (with the exception for income Taxes assessed against ETLLC, or any Affiliate thereof), the amount of the payment will be automatically increased so that the amount actually remitted to ETLLC, net of all Taxes, equals the amount invoiced or otherwise due. Licensee shall forthwith pay any amounts deducted or withheld from such payments to the relevant taxing or other authority in accordance with applicable law. Within \*\*\* days after the date of any payment of Taxes, Licensee will furnish to ETLLC a copy of a receipt evidencing payment thereof.

14.2 Remedies Cumulative. It is agreed that the rights and remedies herein provided in case of default or breach of this Agreement are cumulative and shall not affect in any manner any other remedies that any party may have by reason of such default or breach. The exercise of any right or remedy herein provided shall be without prejudice to the right to exercise any other right or remedy provided herein, at law, or in equity.

14.3 Notice. Any notice to be given hereunder shall be in writing and shall be sent by facsimile transmission, or by first class certified mail, postage prepaid, or by overnight courier service, charges prepaid, to the party notified, addressed to such party at the following address, or sent by facsimile to the following fax number, or such other address or fax number as such party may have substituted by written notice to the other party. The sending of such notice with confirmation of receipt thereof (in the case of facsimile transmission) or receipt of such notice (in the case of delivery by mail or by overnight courier service) shall constitute the giving thereof:

If to Licensee:	*** Attn: General Counsel Fax: ***
If to ETLLC:	*** Attn: *** Fax: ***
	and to Attn: General Counsel Fax: ***

14.4 Independent Contractors. This Agreement and the transactions contemplated hereby are not intended to create an agency, partnership or joint venture relationship between the parties, or confer any benefit on any third party. All agents and employees of each party shall be deemed to be that party's agents and employees exclusively, and the entire management, direction, and control thereof shall be vested exclusively in such party. Each party, its agents and employees, shall not be entitled to any benefits, privileges or compensation given or extended by the other party to its employees.

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14.5 Waiver. The failure or delay of either party to exercise any right hereunder shall not be deemed to be a waiver of such right, and the delay or failure of either party to give notice of, or to terminate this Agreement for, breach or default shall not be deemed to be a waiver of the right to do so for that or any subsequent breach or default or for the persistence in a breach or default of a continuing nature.

#### 14.6 Choice of Law and Exclusive Jurisdiction.

14.6.1 This Agreement shall be governed, construed and enforced in accordance with the laws of the State of Colorado and the United States of America, without giving effect to the conflict of law provisions thereof. The parties acknowledge and agree that they and their counsel have

reviewed, or have been given a reasonable opportunity to review, this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or any amendments or Schedules hereto.

14.6.2 Except as otherwise agreed to by the parties, any and all disputes arising out of, or in connection with, the interpretation, performance or the nonperformance of this Agreement or any and all disputes arising out of, or in connection with, transactions in any way related to this Agreement and/or the relationship between the parties established by this Agreement (including but not limited to the termination of this Agreement or the relationship or disputes under rights granted pursuant to statutes or common law, including those in the country in which Licensee is located) shall be litigated solely and exclusively before the United States District Court for the District of Colorado. The parties consent to the *in personam* jurisdiction of said court for the purposes of any such litigation, and waive, fully and completely, any right to dismiss and/or transfer any action pursuant to 28 U.S.C.A. 1404 or 1406 (or any successor statute). In the event the United States District Court for the District of Colorado does not have subject matter jurisdiction of said matter, then such matter shall be litigated solely and exclusively before the appropriate state court of competent jurisdiction located in Arapahoe County, State of Colorado.

14.7 Entire Agreement. Subject to Section 13.5, this Agreement sets forth the entire, final and complete understanding between the parties hereto relevant to the subject matter of this Agreement, and it supersedes and replaces all previous understandings or agreements, written, oral, or implied, relevant to the subject matter of this Agreement made or existing before the date of this Agreement. Except as expressly provided by this Agreement, no waiver or modification of any of the terms or conditions of this Agreement shall be effective unless in writing and signed by both parties. Subject to Section 13.5, in the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of any other agreement entered into by the Parties or their Affiliates relating to the subject matter hereof, including without limitation that certain Separation Agreement dated as of December 31, 2007 by and between DISH Network Corporation (formerly known as EchoStar

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Communications Corporation) and EchoStar Corporation (formerly known as EchoStar Holding Corporation), the terms and conditions of this Agreement shall prevail.

14.8 Force Majeure. Neither party shall be liable to the other party for nonperformance or delay in performance of any of its obligations under this Agreement due to causes reasonably beyond its control or which cause makes performance a commercial impracticability, including: (i) materials or part shortages and software discrepancies or anomalies (provided such shortages, discrepancies, or anomalies are not reasonably within the control of ETLLC); and (ii) acts of God, fire, explosion, flood, windstorm, earthquake, trade embargoes, strikes, labor troubles or other industrial disturbances, accidents, governmental regulations, riots, and insurrections ("Force Majeure"). Upon the occurrence of a Force Majeure condition, the affected party shall immediately notify the other party with as much detail as possible and shall promptly inform the other party of any further developments. Immediately after the Force Majeure event is removed or abates, the affected party shall perform such obligations with all due speed. Neither party shall be deemed in default of this Agreement if a delay or other breach is caused by a Force Majeure event. If a Force Majeure event is expected to continue for more than \*\*\* months, any party may terminate this Agreement by providing \*\*\* days prior written notice to the other party. Such termination shall be without any continuing liabilities or obligations on the part of one party to the other of any kind except as expressly set forth herein.

14.9 Severability. If any term or provision herein, or the application thereof to any person, entity, or circumstances shall to any extent be invalid or unenforceable in any pertinent jurisdiction, the remainder hereof shall not be affected thereby but shall be valid and enforceable as if the invalid term or provision were not a part hereof.

14.10 Headings. The descriptive headings contained in this Agreement are included for convenience and reference only and shall not be held to expand, modify, amplify or aid in the interpretation, construction or meaning of this Agreement.

14.11 Assignment. Subject to Section 10.3, Licensee may assign its rights and delegate its duties under this Agreement in whole or in part at any time; provided, however, that, in the event that Licensee assigns this Agreement to a non-Affiliate, the assignee must be at least as creditworthy as Licensee at the time they originally executed this Agreement. ETLLC may not assign any rights or delegate any duties under this Agreement without Licensee's prior written consent, which consent shall not be unreasonably withheld, except to an Affiliate of ETLLC; provided, however, that, such Affiliate is: (i) at least as creditworthy as ETLLC at the time it originally executed this Agreement; and (ii) is not a direct or indirect provider of direct to home programming. Any attempt to assign the Agreement without such consent shall be void. This Agreement will bind and inure to the benefit of the parties and their respective successors and permitted assigns.

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14.12 Compliance with Law. The parties shall comply with, and agree that this Agreement is subject to, all applicable federal, state, and local laws, rules and regulations, and all amendments thereto, now enacted or hereafter promulgated in force during the Term.

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IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers or representatives as of the date first written above.

ECHOSTAR TECHNOLOGIES L.L.C.

By: \_\_\_\_\_

Name:

Title:

ECHOSPHERE L.L.C.

By: \_\_\_\_\_

Name:

Title:

Signature Page to Receiver Agreement

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**Schedule 1**

**OEM Products**

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\_\_\_\_\_  
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**Schedule 4.1**

**OEM Product Price**

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\_\_\_\_\_  
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**Schedule 4.8**

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**Schedule 5.1**  
**Forecasts**

1. Forecast Procedures. Unless otherwise agreed to by the Parties, Licensee will use commercially reasonable efforts to provide ETLIC, on a monthly basis, a Forecast setting forth a rolling estimate of the type and quantity of OEM Products Licensee expects to purchase over the next \*\*\* period. \*\*\*

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**Schedule 6.1.4**

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2012 Broadcast Services Agreement (Uplinking)

This 2012 Broadcast Services Agreement (“Agreement”) by and between EchoStar Broadcasting Corporation, a Colorado corporation, (“EBC”) and DISH Network L.L.C., a Colorado limited liability company, (“Customer”) is entered into as of this 1<sup>st</sup> day of January, 2012 (the “Effective Date”). EBC and Customer shall each be referred to herein as a “Party” and collectively as the “Parties.”

A. EchoStar Corporation (“EchoStar”), the indirect parent company of EBC, and Customer previously entered into that certain “Broadcast Services Agreement (Uplinking)” effective January 1, 2008 (as thereafter amended) (the “Prior Broadcast Services Agreement”) pursuant to which the Parties placed Service Orders (as defined in the Prior Broadcast Services Agreement) for Services (as defined in the Prior Broadcast Services Agreement) from January 1, 2008 through December 31, 2011. The Prior Broadcast Services Agreement expires pursuant to its terms on December 31, 2011 and the Parties now desire to enter into this Agreement.

1. Teleport Services. EBC shall provide, and Customer shall purchase, all or any of the applicable services set forth in this Article 1 (collectively “Teleport Services”). The Teleport Services shall be provided at an EBC owned, operated and/or controlled facility (a “Teleport”). Collectively, the Teleport Services, and/or the Channel Management and Origination Services (each as described below) shall be referred to as the “Service(s).” EBC shall have the right to re-configure, re-specify or relocate all or any portion of the Services or Teleport at its sole discretion so long as such does not materially alter the quality of any of the Services.

(a) Receiving Customer Channel Content. EBC shall receive Customer Channel(s) (as defined below in this Section) from either: \*\*\* (hereinafter referred to as a “Transponder” and the specified bandwidth thereon allocated to Customer Channel(s), referred to as the “Transponder Capacity”); and/or \*\*\*. EBC shall receive the Customer Channels: \*\*\*. Unless expressly set forth in the Agreement to the contrary, Customer is responsible for providing, operating and maintaining all equipment, at locations other than the Teleport or LRF, necessary for reception of the downlinked Customer Channel(s). If EBC provides the IRD’s, then upon termination or expiration of the Teleport Services set forth in this Section 1(a), Customer shall at its cost, return all such IRD’s to the Teleport. Failure to return such IRD’s to the Teleport within \*\*\* days subsequent to such termination or expiration shall entitle EBC to, and Customer shall pay EBC, a dollar amount equal to the replacement cost of such IRD’s. “Customer Channels” shall mean those programming channels which Customer delivers to EBC in accordance with the provisions of this Agreement.

(b) Transmission of Customer Channel Content. EBC shall receive and transmit (in a format and/or quality which is acceptable to EBC) the content contained in the Customer Channel(s), (“Content”), such Content which may include video, audio, data and/or other information in accordance with the provisions of this Agreement).

(c) HVAC and Power. HVAC and Utility power (120vac or 208vac) at the Teleport for all the applicable equipment (whether such equipment is provided by EBC or Customer) shall be supplied by EBC. In the event of utility power failure at the Teleport, all such critical equipment will have power supplied by an uninterruptible power supply with

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sufficient battery capacity to allow time for an EBC-supplied generator to be automatically switched on-line.

(d) Rack Space for Necessary Equipment. EBC will provide environmentally controlled rack space adequate for all the applicable equipment (whether such equipment is provided by EBC or Customer) within equipment racks owned by EBC and located within the Teleport, (“Rack Space”). The EBC racks in which the necessary equipment is located may not be dedicated solely or exclusively to the Customer.

(e) EBC Provided Equipment. EBC shall provide and configure at its sole discretion all, or a portion of, the necessary equipment within the Teleport to provide the Service(s) requested by Customer pursuant to this Agreement. Such EBC equipment may not be dedicated solely or exclusively to the Customer. All equipment provided by EBC shall remain the sole property of EBC.

(f) Channel Monitoring. EBC shall provide the necessary personnel and equipment at the Teleport for monitoring the transmission of the Content at the Beginning Demarcation Point to the Ending Demarcation Point on a 24 hours per day, 7 days per week (24 x 7) basis. EBC will monitor the Content and communicate with Customer regarding any technical problems in connection with the Content.

(g) Limitations. Additional Rack Space may not be contiguous with the initial Rack Space. In no event shall EBC be required, nor shall Customer request, any Services which exceed the Transponder Capacity.

2. Satellite Services. In the event EBC provides a Transponder and/or Transponder Capacity (collectively “Satellite Services”) such Satellite Services may be subject to the terms and conditions of satellite services agreement(s). For the avoidance of doubt, the satellite services agreement(s) are not incorporated into this Agreement and are separate, severable contract(s) from this Agreement.

3. Channel Management and Origination Services. EBC shall provide, and Customer agrees to pay for any applicable Services set forth in this Article 3 (collectively “Channel Management and Origination Services”) as specifically requested.

(a) Additional Graphics Creation. One time, upon written request from Customer, EBC will develop and implement industry standard graphics file(s) (“Basic Graphics”) for each Customer Channel for which any Services are being provided under this Agreement at no charge to Customer. Customer’s written request shall delineate all information necessary for the creation of such Basic Graphics. Such Basic Graphics shall be limited to station logos, station identification bugs and trouble slides. Subsequent to EBC providing any Basic Graphics, Customer may request, and EBC shall provide, additional graphics (“Additional Graphics”) including but not limited to text scrolls and custom slides. Customer shall pay EBC a mutually agreed upon hourly rate for the creation of any Additional Graphics. EBC shall provide Customer the specifications for any such graphics and Customer shall be responsible for providing EBC with all applicable images for the creation of any such graphics.

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(b) Additional Graphics Insertion. EBC shall insert such Basic Graphics or Additional Graphics into programs within a Customer Channel as per Customer's written request. Any Additional Graphics which are inserted into programs within a Customer Channel shall incur additional charges to be mutually agreed upon between the Parties per program (per Customer Channel) in which Additional Graphics are inserted. In the event Customer provides any graphics for insertion EBC shall provide Customer the specifications for any such graphics.

(c) Voice Overs Creation. At its studios and subject to availability, EBC will develop, produce and record audio voice messages for the insertion into programs within a Customer Channel ("Voice Overs") per Customer's written request. Voice Over studio / production sessions shall be booked by Customer in blocks of \*\*\* of recording and production time (each a "Production Session"). Customer shall provide EBC with all information necessary to create any Voice Overs.

(d) Voice Overs Insertion. EBC shall insert Voice Overs (either Customer produced or EBC produced) into programs within a Customer Channel as per Customer's written request. Any such Voice Overs which are inserted shall incur additional charges to be mutually agreed upon between the Parties per program (per Customer Channel) in which Voice Overs are inserted.

(e) Dubbing from Tape-to-Tape. Upon written request from Customer, EBC shall record, tape-to-tape, any program (each program not to exceed \*\*\*) on the Customer Channel which it receives via tape. EBC shall charge Customer at rates to be mutually agreed upon between the Parties per program (per Customer Channel) that it dubs from tape-to-tape for Customer.

(f) Dubbing from Downlink. Upon written request from Customer, EBC shall record any program (each program not to exceed \*\*\*) on the Customer Channel which it receives via downlink. EBC shall charge Customer at rates to be mutually agreed upon between the Parties (per Customer Channel) that it dubs from downlink for Customer.

(g) Re-Configuring Data Rate for Customer Channels. In the event Customer elects to re-configure the data rate at which a Customer Channel is transmitted, then EBC shall re-configure such data rate in the manner customarily used by the Parties to re-configure data rates.

(h) Commercial Insertion Reports and Tapes. Upon written request from Customer, EBC shall provide to Customer commercial insertion reports indicating which commercials were transmitted to the Ending Demarcation Point and the time each such insert was completed (the "As Run Logs"); and (ii) a video / audio tape with a time stamp of each program (per Customer Channel) that was transmitted by EBC (the "Logger Tapes"). As a general rule, Customer should request As Run Logs in advance; however, EBC shall make commercially reasonable efforts to maintain As Run Logs, which can be provided to Customer upon request, for a period of \*\*\* days following the transmission date. Logger Tapes must be requested in advance so as to reasonably give EBC the opportunity to purchase and configure any necessary equipment therefor.

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4. Additional Services. EBC and Customer shall mutually agree in a separate statement of work or separate agreement upon the pricing and other terms and conditions pursuant to which EBC will provide additional services which are outside the scope of this Agreement. Such additional services shall include without limitation, new corporate initiatives not relating to the scope of the Services or the provision of services to third parties whose Content Customer desires to carry or with whom Customer otherwise desires to do business. \*\*\* For clarity, in the event EBC provides additional services to Customer via a statement of work or separate agreement, unless set forth to the contrary in such statement of work or separate agreement, such statement of work or separate agreement shall be subject to the provisions of this Agreement and such additional services shall be deemed "Services" under this Agreement.

5. Equipment and Real Property.

(a) Equipment. Customer shall have the right, but not the obligation to: (i) provide itself a portion of, or all of, the equipment necessary for provision of the Services to Customer ("Customer Equipment"); or (ii) have EBC purchase and/or lease a portion of, or all of, the equipment necessary for provision of the Services to Customer (the "Leased Equipment"). Customer shall lease all Leased Equipment used for provision of the Services at \*\*\* (the "Lease Payment"). Customer Equipment shall remain the property of Customer, and maintenance, repair, or replacement of Customer Equipment shall be the sole responsibility of Customer. Leased Equipment shall remain the property of EBC, and maintenance, repair, or replacement of Leased Equipment shall be the sole responsibility of EBC.

(b) Removal of Customer Equipment. Within \*\*\* days after the expiration of the Term or any extension period thereof (if any), or termination of the Agreement, Customer shall remove all Customer Equipment from the Rack Space and/or Teleport at Customer's sole cost under EBC supervision. Customer shall provide EBC with at least \*\*\* days' written notice prior to such removal. Customer shall not be entitled to use the Teleport Services after expiration or termination thereof. If Customer Equipment is located at the Teleport and Customer fails to remove such Customer Equipment from the Teleport within such \*\*\* day period, EBC shall have the right to either: (i) remove such Customer Equipment and issue an invoice to Customer for the cost of removal and shipment to the address set forth on Customer's Notice Information; or (ii) notify Customer that EBC elects to take ownership of such Customer Equipment, in which case Customer hereby consents and agrees to such change of ownership. In the event any damage to the Rack Space or Teleport (reasonable wear and tear excepted) results from any use of the Rack Space and/or removal of Customer Equipment, Customer shall pay EBC the

cost of repairs except to the extent caused by EBC. Customer accepts all responsibility for Customer Equipment, including but not limited to risk of loss of its Equipment, except to the extent caused by EBC's gross negligence or willful misconduct.

(c) Real Property. "Real Property" shall mean such land purchased or leased by EBC or its Affiliates after the Effective Date, upon which EBC locates a Teleport, equipment, system or other facility primarily used to provide Services hereunder; provided that prior to such purchase or lease EBC shall obtain Customer's consent. Customer shall lease Real Property at \*\*\* (the "Real Property Payment").

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6. Teleport Access. In the event Customer is providing Customer Equipment and such Customer Equipment is located at an EBC owned, operated or leased facility, Customer shall have access to Customer Equipment for normal maintenance purposes from \*\*\* local time, weekends and holidays excluded, and Customer shall give the Teleport a minimum of \*\*\* days advance written notice of its need for access to such Customer Equipment. For emergency servicing purposes, Customer shall have access to Customer Equipment located at the Teleport upon notice that is reasonable under such emergency circumstances. EBC may revoke, effective immediately without notice, the access of any individual to the Teleport. EBC reserves the right to escort any entities entering a Teleport and to monitor (and/or inspect) such entities' work, means and methods. Such right is intended only for the benefit of EBC and shall not be construed as constituting any: warranty; certification of compliance or performance by EBC; or in any way alleviating or diminishing any of Customer's obligations. Customer acknowledges that EBC is granting only permission to access and utilize the Rack Space and that EBC is not granting any leasehold or other real property interests in the Rack Space or the Teleport.

7. Demarcation Points. The demarcation points for Teleport Services are as follows: (a) the point at which EBC obtains control of Customer Channel(s) for downlinking or receiving in accordance with the Agreement ("Beginning Demarcation Point"); and (b) the point at which EBC relinquishes control of the Customer Channel(s) having already transmitted them in accordance with the Agreement ("Ending Demarcation Point"). Collectively the Beginning Demarcation Point and the Ending Demarcation Point are referred to herein as the "Demarcation Points". Notwithstanding anything contained herein to the contrary, Customer shall be solely responsible for: (i) delivery of properly formatted Content to the Beginning Demarcation Point; and (ii) for receiving such Content at the Ending Demarcation Point.

8. Service Initiation Date. EBC shall initiate the Service(s) on January 1, 2012 (the "Service Initiation Date"). Customer's obligation to pay for the Service(s) shall begin on the Service Initiation Date for each applicable Service, unless the applicable Service has not begun as of that date due to some fault of EBC. If a delay in the readiness of any Service is caused for any other reason which is the fault of Customer, including but not limited to the failure of Customer Equipment and/or Customer-provided Transponder to be ready, then the delay shall not affect Customer's obligation to begin payment on the Service Initiation Date for the applicable Service(s).

9. Charges and Payment.

Monthly Recurring Charge. Customer shall pay a monthly recurring charge (the "MRC") for provision of the Services, such MRC consisting of: \*\*\*

(a) Payment. EBC shall provide Customer with an invoice setting forth each month's MRC and Customer shall pay all amounts due and properly payable thereunder within \*\*\* days of receipt of EBC's invoice. Any payment not received within \*\*\* days of its due date will be subject to late payment interest at a rate of \*\*\* per month or the maximum rate allowed by law, whichever is greater. Customer shall not offset any sums due to it pursuant to any other agreement(s) between Customer, or any of its Affiliates, and EBC, or any of its Affiliates, against any amount which is due to EBC pursuant to this Agreement. EBC shall not offset any sums due to it pursuant to any other agreement(s)

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between EBC, or any of its Affiliates, and Customer, or any of its Affiliates, against any amount which is due to Customer pursuant to this Agreement. "Affiliate" means any person or entity directly or indirectly controlling, controlled by or under common control with another person or entity; provided that, solely for purposes hereof, DISH and its subsidiaries shall not be considered Affiliates of EchoStar Corporation and its subsidiaries, and EchoStar Corporation and its subsidiaries shall not be considered Affiliates of DISH and its subsidiaries.

(b) Reserved.

(c) Reserved.

10. Term.

This Agreement shall commence on the Effective Date and shall expire on the earlier of: (i) the date all Services have been terminated in accordance with the terms of this Agreement; or (ii) December 31, 2016 ("Term").

11. Teleport Service Outages and Service Failures.

(a) Teleport Service Outages.

(i) Customer acknowledges the possibility of an unscheduled period of time during which a Customer Channel is not available (“Outage”). An Outage shall be measured on a per Customer Channel basis and shall begin when EBC receives notice of the Outage from the Customer, or when EBC discovers the Outage (whichever occurs first) and will be considered to have ended when the affected Customer Channel has been restored. For an Outage to be counted toward the accumulated Outage time for which Customer may be entitled to a credit as set forth in Section 11(b) below (“Outage Credit”), Customer shall submit a written Outage notice to EBC (which identifies the Outage and requests an Outage Credit) within \*\*\* days of the Outage. If EBC does not receive Customer’s written Outage notice within such \*\*\* day period, the Outage shall not be counted toward the accumulated Outage time. For the avoidance of doubt, the term “Outage” shall include all Outages specified in Section 11(a)(ii).

(ii) Termination for Chronic Outages. In the event that the cumulative Outages experienced on a Customer Channel exceed the industry standard service level (a “Chronic Channel Outage”), Customer shall have the right to terminate this Agreement in whole or in part as to any one or more Customer Channels, so long as such Chronic Channel Outage condition is not remedied within \*\*\* days after EBC’s receipt of such written notice.

(b) Outage Credit Calculation. In the event that Outages exceed the industry standard service level (an “Excessive Outage”), Customer shall be entitled to an Outage Credit based upon that Customer Channel’s prorated portion of the applicable Teleport Service’s MRC and the length of such Outage as calculated pursuant to the equation in the table below. Any Outage Credit due shall be credited on Customer’s monthly invoices. The total Outage Credits for any \*\*\* for a Customer Channel shall not exceed an amount \*\*\* of a Customer Channel’s prorated portion of the applicable Teleport Service’s MRC for such affected Customer Channel.

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Outage Credit Calculation

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Outage duration (in number of minutes), multiplied by the Customer Channel’s prorated portion of the applicable Teleport Service’s MRC, divided by 43,200 (deemed number of minutes in a month.)

For the avoidance of doubt and solely by way of example, an affected Customer Channel’s prorated portion of the applicable Teleport Service’s MRC shall be calculated as follows: If the Teleport Service’s MRC is \$100 for all Customer Channels and there are an aggregate of 10 Customer Channels, one Customer Channel’s prorated portion of the Teleport Service’s MRC would be \$10.

(c) Service Failure. Customer acknowledges the possibility of an unscheduled period of time during which all or any portion of the Service(s) (excluding Teleport Services which are subject to Section 11(a) above) are not available, are interrupted or otherwise fail (“Service Failure”). In the event of a Service Failure, Customer shall be entitled to receive a credit (pro rata if applicable) for the applicable Service Failure (“Service Failure Credit”).

(d) Exceptions. Notwithstanding any contrary provision herein, EBC shall not be responsible for and shall not be in default or breach of this Agreement as a result of, nor shall it be held liable for any Outages, Service Failures, Outage Credits, Service Failure Credits or other damages, claims, losses, or costs and expenses on account of, any interruption of any Services, nor shall such interruption be deemed an Outage or Service Failure, if such interruption or failure occurs due to any of the following: (i) de minimus degradation or interruptions of Customer Channel(s) due to protection switching; (ii) any failure on the part of Customer to perform its obligations pursuant to the Agreement, including, but not limited to the failure of Customer to provide Content to EBC in a format and/or quality in accordance with EBC specifications; (iii) the failure of transmission lines, fiber, Customer Equipment, equipment, connections, or other facilities provided by Customer or any third party; (iv) the failure or nonperformance of any earth station not operated by EBC; (v) interference from a third party transmission or usage; (vi) testing of the Services as mutually agreed to in advance; (vii) interruption or degradation due to atmospheric attenuation of the Content signal including but not limited to sun transit outage, rain fade or weather; (viii) Force Majeure Events (as defined in Section 20(b)); (ix) telecommunications interruptions and/or failure of the Transponder; (x) any act or failure to act by Customer; (xi) interruptions due to tests and adjustments necessary to maintain the Services in satisfactory operating condition; (xii) reconfiguration(s) performed or directed by Customer; (xiii) scheduled EBC maintenance and/or; (xiv) the failure of any fiber network, data or telecommunications services for which EBC receives a credit from the providers of such and thereafter passes through such credit to Customer in accordance with Section 9 above.

(e) Exclusive Remedy. Except as expressly set forth in Section 11(b) (i.e. Outage Credits) and 11(c) (i.e. Service Failure Credits) of this Agreement, neither EBC nor its Affiliates shall have any liability for any Outages or Services Failure. For Outages, Outage Credits from EBC (as set forth in Section 11(b) above) and termination rights for Chronic Outages (as set forth in Section 11(a)(ii) above) are Customer’s sole and exclusive remedy(s)

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with respect to Outages. For a Service Failure, Service Failure Credits from EBC (as set forth in Section 11(c) above) are Customer’s sole and exclusive remedy(s) with respect to Service Failures. In no event shall an Outage or a Service Failure be deemed a breach of this Agreement and all other remedies or damages at law or in equity Customer may have against EBC in connection with any Outage or Service Failure are waived.

12. Insurance. In the event Customer is providing Customer Equipment and such Customer Equipment is located at an EBC owned, operated or leased facility, to cover its employees and/or agents performing work at the Teleport, and Customer Equipment or other property located at the Teleport, Customer shall carry and maintain at its sole cost during the provision of the Teleport Services, with insurance companies having at least A- and be assigned a financial size category of at least Class IX as rated in the most recent edition of “Best’s Key Rating Guide” for insurance companies or a rating of at least AAA as rated by Standard & Poor’s, the insurance indicated below as a minimum requirement: \*\*\*

Customer shall provide to EBC at or prior to the Effective Date, certificates of insurance or proof of subscription to any state fund evidencing that Customer is maintaining all of the insurance required hereunder, and stating that EBC shall be provided with a copy of such certificates at the execution of any amendment thereto and at each policy renewal thereof, which certificates or proofs shall be in a form acceptable to EBC. All policies shall (a) be endorsed to include EBC, its stockholders, Affiliates, directors, officers and employees as additional insureds (the "Additional Insureds"); (b) be primary and non-contributory coverage to any insurance or self-insurance maintained by the Additional Insureds; (c) contain an endorsement waiving subrogation rights of insurer against the Additional Insureds, and (d) shall be issued by insurer(s) and in a form reasonably satisfactory to EBC. All deductibles shall be paid by Customer, assumed by Customer, for the account of Customer and EBC, and at Customer's sole risk.

(a) No Obligation on EBC. EBC will not insure nor be responsible for any loss or damage, regardless of cause, to any Customer Equipment or property of any kind, including loss of use thereof, owned, leased or borrowed by the Customer, its employees, servants or agents.

(b) Contractors. If Customer utilizes contractor(s) per the Agreement, then Customer shall require such contractor(s) to comply with these insurance requirements. Customer will supply subcontractor's certificates of insurance to EBC before any work commences.

13. Operational Notices. To report Outages, Service Failures and/or technical problems Customer shall call the Teleport, which shall be available to answer customer's call on a 24 x 7 basis. EBC will communicate with Customer regarding any technical problems with any Customer Channel or Service. Customer shall update its list of operational contacts with EBC as needed. EBC shall not be responsible for any Outages, Service Failures or other technical problems with any Customer Channel(s) or Service in the event that EBC has attempted to communicate with Customer's operational contacts according to the information provided by Customer to EBC and EBC is unable to establish communications with them.

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14. Warranty. EXCEPT AS SET FORTH HEREIN, ANY SERVICE(S), SYSTEMS, EQUIPMENT OR PRODUCTS PROVIDED BY EBC TO CUSTOMER, EITHER DIRECTLY OR INDIRECTLY, SHALL BE "AS IS" WITHOUT WARRANTY OF ANY KIND WHETHER EXPRESSED OR IMPLIED OR STATUTORY, AND EBC MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. CUSTOMER EXPRESSLY ACKNOWLEDGES THAT NO OTHER REPRESENTATIONS OR WARRANTIES HAVE BEEN MADE.

15. Liability Restrictions.

(a) NOTWITHSTANDING ANYTHING IN THIS AGREEMENT TO THE CONTRARY, IN NO EVENT SHALL EITHER PARTY, ITS AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES, AGENTS OR ASSIGNS BE LIABLE FOR ANY CONSEQUENTIAL, INCIDENTAL, PUNITIVE, SPECIAL, EXEMPLARY OR INDIRECT DAMAGES, INCLUDING, BY WAY OF EXAMPLE AND NOT LIMITATION, LOSS OF BUSINESS, PROFITS, USE, DATA, OR OTHER ECONOMIC ADVANTAGE, WHETHER SUCH CLAIM IS CHOATE OR INCHOATE, WHETHER BY STATUTE, IN TORT, OR IN CONTRACT, EVEN IF SUCH PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

(b) IN NO EVENT SHALL EBC, AND ITS AFFILIATES AND ITS AND THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AGENTS AND SHAREHOLDERS, AND ITS AND THEIR RESPECTIVE ASSIGNS, HEIRS, SUCCESSORS AND LEGAL REPRESENTATIVES (THE "EBC GROUP") BE LIABLE FOR: (i) CONTENT THAT IS TRANSMITTED BY CUSTOMER OR THIRD PARTIES VIA THE SERVICE(S); OR (ii) FOR ANY OUTAGE OR SERVICE FAILURE ATTRIBUTABLE IN WHOLE OR IN PART TO ANY OF THE EXCEPTIONS SET FORTH SECTION 11(d) OR OTHER CAUSES BEYOND EBC'S CONTROL.

(c) EXCEPT AS SET FORTH IN SECTION 11(b) AND 11(c) OF THIS AGREEMENT, IN NO EVENT SHALL THE EBC GROUP BE LIABLE FOR ANY OUTAGE, SERVICE FAILURE, DEFECT, ERROR, INTERRUPTION, DELAY, OR ATTENUATION OF ANY OF THE SERVICES.

(d) AS A MATERIAL CONDITION OF ENTERING INTO THIS AGREEMENT AT THE PRICING SPECIFIED HEREIN, AND IN REGARD TO ANY AND ALL CAUSES ARISING OUT OF OR RELATING TO THIS AGREEMENT, CUSTOMER AGREES EBC'S AGGREGATE LIABILITY SHALL BE LIMITED TO THE LESSER OF: \*\*\*. IN THE EVENT OF EBC LIABILITY PURSUANT TO THIS AGREEMENT, EBC MAY ELECT, AT ITS DISCRETION AND SOLE OPTION, TO PAY SUCH REQUIRED AMOUNTS OR PROVIDE A CREDIT AGAINST SERVICES. THE PROVISIONS OF THIS ARTICLE SHALL SURVIVE EXPIRATION OR TERMINATION OF THIS AGREEMENT (FOR ANY REASON OR NO REASON WHATSOEVER) INDEFINITELY. THE LIABILITY LIMITATION IN THIS PARAGRAPH

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SHALL NOT APPLY TO AMOUNTS PAYABLE UNDER THIS AGREEMENT (INCLUDING ANY OUTAGE CREDITS AND/OR SERVICE FAILURE CREDITS).

16. Indemnification.

(a) Notwithstanding anything to the contrary contained herein, Customer shall indemnify, defend and hold the EBC Group harmless from and against, any and all costs, losses, liabilities, damages, lawsuits, judgments, claims, actions, penalties, fines and expenses (including, without

limitation, interest, penalties, reasonable attorney fees and all monies paid in the investigation, defense or settlement of any or all of the foregoing), that arise out of, or are incurred in connection with: (i) material breach of the Agreement, breach of any warranty, representation or covenant, or fault, negligence, act or omission, by the Customer or its Affiliates, directors, employees, agents or contractors; (ii) bodily injury including death, or property damage incurred by Customer or its Affiliates, directors, employees, agents or contractors as related to any Service, howsoever caused; (iii) third party claims arising out of the quality, content, alleged defects in, or failure (however caused) of any Service; (iv) the failure by Customer, its Affiliates or downstream customers of Customer, or any third party, to obtain approval, consent, or authorization relating to the content transmitted over any Service, including without limitation claims relating to any violation of copyright law or export control laws; (v) Customer's or its Affiliate's alleged breach of any national or international laws, rules and regulations applicable to it; (vi) alleged infringement of intellectual property rights including patents arising from Content, Customer Equipment, Customer-provided facilities, apparatus, or systems, or combining such with any of the Services and/or EBC-provided equipment; and/or (vii) EBC acting in accordance with the instructions of the Customer.

In the event of any claim for indemnification by the EBC Group under this Section, the EBC Group shall be entitled to representation by counsel of its own choosing, at Customer's sole cost and expense. Customer shall have the right to the exclusive conduct of all negotiations, litigation, settlements and other proceedings arising from any such claim, and the EBC Group shall, at Customer's request and at Customer's own cost and expense, render all assistance reasonably requested by Customer in connection with any such negotiation, litigation, settlement or other proceeding. Customer will not settle or compromise a claim without the prior written consent of the EBC Group, which consent shall not be unreasonably withheld or delayed by the EBC Group. The EBC Group shall not make any formal written admission as to liability or agree to any settlement of or compromise claim without the prior written consent of Customer, and in the event the EBC Group does so without the prior written consent of Customer, Customer shall have no further obligations under this Section 16 with respect to the claim at issue.

Relationship to Prior Broadcast Services Agreement. Any Services provided between January 1, 2008 and December 31, 2011 shall be governed by the Prior Broadcast Services Agreement and any Services provided pursuant to this Agreement accepted on or after January 1, 2012 shall be governed by this Agreement. With respect to any claim for which indemnification is sought relating to a matter arising under both the Prior Broadcast Services Agreement and the Term of this Agreement, the Parties shall mutually agree on how such claim shall be allocated between the Prior Broadcast Services Agreement and this Agreement and any such allocated amount shall be subject to the terms and conditions of the agreement to which it is

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allocated, including, without limitation, the limitation of liability set forth therein. Subject to the foregoing, in the event of any conflict between the terms and conditions of this Agreement and the terms and conditions of any other agreement entered into by the Parties or their Affiliates relating to the subject matter hereof, including without limitation that certain Separation Agreement dated as of December 31, 2007 by and between DISH (formerly known as EchoStar Communications Corporation) and EchoStar (formerly known as EchoStar Holding Corporation), the terms and conditions of this Agreement shall prevail. The Parties agree that with respect to equipment purchases under the Prior Broadcast Services Agreement, to the extent any termination liability would have been due in connection with the expiration of the Prior Broadcast Services Agreement, no termination liability shall be due under the Prior Broadcast Services Agreement for so long as this Agreement remains in effect. Upon expiration or sooner termination of this Agreement, to the extent there is any termination liability for equipment purchases under the Prior Broadcast Services Agreement, such termination liability, if any, shall be governed by the terms of the Prior Broadcast Services Agreement.

The provisions of this Section 16 shall survive expiration or termination of this Agreement (for any reason or no reason whatsoever) indefinitely.

17. Termination and Suspension.

(a) EBC may, at its option, terminate or suspend all or any portion of the Agreement (i.e. all or any Services provided hereunder) without liability by giving Customer written notice as follows: (i) if Customer fails to make any payment due to EBC within \*\*\* days of Customer's receipt from EBC of written notice of such failure; (ii) if Customer breaches any material provision of this Agreement, and (A) if such breach is capable of remedy, Customer does not cure such breach within \*\*\* days of Customer's receipt from EBC of written notice of such breach, or (B) if such breach is not capable of remedy, or has occurred more than once, immediately upon Customer's receipt of written notice from EBC of such breach; or (iii) if Customer files a petition in bankruptcy or is adjudicated bankrupt or insolvent, or files or has filed against it any petition or answer seeking any reorganization, composition, liquidation or similar relief for itself under any applicable statute, law or regulation or makes any general assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due. In no event shall EBC's election to suspend the Agreement and/or any Service(s) be construed as a waiver of EBC's right to terminate the Agreement and/or any Service(s).

(b) Customer may terminate any Channel Management and Origination Services for any reason or no reason, by giving EBC sixty (60) days written notice without any Customer Termination Liability as defined in Section 17(d) below. Provided that the Customer is not in breach of any material provision of this Agreement, Customer may terminate all or any portion of the Teleport Services, without any Customer Termination Liability, by giving EBC written notice as follows: (i) if EBC breaches any material provision of this Agreement, and (A) if such breach is capable of remedy, EBC does not cure such breach within \*\*\* days of receipt of written notice of such breach, or (B) if such breach is not capable of remedy, immediately upon receipt of written notice of such breach; or (ii) if EBC files a petition in bankruptcy or is adjudicated bankrupt or insolvent, or files or has filed against it any petition or answer seeking any reorganization, composition, liquidation or similar relief for itself under any

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applicable statute, law or regulation or makes any general assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due.

(c) Upon termination or expiration of all or any portion of any Services and/or the Agreement for whatever reason, the Customer shall cease using all the terminated or expired Services. Notwithstanding anything contained herein to the contrary, in such event all outstanding indebtedness of the Customer to EBC under this Agreement, adjusted for any applicable Outage Credits and/or Service Failure Credits, shall become immediately due and payable.

(d) In the event Customer terminates any portion of the Agreement for any reason except for that as set forth in Section 17(b) above or 20(b) below, within \*\*\* days of such termination Customer shall pay EBC a sum equal to the projected MRCs that Customer would have paid EBC to provide the Teleport Services for the remainder of the Term, had such Teleport Services not been terminated (a "Customer Termination Liability"); provided that EBC must use commercially reasonable efforts to reduce the amount of the Customer Termination Liability by mitigating any costs directly related to discontinuing the Teleport Services or other costs incurred by EBC in order to provide the Services. To the extent EBC is able to mitigate such costs, EBC shall return to Customer an amount equal to the reduction in the amount of the Customer Termination Liability paid by Customer, in no event to exceed the Customer Termination Liability paid by Customer. The Parties agree this is a proper assessment of the loss of bargain and damages EBC will incur, and is not a penalty.

(e) The Customer shall remain liable to pay all charges for any suspended Services pursuant to Section 17(a) hereof during any period of suspension and, for the avoidance of doubt, any such suspensions shall not be deemed an Outage or Service Failure and no Outage Credits or Service Failure Credits are payable by EBC to the Customer for any such period of suspension. \*\*\*

18. Confidentiality. The terms and conditions of this Agreement as well as all financial, business, technical and other confidential and proprietary information that is disclosed or provided in connection herewith by any Party to the Agreement or their Affiliates shall be kept and treated as strictly confidential by each Party and their Affiliates and shall not be disclosed to any third party without the other Party's prior written consent.

19. Representations, Covenants and Warranties.

(a) Customer represents, covenants and warrants that: (i) it has and will obtain all applicable clearances and licenses, consents and approvals necessary to enable it to operate, receive and use the Services and to perform its other obligations under this Agreement; (ii) it is in compliance with, and performance of its obligations hereunder will not violate or conflict with, any applicable law or regulation of any jurisdiction to which it is subject; (iii) it will only use the Services and/or display or transmit any information or Content in connection with the Services in compliance at all times with all applicable laws and regulations; (iv) it is and shall be solely responsible for the acquisition of sufficient rights from, and all payments to, the owners of all Content it transmits or receives and shall adhere to all applicable Federal

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Communications Commission and regulatory guidelines as related to such Content; and (v) no Content provided to EBC in connection with the Agreement shall contain any material which is patently obscene, libelous, or that violates or infringes any copyright, right of privacy or literary or dramatic right of any person or entity; and (vi) it will follow established standard industry practices and procedures for frequency co-ordination and will not request any Service in a manner that could reasonably be expected to interfere with or cause physical harm to satellites or other services that EBC offers.

(b) EBC covenants that it shall provide the Services lawfully and with reasonable skill and care to recognized industry standards using appropriately experienced and trained personnel.

20. Miscellaneous.

(a) Assignment. Neither Party may assign its rights or delegate its duties under the Agreement without the other Party's written consent which consent will not be unreasonably withheld, except that notwithstanding anything contained herein to the contrary, either Party may assign its rights and/or delegate any portion of its duties under the Agreement without the other Party's consent to any of such Party's Affiliates capable of performing the assigning Party's obligations hereunder, or in connection with a change of control whether by merger, sale of stock, sale of assets or otherwise. Any attempted assignment in violation of the foregoing will be void and of no effect.

(b) Force Majeure. Neither Party shall be held liable for any delay or failure in performance of any part of the Agreement from any cause beyond its control and without its fault or negligence, such as acts of God, acts of civil or military authority, government regulations, embargoes, epidemics, war, terrorist acts, riots, insurrections, fires, explosions, earthquakes, nuclear accidents, floods, power blackouts, meteorological or astronomical disturbances, satellite failure, satellite launch failure, Transponder failure and/or unusually severe weather conditions (each a "Force Majeure Event"). Notwithstanding anything to the contrary contained herein, if any Force Majeure Event affects EBC's ability to provide a Service and continues for: (i) \*\*\* days or less, then the affected Service shall remain in effect; and (ii) more than \*\*\* days, then either Party may cancel the affected Service with no liability on the part of any Party. Notwithstanding anything contained herein to the contrary, if after the occurrence of a Force Majeure Event, EBC is able to provide Services to Customer via a manner outside that which the Parties normally provision and accept Services, Customer hereby agrees to utilize commercially reasonable efforts to accept such provision of such Services by EBC.

(c) Choice of Law and Jurisdiction. Except as otherwise agreed to by the Parties, this Agreement and the legal relations between the Parties hereto, including all disputes and claims, whether arising in contract, tort or under statute, shall be governed by and construed in accordance with the laws of the State of Colorado, USA, without giving effect to its conflict of law provisions. Any and all disputes arising out of, or in connection with, the interpretation, performance or the nonperformance of the Agreement or any and all disputes arising out of, or in connection with, transactions in any way related to the Agreement and/or the relationship between the Parties shall be litigated solely and exclusively before the United States District

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Court for the District of Colorado. The Parties consent to the in personam jurisdiction of said court for the purposes of any such litigation, and waive, fully and completely, any right to dismiss and/or transfer any action pursuant to 28 U.S.C. §1404 or §1406 (or any successor statute). In the event the United States District Court for the District of Colorado does not have subject matter jurisdiction of said matter, then such matter shall be litigated solely and exclusively before the appropriate state court of competent jurisdiction located in Arapahoe County, State of Colorado, USA.

(d) Entire Agreement/Amendments. This Agreement constitutes the Parties' entire agreement and supersedes all prior agreements, proposals, or discussions, whether oral or written with respect to the matters set forth herein. This Agreement may only be modified by a written amendment signed by an authorized representative of each Party.

(e) Independent Contractor. The Parties are independent contractors for all purposes and at all times. Each Party has the responsibility for, and control over, the methods and details of performing its obligations hereunder. Each Party will be responsible for the hiring, training, supervision, tools, work policies and procedures of its own employees, and each will be responsible for the compensation, discipline and termination of its own personnel. Neither Party will have any authority to act on behalf of, nor bind the other Party to any obligation other than as expressly provided in the Agreement.

(f) Notices. Except for the communication of Operational Notices (pursuant to Section 13) or other information of an urgent nature for which telephone communication between the operational contacts of the Parties is appropriate, or as otherwise expressly set forth to the contrary herein, any notice or other communications required or permitted to be given hereunder shall be in English, in writing and shall be delivered personally or sent by facsimile transmission, or by first class certified mail, postage prepaid, or by overnight courier service, charges prepaid, to the Party to be notified, addressed to such Party at the address set forth below, or sent by facsimile to the fax number set forth below, or such other address or fax number as such Party may have substituted by written notice to the other Party. The sending of such notice with confirmation of receipt thereof (in the case of facsimile transmission) or receipt of such notice (in the case of personal delivery or delivery by mail or by overnight courier service) shall constitute the giving thereof:

If to EBC:

EchoStar Broadcasting Corporation  
Attn: General Counsel  
Address: \*\*\*  
Fax No.: \*\*\*

With Copy To:

EchoStar Broadcasting Corporation  
Attn: Vice President of Engineering  
Address: \*\*\*  
Fax No.: \*\*\*

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If to the Customer to:

DISH Network L.L.C.  
Attn: General Counsel  
Address: \*\*\*  
Fax No.: \*\*\*

(g) Waiver. Except where timeframes for a specific action by a Party are expressly delineated in the Agreement, if either Party fails to enforce any right or remedy under the Agreement, that failure is not a waiver of the right or remedy for any other breach or failure by the other Party. No waiver shall be binding unless executed in writing by the Party making the waiver.

(h) Construction. Because the Parties actively negotiated the Agreement, the Agreement will not be construed against the drafter.

(i) Severability. If any provision of the Agreement is found to be unenforceable, the Agreement's unaffected provisions will remain in effect and the Parties will negotiate a mutually acceptable replacement provision consistent with the Parties' original intent.

(j) Third-Party Beneficiaries. This Agreement shall not provide any person who is not a Party to the Agreement with any remedy, claim, liability, reimbursement, cause of action, or other right in excess of those existing without reference to the Agreement.

(k) Headings. The headings and numbering of Articles, Sections and Subsections in the Agreement are for convenience only and shall not be construed to define or limit any of the terms herein or affect the meaning or interpretation of the Agreement.

(l) Trademarks. Nothing in the Agreement will be construed to give the Customer any rights to use any EBC trademarks, service marks, or logos without the express prior written consent of EBC.

(m) Attorney's Fees. In the event of litigation involving the Agreement, the prevailing Party in any such action or proceeding shall be entitled to recover its reasonable costs and expenses incurred in such action from the other Party, including without limitation the cost of reasonable attorneys' fees as determined by the judge of the court.

(n) Counterparts. This Agreement may be executed by facsimile and in counterparts, each of which shall be deemed an original but all of which shall constitute one and the same document.

**[AGREEMENT SIGNATURE PAGE FOLLOWS]**

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IN WITNESS WHEREOF, the Parties hereto have caused the Agreement to be entered into as of the date first set forth above.

ECHOSTAR BROADCASTING CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

DISH NETWORK L.L.C.

By: \_\_\_\_\_  
Name:  
Title:

Signature Page to the 2012 Broadcast Services Agreement

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**Schedule 9**

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**  
Section 302 Certification

I, Michael T. Dugan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2012

*/s/ Michael T. Dugan*

\_\_\_\_\_  
President and Chief Executive Officer

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## CERTIFICATION OF CHIEF FINANCIAL OFFICER

## Section 302 Certification

I, Kenneth G. Carroll, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of EchoStar Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2012

*/s/ Kenneth G. Carroll*

Executive Vice President and Chief Financial Officer

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**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**  
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2012

Name: /s/ Michael T. Dugan

Title: President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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**CERTIFICATION OF CHIEF FINANCIAL OFFICER**  
Section 906 Certification

Pursuant to 18 U.S.C. § 1350, the undersigned officer of EchoStar Corporation (the "Company") hereby certifies that to the best of his knowledge the Company's Quarterly Report on Form 10-Q for the three months ended March 31, 2012 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2012

Name: /s/ Kenneth G. Carroll

Title: Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to 18 U.S.C. § 1350 and is not being filed as part of the Report or as a separate disclosure document.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

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