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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2010.

OR

o 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	**26-1232727**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 Inverness Terrace East **Englewood, Colorado**	**80112-5308**
(Address of principal executive offices)	(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 x No o

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 o No o

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 x	Accelerated Filer o
Non-Accelerated Filer o (Do not check if a smaller reporting company)	Smaller Reporting Company o

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

As of April 23, 2010, the registrant's outstanding common stock consisted of 37,384,864 shares of Class A common stock and 47,687,039 shares of Class B common stock.

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PART I — FINANCIAL INFORMATION

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

- Weak economic conditions, including high unemployment and reduced consumer spending, may adversely affect our ability to grow or maintain our business.
- We currently depend on DISH Network Corporation, or DISH Network, and Bell TV for substantially all of our revenue. The loss of, or a significant reduction in, orders from or a decrease in selling prices of digital set-top boxes, transponder leasing, digital broadcast operations and/or other products or services to, DISH Network would significantly reduce our revenue and adversely impact our results of operations. The loss of, or a significant reduction in, orders from or a decrease in selling prices of digital set-top boxes and/or other products and services to Bell TV would significantly reduce our revenue and adversely impact our results of operations.
- If we are unsuccessful in overturning the District Court's ruling on Tivo's motion for contempt, we are not successful in developing and deploying potential new alternative technology and we are unable to reach a license agreement with Tivo on reasonable terms, we would be subject to substantial liability and would be prohibited from offering DVR functionality that would in turn place us at a significant disadvantage to our competitors and significantly decrease sales of digital set-top boxes to DISH Network and others.
- Adverse developments in DISH Network's business may adversely affect us.

- We currently have substantial unused satellite capacity, and our results of operations may be materially adversely affected if we are not able to lease more of this capacity to third parties.
- Our sales to DISH Network could be terminated or substantially curtailed on short notice, which would have a detrimental effect on us.
- We may need additional capital, which may not be available on acceptable terms or at all, to continue investing in our business and to finance acquisitions and other strategic transactions.
- 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 intend to make significant investments in new products, services, technologies and business areas that may not be profitable.
- 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.
- If we are unable to properly respond to technological changes, our business could be significantly harmed.
- We rely on key personnel and the loss of their services may negatively affect our businesses.

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Risks Affecting Our "Digital Set-Top Box" Business

- We depend on sales of digital set-top boxes for nearly all 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 direct-to-home satellite service providers, who currently comprise our customer base, do not compete successfully with existing and emerging alternative platforms for delivering digital television, including cable television operators, terrestrial broadcasters, and Internet protocol television ("IPTV").
- 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 affected by inflation, 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 "Digital Set-Top Box" business likely requires expansion of our sales to international customers, and we may be unsuccessful in expanding international sales.
- The digital set-top box business 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 premium programming packages 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 key components used in our digital set-top boxes could restrict production and result in higher digital set-top box costs.
- Our future growth depends on growing demand for high definition, or HD, television.

Risks Affecting Our "Satellite Services" Business

- 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 "Satellite Services" business is subject to risks of adverse government regulation.
- Our business depends on Federal Communications Commission, or FCC, licenses that can expire or be revoked or modified and applications for FCC licenses that may not be granted.
- We may not be aware of certain foreign government regulations.
- 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 currently have no commercial insurance coverage on the satellites we own and could face significant impairment charges if one of our satellites fails.

Risks Relating to the Spin-Off

- We have potential conflicts of interest with DISH Network due to our common ownership and management.

Risks Relating to our Common Stock and the Securities Market

- 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 shareholder 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, or 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
(In thousands, except share amounts)
(Unaudited)

	As of	
	March 31, 2010	December 31, 2009
Assets		
Current Assets:		
Cash and cash equivalents	$ 163,615	$ 23,330
Marketable investment securities	760,321	805,832
Trade accounts receivable - DISH Network, net of allowance for doubtful accounts of zero	348,098	373,454
Trade accounts receivable - other, net of allowance for doubtful accounts of $4,102 and $5,605, respectively	57,100	84,178
Inventory	55,355	53,014
Deferred tax assets	7,698	5,053
Other current assets	20,577	18,997
Total current assets	1,412,764	1,363,858
Noncurrent Assets:		
Restricted cash and marketable investment securities	18,003	18,003
Property and equipment, net of accumulated depreciation of $1,641,480 and $1,609,077, respectively	1,229,016	1,233,185
FCC authorizations	69,810	69,810
Intangible assets, net	143,476	151,813
Marketable and other investment securities	655,932	562,019
Other noncurrent assets, net	57,812	69,380
Total noncurrent assets	2,174,049	2,104,210
Total assets	$ 3,586,813	$ 3,468,068

Liabilities and Stockholders' Equity (Deficit)		
Current Liabilities:		
Trade accounts payable - other	$ 186,672	$ 171,335
Trade accounts payable - DISH Network	30,049	38,347
Accrued royalties	18,591	22,052
Accrued expenses and other	96,402	78,070
Current portion of capital lease obligations, mortgages and other notes payable	51,679	54,206
Total current liabilities	383,393	364,010
Long-Term Obligations, Net of Current Portion:		
Capital lease obligations, mortgages and other notes payable, net of current portion	394,960	392,163
Deferred tax liabilities	25,358	31,588
Other long-term liabilities	15,454	15,457
Total long-term obligations, net of current portion	435,772	439,208
Total liabilities	819,165	803,218
Commitments and Contingencies (Note 10)		
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, 42,687,249 and 42,655,772 shares issued, 37,188,791 and 37,157,314 shares outstanding, respectively	43	43
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	3,283,453	3,278,680
Accumulated other comprehensive income (loss)	103,399	77,120
Accumulated earnings (deficit)	(521,738)	(593,484)
Treasury stock, at cost	(97,557)	(97,557)
Total stockholders' equity (deficit)	2,767,648	2,664,850
Total liabilities and stockholders' equity (deficit)	$ 3,586,813	$ 3,468,068

The accompanying notes are an integral part of the 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,	
	2010	**2009**
Revenue:		
Equipment revenue - DISH Network	$ 385,848	$ 320,319
Equipment revenue - other	111,703	56,911
Services and other revenue - DISH Network	115,060	91,885
Services and other revenue - other	14,469	10,432
Total revenue	627,080	479,547
Costs and Expenses:		
Cost of sales - equipment	422,208	327,017
Cost of sales - services and other (exclusive of depreciation shown below - Note 6)	57,433	52,784
Research and development expenses	12,234	9,592
Selling, general and administrative expenses	32,631	25,795
General and administrative expenses - DISH Network	4,159	4,758
Depreciation and amortization (Note 6)	57,649	61,949
Total costs and expenses	586,314	481,895
Operating income (loss)	40,766	(2,348)
Other Income (Expense):		
Interest income	1,846	9,289
Interest expense, net of amounts capitalized	(11,595)	(7,286)
Unrealized and realized gains (losses) on marketable investment securities and other investments	(537)	1,323
Unrealized gains (losses) on investments accounted for at fair value, net	65,828	6,887
Other, net	(1,671)	(2,585)
Total other income (expense)	53,871	7,628
Income (loss) before income taxes	94,637	5,280

Income tax (provision) benefit, net	(22,891)	(5,925)
Net income (loss)	$ 71,746	$ (645)
Comprehensive Income (Loss):		
Foreign currency translation adjustments	(390)	(257)
Unrealized holding gains (losses) on available-for-sale securities	26,669	126,720
Recognition of previously unrealized (gains) losses on available-for-sale securities included in net income (loss)	—	(1,323)
Deferred income tax (expense) benefit	—	(45,014)
Comprehensive income (loss)	$ 98,025	$ 79,481
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	84,855	86,471
Diluted	84,933	86,471
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share	$ 0.85	$ (0.01)
Diluted net income (loss) per share	$ 0.84	$ (0.01)

The accompanying notes are an integral part of the 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,	
	2010	**2009**
Cash Flows From Operating Activities:		
Net income (loss)	$ 71,746	$ (645)
Adjustments to reconcile net income (loss) to net cash flows from operating activities:		
Depreciation and amortization	57,649	61,949
Equity in losses (earnings) of affiliates	1,690	1,667
Unrealized and realized (gains) losses on marketable investment securities and other investments	537	(1,323)
Unrealized (gains) losses on investments accounted for at fair value, net	(65,828)	(6,887)
Non-cash, stock-based compensation	4,242	3,454
Deferred tax expense (benefit)	(8,820)	(8,351)
Other, net	2,184	(5,705)
Change in noncurrent assets	1,122	(1,686)
Changes in current assets and current liabilities, net	(35,646)	2,392
Net cash flows from operating activities	28,876	44,865
Cash Flows From Investing Activities:		
Purchases of marketable investment securities	(570,308)	(243,088)
Sales and maturities of marketable investment securities	642,418	386,662
Purchases of property and equipment	(32,492)	(34,689)
Capital transaction with DISH Network in connection with the launch contract (Note 12)	102,913	—
Purchase of strategic investments included in marketable and other investment securities	(18,601)	(17,935)
Other, net	(200)	1,423
Net cash flows from investing activities	123,730	92,373
Cash Flows From Financing Activities:		
Repayment of capital lease obligations, mortgages and other notes payable	(12,845)	(14,679)
Net proceeds from Class A common stock options exercised and issued under the Employee Stock Purchase Plan	524	491
Net cash flows from financing activities	(12,321)	(14,188)
Net increase (decrease) in cash and cash equivalents	140,285	123,050
Cash and cash equivalents, beginning of period	23,330	24,467
Cash and cash equivalents, end of period	$ 163,615	$ 147,517
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	$ 11,422	$ 7,169
Cash received for interest	$ 2,803	$ 9,067
Cash paid for income taxes	$ 8,481	$ 3,814
Satellites and other assets financed under capital lease obligations	$ 47,808	$ 1,542
Reduction of capital lease obligations and associated asset value for AMC-16 (Note 6)	$ 34,693	$ —

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ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Organization and Business Activities

Principal Business

EchoStar Corporation is a holding company, whose subsidiaries (which together with EchoStar Corporation are referred to as "EchoStar," the "Company," "we," "us" and/or "our") operate two primary business units:

- ***"Digital Set-Top Box" Business*** — which designs, develops and distributes digital set-top boxes and related products, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Our "Digital Set-Top Box" business also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services provided primarily to DISH Network.

- ***"Satellite Services" Business*** — which uses our ten owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full time and occasional-use basis to enterprise, broadcast news and government organizations. We currently lease capacity primarily to DISH Network, and secondarily to Dish Mexico, government entities, Internet service providers, broadcast news organizations and private enterprise customers. We also deliver our ViP-TV transport service, offering MPEG-4 encoded Internet Protocol, or IP, streams of video and audio channels to telecommunication companies and small cable operators.

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. We and DISH Network now operate as separate publicly-traded companies, and neither entity has any ownership interest in the other. However, a substantial majority of the voting power 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. Operating results for the three months ended March 31, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. For further information, refer to the Consolidated Financial Statements and notes thereto included in our Annual Report on Form 10-K/A for the year ended December 31, 2009 ("2009 10-K/A"). Certain prior period amounts have been reclassified to conform to the current period presentation. Further, in connection with the preparation of the condensed consolidated financial statements, we have evaluated subsequent events through the issuance of these financial statements.

Principles of Consolidation

We consolidate all majority owned subsidiaries, investments in entities in which we have controlling influence and variable interest entities where we have been determined to be the primary beneficiary. Non-majority owned investments are accounted for using the equity method when we have the ability to significantly influence the operating

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

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 expenses for each reporting period. Estimates are used in accounting for, among other things, allowances for doubtful accounts, allowance for sales returns, 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 have increased the inherent uncertainty in the estimates and assumptions indicated above. Actual results may differ from previously estimated amounts, and such

differences may be material to the 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 of Financial Instruments

As of March 31, 2010 and December 31, 2009, the carrying value of our cash and cash equivalents, marketable investment securities, trade accounts receivable, net of allowance for doubtful accounts, and current liabilities is equal to or approximates fair value due to their short-term nature. Disclosure regarding fair value of capital leases is not required.

New Accounting Pronouncements

Revenue Recognition — Multiple-Deliverable Arrangements

In October 2009, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2009-13 ("ASU 2009-13"), Revenue Recognition - Multiple-Deliverable Revenue Arrangements. ASU 2009-13 changes the requirements for establishing separate units of accounting in a multiple deliverable arrangement and requires the allocation of arrangement consideration to each deliverable to be based on the relative selling price. We are currently evaluating the impact, if any, ASU 2009-13 will have on our consolidated financial statements, when adopted, as required, on January 1, 2011.

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

We present both basic earnings per share ("EPS") and diluted EPS. Basic EPS excludes dilution and is computed by dividing "Net income (loss)" 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.

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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 earnings per share amounts for all periods and the basic and diluted weighted-average shares outstanding used in the calculation.

In thousands, except per share amounts	For the Three Months Ended March 31, 2010	2009
Net income (loss)	$ 71,746	$ (645)
Weighted-average common shares outstanding - Class A and B common stock:		
Basic	84,855	86,471
Dilutive impact of stock awards outstanding	78	—
Diluted	84,933	86,471
Earnings per share - Class A and B common stock:		
Basic net income (loss) per share	$ 0.85	$ (0.01)
Diluted net income (loss) per share	$ 0.84	$ (0.01)

We had a net loss for the three months ended March 31, 2009, therefore, the effect of stock awards is excluded from the computation of diluted earnings (loss) per share since the effect is antidilutive. As of March 31, 2010, there were stock awards to purchase 5.2 million shares of Class A common stock outstanding, not included in the above denominator, as their effect is antidilutive.

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

	For the Three Months Ended March 31, 2010	2009
	(In thousands)	
Performance-based options	716	856
Restricted Performance Units	98	104
Total	814	960

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4. Marketable Investment Securities, Restricted Cash and Other Investment Securities

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

	As of	
	March 31, 2010	December 31, 2009
	(In thousands)	
Marketable investment securities:		
Current marketable investment securities - VRDNs	$ 227,960	$ 398,630
Current marketable investment securities - strategic	154,648	126,622
Current marketable investment securities - other	377,713	280,580
Total marketable investment securities - current	760,321	805,832
Restricted marketable investment securities (1)	2,995	2,995
Total	763,316	808,827
Restricted cash and cash equivalents (1)	15,008	15,008
Marketable and other investment securities - noncurrent:		
Marketable and other investment securities - cost method	36,568	33,288
Marketable and other investment securities - equity method	108,537	94,826
Marketable and other investment securities - fair value method	510,827	433,905
Total marketable and other investment securities - noncurrent	655,932	562,019
Total marketable investment securities, restricted cash and other investment securities	$ 1,434,256	$ 1,385,854

(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.

Marketable Investment Securities - - Current

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

Current Marketable Investment Securities - VRDNs

Variable rate demand notes (“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.

Current Marketable Investment Securities - Strategic

Our strategic marketable investment securities are highly speculative and have experienced and continue to experience volatility. As of March 31, 2010, a significant portion of our strategic investment portfolio consisted of securities of several issuers and the value of that portfolio therefore depends on those issuers.

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Current Marketable Investment Securities - Other

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

Restricted Marketable Investment Securities

As of March 31, 2010 and December 31, 2009, restricted marketable investment securities included amounts required under 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.

Marketable and Other Investment Securities — Cost and Equity

Non-majority owned investments 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.

Marketable and Other Investment Securities — Fair Value

We elect the fair value method for certain investments in affiliates whose debt and equity are publicly traded, when we believe the fair value method of accounting provides more meaningful information to our investors. For our investments carried at fair value, interest and dividends are measured at fair value and are recorded in "Unrealized gains (losses) on investments accounted for at fair value, net."

Subsequent to March 31, 2010, the fair value of these investments continue to be significantly impacted by the risk of adverse changes in securities markets generally, as well as risks related to the performance of the company whose securities we have invested in, their ability to obtain sufficient capital to execute their business plans, risks associated with their specific industries, and other factors.

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

Unrealized Gains (Losses) on Marketable Investment Securities

As of March 31, 2010 and December 31, 2009, we had accumulated net unrealized gains of $103 million and $77 million, both net of related tax effect, respectively, as a part of "Accumulated other comprehensive income (loss)" within "Total stockholders' equity (deficit)." A full valuation allowance has been established against any deferred tax assets that are capital in nature. The components of our available-for-sale investments are detailed in the table below.

	As of March 31, 2010				As of December 31, 2009			
	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Net	Marketable Investment Securities	Unrealized Gains	Unrealized Losses	Net
	(In thousands)							
Debt securities:								
VRDNs	$ 227,960	$ —	$ —	$ —	$ 398,630	$ —	$ —	$ —
Other (including restricted)	417,565	19,246	(275)	18,971	316,793	15,696	(137)	15,559
Equity securities:								
Other	117,791	84,559	(131)	84,428	93,404	61,172	—	61,172
Total marketable investment securities	$ 763,316	$ 103,805	$ (406)	$ 103,399	$ 808,827	$ 76,868	$ (137)	$ 76,731

As of March 31, 2010, restricted and non-restricted marketable investment securities include debt securities of $547 million with contractual maturities of one year or less and $99 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 the individual securities, accounted for as available-for-sale, have been in an unrealized loss position, aggregated by investment category. As of March 31, 2010, the unrealized losses in our investments in equity securities represent an investment in the common stock of one company in the consumer electronics industry. We are not aware of any specific factors indicating the unrealized loss in this investment is due to anything other than temporary market fluctuations. 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 related to temporary market fluctuations.

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(Unaudited)

		As of March 31, 2010						
			Less than Six Months		Six to Nine Months		Nine Months or More	
Investment Category	Primary Reason for Unrealized Loss	Total Fair Value	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
		(In thousands)						
Debt securities	Temporary market fluctuations	$ 93,316	$ 80,522	$ (263)	$ 8,796	$ (4)	$ 3,998	$ (8)
Equity securities	Temporary market fluctuations	599	599	(131)	—	—	—	—
Total		$ 93,915	$ 81,121	$ (394)	$ 8,796	$ (4)	$ 3,998	$ (8)

Investment Category	Primary Reason for Unrealized Loss	As of December 31, 2009						
		Total Fair Value	Less than Six Months		Six to Nine Months		Nine Months or More	
			Fair Value	Unrealized Loss	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
		(In thousands)						
Debt securities	Temporary market fluctuations	$ 57,683	$ 50,648	$ (94)	$ 7,035	$ (43)	$ —	$ —
Total		$ 57,683	$ 50,648	$ (94)	$ 7,035	$ (43)	$ —	$ —

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, 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 in which little or no market data exists, therefore requiring assumptions based on the best information available.

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

	Total Fair Value As of March 31, 2010				Total Fair Value As of December 31, 2009			
	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
	(In thousands)							
Debt securities:								
VRDNs	$ 227,960	$ —	$ 227,960	$ —	$ 398,630	$ —	$ 398,630	$ —
Other (including restricted)	417,565	4,568	412,997	—	316,793	2,998	313,795	—
Equity securities	117,791	117,791	—	—	93,404	93,404	—	—
Marketable and other investment securities - noncurrent	510,827	39,600	399,416	71,811	433,905	28,200	339,677	66,028
Total assets at fair value	$ 1,274,143	$ 161,959	$ 1,040,373	$ 71,811	$ 1,242,732	$ 124,602	$ 1,052,102	$ 66,028

During the three months ended March 31, 2010, none of our marketable investment securities transferred between levels.

Changes in Level 3 instruments are as follows:

	Level 3 Investment Securities
	(In thousands)
Balance as of December 31, 2009	$ 66,028
Net realized and unrealized gains (losses) included in earnings	3,759
Purchases, issuances and settlements, net	2,024
Balance as of March 31, 2010	$ 71,811

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ECHOSTAR CORPORATION
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS — Continued
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Unrealized and Realized Gains (Losses) on Marketable Investment Securities and Other Investments

"Unrealized and realized gains (losses) on marketable investment securities and other investments" on our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) includes changes in the carrying amount of our investments as follows:

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Unrealized and realized gains (losses) on marketable investment securities and other investments:		
Marketable investment securities - gains (losses) on sales/exchange	$ —	$ 1,323
Marketable and other investment securities - other-than-temporary impairments	(537)	—
Total unrealized and realized gains (losses) on marketable investment securities and other investments	$ (537)	$ 1,323

Investment in TerreStar

We account for our investment in TerreStar using the fair value method of accounting. We have the right to appoint two representatives on TerreStar's Board of Directors and have the ability to exert significant influence and believe that the fair value approach provides our investors with the most meaningful information.

We report the following TerreStar financial information on a one-quarter lag as TerreStar is a public company but not a "large accelerated filer," as defined by the SEC. As such, the statements of operations data, shown below, includes the three months ended December 31 for each respective period presented. We rely on TerreStar's management to provide us with accurate summary financial information. We are not aware of any errors in, or possible misstatements of, the financial information provided to us that would have a material effect on our Condensed Consolidated Financial Statements. The following table provides summarized financial information from TerreStar:

	For the Three Months Ended December 31,	
Statements of Operations Data (unaudited):	2009	2008
	(In thousands)	
Revenue	$ 2,384	$ —
Operating expenses	$ 44,068	$ 34,993
Net income (loss) from continuing operations	$ (58,999)	$ (52,183)
Net income (loss)	$ (58,999)	$ (52,183)
Net income (loss) available to common stockholders	$ (63,408)	$ (55,026)

TerreStar's annual report on Form 10-K for the year ended December 31, 2009, as amended included disclosure that:

- Based on TerreStar's current plans, there is substantial doubt that the available cash balance, investments and available borrowing capacity as of December, 31, 2009 will be sufficient to satisfy the projected funding needs for all of 2010;
- TerreStar will likely require additional funding in the second quarter of 2010 unless it is able to extend its obligations and commitments to future periods;
- TerreStar cannot guarantee that financing will be available or available on favorable terms; and

- If TerreStar fails to obtain necessary financing on a timely basis, it may be forced to curtail operations or take other actions that will impact its ability to conduct its operations as planned.

In addition, in the "Report of Independent Registered Public Accounting Firm" included in TerreStar's Form 10-K for the year ended December 31, 2009, Ernst & Young LLP dated March 16, 2010 expressed an unqualified opinion on the consolidated balance sheet of TerreStar Corporation as of December 31, 2009 and the related consolidated statement of operations, changes in stockholders' equity, and cash flows for the year then ended that included the following:

"The accompanying financial statements have been prepared assuming that TerreStar Corporation will continue as a going concern. As more fully described in Note 1, the Company has incurred recurring operating losses and will require additional financing in 2010 to meet its obligations. The Company's ability to obtain the needed additional financing on acceptable terms, or at all, is uncertain. These conditions raise substantial doubt about the Company's ability to continue as a going concern."

We account for our investment in TerreStar using the fair value method of accounting and its financial position could have a material impact on the fair value of our investment in subsequent periods as indicated in their Form 10-K for the year ended December 31, 2009.

5. Inventory

Inventory consists of the following:

	As of	
	March 31,	December 31,

	2010	2009
	(In thousands)	
Finished goods	$ 36,432	$ 32,988
Raw materials	13,284	16,647
Work-in-process	5,639	3,379
Inventory	$ 55,355	$ 53,014

6. Property and Equipment

Depreciation and Amortization Expense

Depreciation and amortization expense consists of the following:

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Satellites	$ 24,536	$ 25,570
Furniture, fixtures, equipment and other	23,242	26,570
Identifiable intangible assets subject to amortization	8,264	8,264
Buildings and improvements	1,607	1,545
Total depreciation and amortization	$ 57,649	$ 61,949

Cost of sales and operating expense categories included in our accompanying Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) do not include depreciation expense related to satellites.

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Satellites

We currently utilize six owned and four leased satellites in geostationary orbit approximately 22,300 miles above the equator. Our leased satellites accounted for as capital leases are depreciated over the terms of the satellite service agreements.

Certain satellites in our fleet have experienced anomalies, some of which have had a significant adverse impact on their remaining life and commercial operation. There can be no assurance that future anomalies will not further impact the remaining life and commercial operation of any of these satellites. See "*Long-Lived Satellite Assets*" below for further discussion of evaluation of impairment. 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 do not anticipate carrying insurance for any of the in-orbit satellites that we own, and we will bear the risk associated with any in-orbit satellite failures. Recent developments with respect to our satellites are discussed below.

Owned Satellites

EchoStar III. EchoStar III was originally designed to operate a maximum of 32 DBS transponders in CONUS mode at approximately 120 watts per channel, switchable to 16 transponders operating at over 230 watts per channel, and was equipped with a total of 44 traveling wave tube amplifiers ("TWTAs") to provide redundancy. As a result of TWTA failures in previous years and during January and May 2010, only 12 transponders are currently available for use. Although these failures have impacted the commercial operation of the satellite, it is fully depreciated. It is likely that additional TWTA failures will occur from time to time in the future and such failures could further impact commercial operation of the satellite.

Leased Satellites

AMC-16. AMC-16, an FSS satellite, commenced commercial operation during February 2005 and currently operates at the 85 degree orbital location. This SES World Skies satellite is equipped with 24 Ku-band FSS transponders that operate at approximately 120 watts per channel and a Ka-band payload consisting of 12 spot beams. During the first quarter of 2010, SES World Skies notified us that AMC-16 had experienced a solar-power anomaly which caused a power loss further reducing its capacity. Pursuant to the satellite services agreement, we are entitled to a reduction of our monthly recurring payment in the event of a partial loss of satellite capacity. Effective in early March 2010, the monthly recurring payment was reduced and as a result our capital lease obligation and the corresponding asset value was lowered by approximately $35 million.

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.

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7. Intangible Assets

As of March 31, 2010 and December 31, 2009, our identifiable intangibles subject to amortization consisted of the following:

	As of			
	March 31, 2010		December 31, 2009	
	Intangible Assets	Accumulated Amortization	Intangible Assets	Accumulated Amortization
	(In thousands)			
Contract-based	$ 190,566	$ (95,890)	$ 190,566	$ (91,733)
Customer relationships	23,600	(19,667)	23,600	(17,700)
Technology-based	73,314	(28,447)	73,314	(26,234)
Total	$ 287,480	$ (144,004)	$ 287,480	$ (135,667)

Amortization of these intangible assets is recorded on a straight line basis over an average finite useful life primarily ranging from approximately three to 20 years. Amortization was $8 million for each of the three months ended March 31, 2010 and 2009.

Estimated future amortization of our identifiable intangible assets as of March 31, 2010 is as follows (in thousands):

For the Years Ended December 31,	
2010 (remaining nine months)	$ 23,044
2011	25,005
2012	23,185
2013	23,181
2014	21,969
Thereafter	27,092
Total	$ 143,476

8. Long-Term Debt

Capital Lease Obligations

As of March 31, 2010 and December 31, 2009, we had $529 million and $509 million capitalized for the estimated fair value of satellites acquired under capital leases included in “Property and equipment, net,” with related accumulated depreciation of $248 million and $240 million, respectively. In our Condensed Consolidated Statements of Operations and Comprehensive Income (Loss), we recognized $8 million and $5 million in depreciation expense on satellites acquired under capital lease agreements during the three months ended March 31, 2010 and 2009, respectively.

The following satellites are accounted for as capital leases and depreciated over the terms of the satellite service agreements.

AMC-15. AMC-15, an FSS satellite, commenced commercial operation during January 2005. This lease is renewable by us on a year-to-year basis following the initial ten-year term, and provides us with certain rights to lease capacity on replacement satellites.

AMC-16. AMC-16, an FSS satellite, commenced commercial operation during February 2005. This lease is renewable by us on a year-to-year basis following the initial ten-year term, and provides us with certain rights to lease capacity on replacement satellites.

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Nimiq 5. Nimiq 5 was launched in September 2009 and commenced commercial operation at the 72.7 degree orbital location during October 2009, where it provides additional high-powered capacity to our satellite fleet. See Note 12 for further discussion.

Future minimum lease payments under these capital lease obligations, together with the present value of the net minimum lease payments as of March 31, 2010 are as follows (in thousands):

For the Years Ended December 31,	
2010 (nine months remaining)	$ 89,484
2011	117,762
2012	116,998
2013	116,998
2014	111,410
Thereafter	401,939
Total minimum lease payments	954,591
Less: Amount representing use of the orbital location and estimated executory costs (primarily insurance and maintenance) including profit thereon, included in total minimum lease payments	(273,141)
Net minimum lease payments	681,450
Less: Amount representing interest	(242,030)
Present value of net minimum lease payments	439,420
Less: Current portion	(50,985)

Long-term portion of capital lease obligations	$ 388,435

9. 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, 2010, we had outstanding under these plans stock options to acquire 7.2 million shares of our Class A common stock and 0.1 million restricted stock units. Stock options granted through March 31, 2010 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. Historically, our stock awards have been subject to vesting, typically at the rate of 20% to 33% per year, however, 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, 2010, we had 7.6 million shares of our Class A common stock available for future grant under our stock incentive plans.

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.

As of March 31, 2010, the following stock awards were outstanding:

	As of March 31, 2010			
	EchoStar Awards		DISH Network Awards	
Stock Awards Outstanding	Stock Options	Restricted Stock Units	Stock Options	Restricted Stock Units
Held by EchoStar employees	5,963,851	66,790	3,687,295	386,241
Held by DISH Network employees	1,251,364	61,067	N/A	N/A
Total	7,215,215	127,857	3,687,295	386,241

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.

Stock Award Activity

Our stock option activity for the three months ended March 31, 2010 was as follows:

	For the Three Months Ended March 31, 2010	
	Options	Weighted-Average Exercise Price
Total options outstanding, beginning of period	7,203,101	$ 24.85
Granted	20,000	20.28
Exercised	(2,369)	8.35
Forfeited and cancelled	(5,517)	32.89
Total options outstanding, end of period	7,215,215	24.67
Performance-based options outstanding, end of period (1)	716,050	25.39
Exercisable at end of period	2,636,170	27.74

(1) These stock options, which are included in the caption "Total options outstanding, end of period," were issued pursuant to a long-term, performance-based stock incentive plan. Vesting of these stock options is contingent upon meeting a certain long-term company goal which has not yet been achieved. See discussion of the 2005 LTIP below.

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We realized tax benefits from stock awards exercised during the three months ended March 31, 2010 and 2009 as follows:

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Tax benefit from stock awards exercised	$ 700	$ 144

Based on the closing market price of our Class A common stock on March 31, 2010, the aggregate intrinsic value of our stock options was as follows:

	As of March 31, 2010	
	Options Outstanding	Options Exercisable
	(In thousands)	
Aggregate intrinsic value	$ 8,270	$ 1,742

Our restricted stock unit activity for the three months ended March 31, 2010 was as follows:

	For the Three Months Ended March 31, 2010	
	Restricted Stock Units	Weighted-Average Grant Date Fair Value
Total restricted stock units outstanding, beginning of period	130,040	$ 27.78
Granted	—	—
Vested	—	—
Forfeited and cancelled	(2,183)	25.77
Total restricted stock units outstanding, end of period	127,857	27.81
Restricted performance units outstanding, end of period (1)	98,057	26.58

(1) These restricted performance units, which are included in the caption "Total restricted stock units outstanding, end of period," were issued pursuant to a long-term, performance-based stock incentive plan. Vesting of these restricted performance units is contingent upon meeting a certain long-term company goal which has not yet been achieved. 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 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, 2010, that assessment could change at any time.

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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, 2010, 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
	(In thousands)	
DISH Network awards held by EchoStar employees	$ 18,407	$ 10,389
EchoStar awards held by EchoStar employees	3,606	2,032
Total	$ 22,013	$ 12,421

Of the 7.2 million stock options and 0.1 million restricted stock units outstanding under our stock incentive plans as of March 31, 2010, the following awards were outstanding pursuant to the 2005 LTIP:

	As of March 31, 2010

	Number of Awards	Weighted-Average Exercise Price
Stock options	716,050	$ 25.39
Restricted performance units	98,057	
Total	814,107	

Other Employee Performance Plan

Our employees who were hired prior to the Spin-off are eligible to receive a DISH Network stock award. Vesting of this award is contingent upon meeting a certain company-specific goal, which is currently not probable of being achieved. While DISH Network is responsible for fulfillment of this award, we would have incurred compensation expense of approximately $2 million had achievement of the goal been probable as of March 31, 2010.

Stock-Based Compensation

Total non-cash, stock-based compensation expense for all of our employees is shown in the following table for the three months ended March 31, 2010 and 2009 and was allocated to the same expense categories as the base compensation for such employees:

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Cost of sales - services and other	$ —	$ 182
Research and development expenses	1,157	1,014
Selling, general and administrative expenses	3,085	2,258
Total non-cash, stock based compensation	$ 4,242	$ 3,454

As of March 31, 2010, our total unrecognized compensation cost related to our non-performance based unvested stock awards was $30 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 1.2% 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.

The fair value of each stock award for the three months ended March 31, 2010 and 2009 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,	
Stock Options	2010	2009
Risk-free interest rate	2.97%	2.00%
Volatility factor	31.00%	28.48%
Expected term of options in years	6.1	6.2
Weighted-average fair value of options granted	$ 7.38	$ 4.76

We do not currently plan to pay dividends on our common stock, and therefore the dividend yield percentage is set at zero for all periods presented. 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. Therefore, we do not believe the existing models provide as reliable a single measure of the fair value of stock-based compensation awards as a market-based model would.

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.

10. Commitments and Contingencies

Commitments

Future maturities of our contractual obligations are summarized as follows:

	Payments due by period						
	Total	2010	2011	2012	2013	2014	Thereafter
	(In thousands)						
Long-term debt obligations	$ 7,219	$ 684	$ 749	$ 808	$ 871	$ 940	$ 3,167
Capital lease obligations	439,420	37,626	53,055	57,728	63,656	65,745	161,610
Interest expense on long-term debt and capital lease obligations	244,812	30,554	36,671	31,834	26,502	20,616	98,635

Satellite-related obligations	1,175,075	159,315	188,164	113,989	80,972	77,802	554,833
Operating lease obligations	12,793	4,825	4,397	2,145	966	460	—
Purchase and other obligations	529,633	529,633	—	—	—	—	—
Total	$ 2,408,952	$ 762,637	$ 283,036	$ 206,504	$ 172,967	$ 165,563	$ 818,245

Future commitments related to satellites, including one satellite launch contract, are included in the table above under “Satellite-related obligations.”

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Our “Purchase and other obligations” primarily consist of binding purchase orders for digital set-top boxes and related components and we have corresponding commitments from our customers for the substantial majority of these obligations.

The table above does not include $15 million of liabilities associated with unrecognized tax benefits which were accrued and are included on our Condensed Consolidated Balance Sheets as of March 31, 2010. We do not expect any portion of this amount to be paid or settled within the next twelve months.

In certain circumstances the dates on which we are obligated to make these payments could be delayed. These amounts will increase to the extent we procure insurance for our satellites or contract for the construction, launch or lease of additional satellites.

Contingencies

In connection with the Spin-off, we entered into a separation agreement with DISH Network, which 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 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.

Acacia

During 2004, Acacia Media Technologies, (“Acacia”) filed a lawsuit against us and DISH Network in the United States District Court for the Northern District of California. The suit also named DirecTV, Comcast, Charter, Cox and a number of smaller cable companies as defendants. Acacia is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The suit alleges infringement of United States Patent Nos. 5,132,992, 5,253,275, 5,550,863, 6,002,720 and 6,144,702, which relate to certain systems and methods for transmission of digital data. On September 25, 2009, the Court granted summary judgment to defendants on invalidity grounds, and dismissed the action with prejudice. The plaintiffs have appealed.

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 user-friendly 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.

Broadcast Innovation, L.L.C.

During 2001, Broadcast Innovation, L.L.C. (“Broadcast Innovation”) filed a lawsuit against DISH Network, DirecTV, Thomson Consumer Electronics and others in United States District Court in Denver, Colorado. The suit alleges infringement of United States Patent Nos. 6,076,094 (the ‘094 patent) and 4,992,066 (the ‘066 patent). The ‘094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The ‘066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving DISH Network as the only defendant.

During 2004, the District Court issued an order finding the ‘066 patent invalid. Also in 2004, the District Court found the ‘094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States Court of Appeals for the Federal Circuit overturned that finding of invalidity with respect to the ‘094 patent and remanded the

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Charter case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The District Court has stayed the Charter case pending reexamination, and our case has been stayed pending resolution of the Charter case.

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 user-friendly 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.

Finisar Corporation

Finisar Corporation ("Finisar") obtained a $100 million verdict in the United States District Court for the Eastern District of Texas against DirecTV for patent infringement. Finisar alleged that DirecTV's electronic program guide and other elements of its system infringe United States Patent No. 5,404,505 (the '505 patent).

During 2006, we and DISH Network, together with NagraStar LLC, filed a Complaint for Declaratory Judgment in the United States District Court for the District of Delaware against Finisar that asks the Court to declare that we do not infringe, and have not infringed, any valid claim of the '505 patent. Finisar brought counterclaims against us, DISH Network and NagraStar alleging that we infringed the '505 patent. During April 2008, the Federal Circuit reversed the judgment against DirecTV and ordered a new trial. On remand, the District Court granted summary judgment in favor of DirecTV and during January 2010, the Federal Circuit affirmed the District Court's grant of summary judgment, and dismissed the action with prejudice. Finisar then agreed to dismiss its counterclaims against us, DISH Network and NagraStar without prejudice. We also agreed to dismiss our Declaratory Judgment action without prejudice.

Nazomi Communications

On February 10, 2010, Nazomi Communications, Inc. ("Nazomi") filed suit against Sling Media, Inc, a subsidiary of ours, and several other defendants, 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.

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.

NorthPoint Technology

On July 2, 2009, NorthPoint Technology, Ltd 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.

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

During 2008, Personalized Media Communications, Inc. 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.

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 user-friendly 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.

Technology Development Licensing

On January 22, 2009, Technology Development and Licensing LLC 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. 35,952, which relates to certain favorite channel features. In July 2009, the Court granted our motion to stay the case pending two re-examination 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 user-friendly 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.

Tivo Inc.

During January 2008, the United States Court of Appeals for the Federal Circuit affirmed in part and reversed in part the April 2006 jury verdict concluding that certain of our digital video recorders, or DVRs, infringed a patent held by Tivo. In its January 2008 decision, the Federal Circuit affirmed the jury's verdict of infringement on Tivo's "software claims," and upheld the award of damages from the District Court. The Federal Circuit, however, found that we did not literally infringe Tivo's "hardware claims," and remanded such claims back to the District Court for further proceedings. On October 6, 2008, the Supreme Court denied our petition for certiorari. As a result, DISH Network paid approximately $105 million to Tivo.

We also developed and deployed "next-generation" DVR software. This improved software was automatically downloaded to our current customers' DVRs, and is fully operational (our "original alternative technology"). The download was completed as of April 2007. We received written legal opinions from outside counsel that concluded our original alternative technology does not infringe, literally or under the doctrine of equivalents, either the hardware or software claims of Tivo's patent. Tivo filed a motion for contempt alleging that we are in violation of the Court's injunction. We opposed this motion on the grounds that the injunction did not apply to DVRs that have received our original alternative technology, that our original alternative technology does not infringe Tivo's patent, and that we were in compliance with the injunction.

In June 2009, the United States District Court granted Tivo's motion for contempt, finding that our original alternative technology was not more than colorably different than the products found by the jury to infringe Tivo's patent, that the original alternative technology still infringed the software claims, and that even if the original alternative technology

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was "non-infringing," the original injunction by its terms required that DISH Network disable DVR functionality in all but approximately 192,000 digital set-top boxes in the field. The District Court also amended its original injunction to require that we inform the court of any further attempts to design around Tivo's patent and seek approval from the court before any such design-around is implemented. The District Court awarded Tivo $103 million in supplemental damages and interest for the period from September 2006 through April 2008, based on an assumed $1.25 per subscriber per month royalty rate. DISH Network posted a bond to secure that award pending appeal of the contempt order. On July 1, 2009, the Federal Circuit Court of Appeals granted a permanent stay of the District Court's contempt order pending resolution of our appeal.

The District Court held a hearing on July 28, 2009 on Tivo's claims for contempt sanctions, but has ordered that enforcement of any sanctions award will be stayed pending resolution of our appeal of the contempt order. Tivo sought up to $975 million in contempt sanctions for the period from April 2008 to June 2009 based on, among other things, profits Tivo alleges DISH Network made from subscribers using DVRs. We opposed Tivo's request arguing, among other things, that sanctions are inappropriate because we made good faith efforts to comply with the Court's injunction. We also challenged Tivo's calculation of profits.

On August 3, 2009, the Patent and Trademark Office (the "PTO") issued an initial office action rejecting the software claims of United States Patent No. 6,233,389 (the'389 patent) as being invalid in light of two prior patents. These are the same software claims that we were found to have infringed and which underlie the contempt ruling that we are now appealing. We believe that the PTO's conclusions are relevant to the issues on appeal as well as the pending sanctions proceedings in the District Court. The PTO's conclusions support our position that our original alternative technology is more than colorably different than the devices found to infringe by the jury; that our original alternative technology does not infringe; and that we acted in good faith to design around Tivo's patent.

On September 4, 2009, the District Court partially granted Tivo's motion for contempt sanctions. In partially granting Tivo's motion for contempt sanctions, the District Court awarded $2.25 per DVR subscriber per month for the period from April 2008 to July 2009 (as compared to the award for supplemental damages for the prior period from September 2006 to April 2008, which was based on an assumed $1.25 per DVR subscriber per month). By the District Court's estimation, the total award for the period from April 2008 to July 2009 is approximately $200 million (the enforcement of the award has been stayed by the District Court pending resolution of our appeal of the underlying June 2009 contempt order). The District Court also awarded Tivo its attorneys' fees and costs incurred during the contempt proceedings. On February 8, 2010, we and Tivo submitted a stipulation to the District Court that the attorneys' fees and costs, including expert witness fees and costs, that Tivo incurred during the contempt proceedings amounted to $6 million.

In light of the District Court's finding of contempt, and its description of the manner in which it believes our original alternative technology infringed the '389 patent, we are also developing and testing potential new alternative technology in an engineering environment. As part of our development process, we downloaded several of our design-around options to less than 1,000 subscribers for "beta" testing.

Oral argument on our appeal of the contempt ruling took place on November 2, 2009, before a three-judge panel of the Federal Circuit Court of Appeals. On March 4, 2010, the Federal Circuit affirmed the District Court's contempt order in a 2-1 decision. We filed a petition for en banc review of that decision by the full Federal Circuit and requested that the District Court approve the implementation of one of our new design-around options on an expedited basis. There can be no assurance that our petition for en banc review will be granted, and historically such petitions have rarely been granted. Nor can there be any assurance that the District Court will approve the implementation of one of our design-around options. Tivo has stated that it will seek additional damages for the period from June 2009 to the present.

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If we are unsuccessful in overturning the District Court's ruling on Tivo's motion for contempt, we are not successful in developing and deploying potential new alternative technology and we are unable to reach a license agreement with Tivo on reasonable terms, we would be required to cease distribution of digital set-top boxes with DVR functionality. In that event, our sales of digital set-top boxes to DISH Network and others would likely significantly decrease and could even potentially cease for a period of time. Furthermore, the inability to offer DVR functionality would place us at a significant disadvantage to our competitors and make it even more difficult for us to penetrate new markets for digital set-top boxes. The adverse effect on our financial position and results of operations if the District Court's contempt order is upheld would be significant.

If we are successful in overturning the District Court's ruling on Tivo's motion for contempt, but unsuccessful in defending against any subsequent claim in a new action that our original alternative technology or any potential new alternative technology infringes Tivo's patent, we could be prohibited from distributing DVRs. In that event we would be at a significant disadvantage to our competitors who could continue offering DVR functionality and the adverse effect on our business would be material.

Because both we and DISH Network are defendants in the Tivo lawsuit, we and DISH Network are jointly and severally liable to Tivo for any final damages and sanctions that may be awarded by the Court. DISH Network has agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We have agreed to contribute an amount equal to our $5 million intellectual property liability limit under the Receiver Agreement. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the Receiver Agreement. Therefore, during the second quarter of 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of $5 million to reflect this contribution. 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.

Because we are jointly and severally liable with DISH Network, to the extent that DISH Network does not or is unable to pay any damages or sanctions arising from this lawsuit, we would then be liable for any portion of these damages and sanctions not paid by DISH Network. Any amounts that DISH Network may be required to pay could impair its ability to pay us and also negatively impact our future liquidity.

If we become liable for any portion of these damages or sanctions, we may be required to raise additional capital at a time and in circumstances in which we would normally not raise capital and there can be no assurance that such capital would be available on terms that would be attractive to us or at all. Therefore, any capital we raise may be on terms that are unfavorable to us, which might adversely affect our financial position and results of operations and might also impair our ability to raise capital on acceptable terms in the future to fund our own operations and initiatives.

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.

11. 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 as two business units.

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- ***"Digital Set-Top Box" Business*** — which designs, develops and distributes digital set-top boxes and related products, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Our "Digital Set-Top Box" business also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services provided primarily to DISH Network.

- ***"Satellite Services" Business*** — which uses our ten owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full time and occasional-use basis to enterprise, broadcast news and government organizations. We currently lease capacity primarily to DISH Network, and secondarily to Dish Mexico, government entities, Internet service providers, broadcast news organizations and private enterprise customers. We also deliver our ViP-TV transport service, offering MPEG-4 encoded Internet Protocol, or IP, streams of video and audio channels to telecommunication companies and small cable operators.

The "All Other" category consists of revenue and net income (loss) from other operations including our corporate investment portfolio for which segment disclosure requirements do not apply.

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Revenue:		
Digital set-top box	$ 559,268	$ 433,857
Satellite services	63,557	40,935
All other	4,255	4,755
Total revenue	$ 627,080	$ 479,547
Net income (loss):		
Digital set-top box	$ 10,408	$ (7,832)

Satellite services	5,951	(1,512)
All other	55,387	8,699
Total net income (loss)	$ 71,746	$ (645)

Geographic Information and Transactions with Major Customers

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

	North America	All Other	Total
		(In thousands)	
Long-lived assets, including FCC authorizations:			
As of March 31, 2010	$ 1,399,386	$ 42,916	$ 1,442,302
As of December 31, 2009	$ 1,411,292	$ 43,516	$ 1,454,808
Revenue:			
For the three months ended March 31, 2010	$ 616,222	$ 10,858	$ 627,080
For the three months ended March 31, 2009	$ 469,067	$ 10,480	$ 479,547

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Transactions with Major Customers. During the three months ended March 31, 2010 and 2009, North American revenue in the table above primarily included sales to two major customers. The following table summarizes sales to each customer and its percentage of total revenue.

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
Total revenue:		
DISH Network	$ 500,908	$ 412,204
Bell TV	73,308	45,456
Other	52,864	21,887
Total revenue	$ 627,080	$ 479,547
Percentage of total revenue:		
DISH Network	79.9%	86.0%
Bell TV	11.7%	9.5%

12. Related Party Transactions

Related Party Transactions with 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 our Chairman, Charles W. Ergen or by certain trusts established by Mr. Ergen for the benefit of his family.

In connection with the Spin-off and subsequent to the Spin-off, 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. The following is a summary of the terms of the principal agreements that we have entered into with DISH Network that may have an impact on our financial position and results of operations.

In the near term, we expect that DISH Network will remain our principal customer. However, except as otherwise noted below, DISH Network has no obligation to purchase digital set-top boxes, satellite services or digital broadcast operation services from us after January 1, 2011 because these services are provided pursuant to contracts that generally expire on that date. Therefore, if we are unable to extend these contracts on similar terms with DISH Network, or if we are otherwise unable to obtain similar contracts from third parties before that date, there could be a significant adverse effect on our business, results of operations and financial position.

Generally, the prices charged for products and services provided under the agreements entered into in connection with the Spin-off are based on our cost plus a fixed margin, which varies depending on the nature of the products and services provided.

"Equipment revenue — DISH Network"

Receiver Agreement. In connection with the Spin-off, we entered into a receiver agreement pursuant to which DISH Network has the right but not the obligation to purchase digital set-top boxes, related accessories, and other equipment from us for a period ending on January 1, 2011. DISH Network has the right, but not the obligation, to extend the receiver agreement for one additional year. The receiver agreement allows DISH Network to purchase digital set-top boxes, related accessories, and other equipment from us at cost plus a fixed margin, which varies depending on the nature of the equipment purchased.

Additionally, we provide DISH Network with standard manufacturer warranties for the goods sold under the receiver agreement. DISH Network may terminate the

receiver agreement for any reason upon sixty days written notice. We may terminate this agreement if certain entities were to acquire DISH Network. The receiver agreement also includes an indemnification provision, whereby the parties indemnify each other for certain intellectual property matters.

"Services and other revenue — DISH Network"

Broadcast Agreement. In connection with the Spin-off, we entered into a broadcast agreement pursuant to which DISH Network receives broadcast services, including teleport services such as transmission and downlinking, channel origination, and channel management services from us for a period ending on January 1, 2011. DISH Network has the right, but not the obligation, to extend the broadcast agreement for one additional year. DISH Network may terminate channel origination and channel management services for any reason and without any liability upon sixty days written notice to us. If DISH Network terminates teleport services for a reason other than our breach, DISH Network must pay us a sum equal to the aggregate amount of the remainder of the expected cost of providing the teleport services.

Satellite Capacity Agreements. In connection with the Spin-off and subsequent to the Spin-off, we entered into certain satellite capacity agreements pursuant to which DISH Network leases certain 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 frequency on which the applicable satellite provides services. The term of each of the leases is set forth below:

EchoStar III, VI, VIII, and XII. DISH Network leases certain satellite capacity from us on EchoStar III, 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 transponder 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 in 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 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 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.

Nimiq 5 Agreement. During September 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 orbital location (the "Telesat Transponder Agreement"). During September 2009, DISH Network also entered into a satellite service agreement (the "DISH Telesat Agreement") with us, pursuant to which they will receive service from us on all 32 of the DBS transponders covered by the Telesat Transponder Agreement. DISH Network is currently receiving service on 21 of these DBS transponders and will receive service on the remaining 11 DBS transponders over a phase-in period that will be completed in 2012.

Under the terms of the DISH Telesat Agreement, DISH Network makes certain monthly payments to us that commenced in October 2009 when the Nimiq 5 satellite was placed in service and continue through the service term. Unless earlier terminated under the terms and conditions of the DISH Telesat Agreement, the service term will expire ten years following the date it was placed in service. Upon expiration of the initial term DISH Network has the option to renew the DISH Telesat 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 this agreement will be exercised or that DISH Network will exercise its option to receive service on a replacement satellite.

Launch Service. On December 21, 2009, we assigned the rights under one of our launch contracts to DISH Network for its fair value of $103 million. We recorded the assignment of the launch contract at our net book value of $89 million and recorded the $14 million difference between our carrying value and DISH Network's purchase price as a capital transaction to DISH Network.

QuetzSat-1 Lease Agreement. During 2008, we entered into a ten-year satellite service agreement with SES Latin America S.A. ("SES"), which provides, among other things, for the provision by SES to us of service on 32 DBS transponders on the QuetzSat-1 satellite expected to be placed in service at the 77 degree orbital location. During 2008, we also entered into a transponder service agreement ("QuetzSat-1 Transponder Agreement") with DISH Network pursuant to which they will receive service from us on 24 of the DBS transponders on QuetzSat-1, which will replace certain other transponders leased from us. The remaining eight DBS transponders on QuetzSat-1 are expected to be used by Dish Mexico.

Under the terms of the QuetzSat-1 Transponder Agreement, DISH Network will make certain monthly payments to us commencing when the QuetzSat-1 satellite is placed into service and continuing through the service term. Unless earlier terminated under the terms and conditions of the QuetzSat-1 Transponder Agreement, the service term will expire ten years following the actual service commencement date. Upon expiration of the initial term, DISH Network has the option to renew the QuetzSat-1 Transponder Agreement on a year-to-year basis through the end of life of the QuetzSat-1 satellite. Upon a launch failure, 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. QuetzSat-1 is expected to be completed during 2011.

TT&C Agreement. In connection with the Spin-off, we entered into a telemetry, tracking and control ("TT&C") agreement pursuant to which we provide TT&C services to DISH Network and its subsidiaries for a period ending on January 1, 2011. DISH Network has the right, but not the obligation, to extend the agreement for up to one additional year. The fees for the services provided under the TT&C agreement are equal to our cost plus a fixed margin. DISH Network may terminate the TT&C agreement for any reason upon sixty days prior written notice.

Real Estate Lease Agreements. We have entered into certain 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 a 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 January 1, 2011.

Meridian Lease Agreement. The lease for all of 9601 S. Meridian Blvd. in Englewood, Colorado, is for a period ending on January 1, 2011 with annual renewal options for up to two additional years.

Santa Fe Lease Agreement. The lease for all of 5701 S. Santa Fe Dr. in Littleton, Colorado, is for a period ending on January 1, 2011 with annual renewal options for up to two additional years.

Gilbert Lease Agreement. The lease for certain space at 801 N. DISH Dr. in Gilbert, Arizona expired on January 1, 2010.

EDN Sublease Agreement. The sublease for certain space at 211 Perimeter Center in Atlanta, Georgia, is for a period of three years, ending on April 30, 2011.

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 digital set-top boxes and related accessories 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 equal to our 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 accessories, unless terminated earlier. DISH Network may terminate the product support agreement for any reason upon sixty days prior written 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.

Satellite Procurement Agreement. In connection with the Spin-off, we entered into a satellite procurement agreement pursuant to which DISH Network had the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network. The satellite procurement agreement expired on January 1, 2010. However, we and DISH Network have agreed that following January 1, 2010, DISH Network continues to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network pursuant to the Professional Services Agreement as described below.

Services Agreement. In connection with the Spin-off, we entered into a services agreement pursuant to which DISH Network had the right, but not the obligation, to receive logistics, procurement and quality assurance services from us. This agreement expired on January 1, 2010. However, we and DISH Network have agreed that following January 1, 2010, DISH Network continues to have the right, but not the obligation, to receive from us certain of the services previously provided under the services agreement pursuant to the Professional Services Agreement as discussed below.

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 120 days written notice to us.

DISH Remote Access Services Agreement. Effective January 1, 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 120 days written 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 120 days written notice to us.

"General and administrative expenses — DISH Network"

Management Services Agreement. In connection with the Spin-off, we entered into 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, Bernard L. Han, R. Stanton Dodge and Paul W. Orban remain employed by DISH Network, but also serve as our Executive Vice President and Chief Financial Officer, Executive Vice President and General Counsel, and Senior Vice President and Controller, respectively. 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, 2010 for an additional one-year period through January 1, 2011 and renews automatically for successive one-year periods thereafter, unless terminated

earlier (i) by us at any time upon at least 30 days' prior written notice, (ii) by DISH Network at the end of any renewal term, upon at least 180 days' prior notice; or (iii) by DISH Network upon written 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.

Transition Services Agreement. In connection with the Spin-off, we entered into a transition services agreement with DISH Network pursuant to which we had the right, but not the obligation, to receive the following services from DISH Network: finance, information technology, benefits administration, travel and event coordination, human resources, human resources development (training), program management, internal audit, legal, accounting and tax, and other support services. The fees for the services provided under the transition services agreement were equal to cost plus a fixed margin, which varied depending on the nature of the services provided. The transition services agreement expired on January 1, 2010. However, we and DISH Network have agreed that following January 1, 2010 we continue to have the right, but not the obligation, to receive from DISH Network certain of the services previously provided under the transition services agreement pursuant to the Professional Services Agreement, as discussed below.

Professional Services Agreement. During December 2009, we and DISH Network agreed that following January 1, 2010, we would continue to have the right, but not the obligation, to receive from DISH Network the following services, 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, following January 1, 2010, DISH Network continues to have the right, but not the obligation, to engage us to manage the process of procuring new satellite capacity for DISH Network (which services were previously provided under the satellite procurement agreement) and receive logistics, procurement and quality assurance services from us (which services were previously provided under the services agreement). The professional services agreement has a term of one year ending on January 1, 2011, but renews automatically for successive one-year periods thereafter, unless terminated earlier by either party at the end of the then-current term, upon at least 60 days' prior notice. However, either party may terminate the services it receives with respect to a particular service for any reason upon 30 days notice.

Other Agreements — DISH Network

Satellite Capacity Leased from DISH Network. In December 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 frequency on which the satellite provides services. 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 in 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.

Packout Services Agreement. In connection with the Spin-off, we entered into a packout services agreement, whereby we had the right, but not the obligation, to engage a DISH Network subsidiary to package and ship satellite receivers to customers that are not associated with DISH Network or its subsidiaries. This agreement expired on January 1, 2010.

Remanufactured Receiver Agreement. In connection with the Spin-off, we entered into a remanufactured receiver agreement with DISH Network under which we have the right to purchase remanufactured receivers and accessories from DISH Network for a two-year period ending on January 1, 2010. In August 2009, we and DISH Network

extended this agreement through January 1, 2011 at cost plus a fixed margin, which varies depending on the nature of the equipment. We may terminate the remanufactured receiver agreement for any reason upon sixty days written notice to us. DISH Network may also terminate this agreement if certain entities acquire it.

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 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. Because both we and DISH Network are defendants in the Tivo lawsuit, we and DISH Network are jointly and severally liable to Tivo for any final damages and sanctions that may be awarded by the Court. DISH Network has agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We have agreed to contribute an amount equal to our $5 million intellectual property liability limit under the Receiver Agreement. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the Receiver Agreement. Therefore, during the second quarter 2009, we recorded a charge included in “General and administrative expenses — DISH Network” on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of $5 million to reflect this contribution. 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.

Multimedia Patent Trust. In December 2009, DISH Network agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for all of the costs to settle this lawsuit relating to the period prior to the Spin-off and a portion of such settlement costs relating to the period after the Spin-off. We have agreed that our contribution towards such settlement costs shall not be applied against our aggregate liability cap under the Receiver Agreement.

International Programming Rights Agreement. During the three months ended March 31, 2010 and 2009, DISH Network purchased certain international rights for sporting events from us included in “Services and other revenue — DISH Network” on the Condensed Consolidated Statements of Operations and Comprehensive Income (Loss) for approximately $2 million and zero dollars, respectively, of which we only retain a certain portion.

Other Agreements

On November 4, 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.

Related Party Transactions with 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,	
	2010	2009
	(In thousands)	
Purchases:		
Purchases from NagraStar	$ 2,820	$ 4,358

	As of	
	March 31, 2010	December 31, 2009
	(In thousands)	
Amounts Payable and Commitments:		
Amounts payable to NagraStar	$ 2,775	$ 3,683
Commitments to purchase from NagraStar	$ 21,321	$ 11,836

Related Party Transactions with Dish Mexico

During 2008, we entered into a joint venture for a direct-to-home, or DTH, service in Mexico known as Dish Mexico, S. de R.L. de C.V., or 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. Subject to a number of conditions, including regulatory approvals and compliance with various other arrangements, we

committed to provide approximately $112 million of value over an initial ten year period, of which $91 million has been satisfied in the form of cash, equipment and services, leaving $21 million remaining under this commitment. Of the remaining commitment, approximately $10 million is expected to be paid in cash and the remaining amounts may be satisfied in the form of certain services or equipment. During the three months ended March 31, 2010, we sold $26 million of set-top boxes and related accessories to Dish Mexico that are not related to the original commitment associated with our investment in Dish Mexico. As of March 31, 2010, amounts receivable from Dish Mexico totaled $6 million.

Related Party Transactions with a Joint Venture in Taiwan

During December 2009, we entered into a joint venture to provide a DTH service in Taiwan and certain other targeted regions in Asia. We own 50% and have joint control of the joint venture. Pursuant to these 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. As of March 31, 2010, $4 million has been drawn on the line of credit.

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

You should read the following 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/A for the year ended December 31, 2009 and this Quarterly Report on Form 10-Q, under the caption "Item 1A. Risk Factors."

EXECUTIVE SUMMARY

Overview

EchoStar Corporation is a holding company, whose subsidiaries operate two primary business units:

- ***"Digital Set-Top Box" Business*** — which designs, develops and distributes digital set-top boxes and related products, including our Slingbox "placeshifting" technology, primarily for satellite TV service providers, telecommunication and cable companies and, with respect to Slingboxes, directly to consumers via retail outlets. Our "Digital Set-Top Box" business also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services provided primarily to DISH Network.

- ***"Satellite Services" Business*** — which uses our ten owned and leased in-orbit satellites and related FCC licenses to lease capacity on a full time and occasional-use basis to enterprise, broadcast news and government organizations. We currently lease capacity primarily to DISH Network, and secondarily to Dish Mexico, government entities, Internet service providers, broadcast news organizations and private enterprise customers. We also deliver our ViP-TV transport service, offering MPEG-4 encoded Internet Protocol, or IP, streams of video and audio channels to telecommunication companies and small cable operators.

"Digital Set-Top Box" Business

Our "Digital Set-Top Box" business 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 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 anywhere in the world 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 and other international customers.

Our "Digital Set-Top Box" business also provides digital broadcast operations including satellite uplinking/downlinking, transmission services, signal processing, conditional access management and other services 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 can provide end-to-end pay TV delivery systems incorporating our satellite and backhaul capacity, customized digital set-top boxes and related components, and network design and management.

During 2008, we entered into a joint venture for a direct-to-home, or DTH, service in Mexico known as Dish Mexico, S. de R.L. de C.V., or 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. Subject to a number of conditions, including regulatory approvals and compliance with various other arrangements, we committed to provide approximately $112 million of value over an initial ten year period, of which $91 million has been satisfied in the form of cash, equipment and services, leaving $21 million remaining under this commitment.

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

Of the remaining commitment, approximately $10 million is expected to be paid in cash and the remaining amounts may be satisfied in the form of certain services or equipment. During the three months ended March 31, 2010, we sold $26 million of set-top boxes and related accessories to Dish Mexico that are not related to the original commitment associated with our investment in Dish Mexico.

During December 2009, we entered into a joint venture to provide a DTH service in Taiwan and certain other targeted regions in Asia. We own 50% and have joint control of the joint venture. Pursuant to these 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. As of March 31, 2010, $4 million has been drawn on the line of credit.

Dependence on DISH Network. We currently depend on DISH Network for a substantial portion of the revenue for our "Digital Set-Top Box" business and we expect for the foreseeable future that DISH Network will continue to be the primary source of revenue for each of our businesses. Therefore, our results of operations are and will for the foreseeable future be closely linked to the performance of DISH Network's satellite pay-TV business. In addition, while we expect to sell equipment to other customers, the number of potential new customers for our "Digital Set-Top Box" business 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.

Changes in DISH Network subscriber growth could have a material adverse affect on our digital set-top box sales. In particular, factors that have an adverse affect on DISH Network may have an adverse impact on us. To the extent that DISH Network subscriber growth decreases as a result of weak economic conditions in the United States or otherwise, sales of our digital set-top boxes to DISH Network may decline.

The impact to us of any weakening of DISH Network subscriber growth may be offset over the near term by an increase in sales to DISH Network resulting from the upgrade of DISH Network subscribers to advanced products such as high definition ("HD") receivers, digital video recorders ("DVRs") and HD DVRs, as well as by the upgrade of DISH Network digital set-top boxes to new technologies such as MPEG-4 digital compression technology or Slingbox placeshifting technology. However, there can be no assurance that any of these factors will mitigate any weakening of subscriber growth at DISH Network. In addition, although we expect DISH Network to continue to purchase products and services from us, there can be no assurance that DISH Network will continue to purchase products and services from us 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 even maintain our revenue will be impacted.

Additional Challenges for our "Digital Set-Top Box" Business. We believe that our best opportunities for developing potential new customers for our "Digital Set-Top Box" business 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, primarily located in Asia, 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

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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 that are principally located in Asia. 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.

Weakened economic conditions 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 "Digital Set-Top Box" business. Our ability to reduce production costs could be negatively impacted by the economic conditions which could cause inflated pricing as a result of a shortage of available parts.

"Satellite Services" Business

Our satellite services segment consists principally of transponder leasing provided primarily to DISH Network, and secondarily to Dish Mexico, government entities, Internet service providers, broadcast news organizations and private enterprise customers. We also deliver our ViP-TV transport service, offering MPEG-4 encoded Internet Protocol, or IP, streams of video and audio channels to telecommunication companies and small cable operators. We operate the "Satellite Services" business using our owned and leased in-orbit satellites, multiple digital broadcast centers and other transmission assets. We are also

pursuing 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.

The American Recovery and Reinvestment Act of 2009 ("ARRA") has allocated $7.2 billion to expand access to broadband services. Of this amount, $2.5 billion is administered by the Rural Utilities Service ("RUS") for deployment of broadband projects in rural, unserved and underserved communities across the United States and $4.7 billion has been allocated to the National Telecommunications and Information Administration ("NTIA") of the United States Department of Commerce to fund broadband initiatives throughout the U.S, including unserved and underserved areas. Our proposals for broadband stimulus funds in the first round of funding were not granted. The agencies have announced a second round of funding that will total several billion dollars. This will include a set-aside of at least $100 million for satellite projects. We submitted an application, and are currently evaluating whether to submit any additional applications, for the second round of funding. We cannot be sure if any such applications will be granted, or that they will be granted on acceptable terms. If any of our applications are granted and we accept the terms of such grant(s), we may become subject to certain regulations promulgated by the agencies.

Dependence on DISH Network. We currently depend on DISH Network for a substantial portion of the revenue for our "Satellite Services" business. Therefore, our results of operations are and will for the foreseeable future be closely linked to the performance of DISH Network's satellite pay-TV business.

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 business.

During September 2009, we entered into a ten-year satellite service agreement with DISH Network for capacity on the Nimiq 5 satellite. Pursuant to this agreement, DISH Network will receive service from us on all 32 of the DBS

transponders covered by our satellite service agreement with Telesat. DISH Network is currently receiving service on 21 of these DBS transponders and will receive service on the remaining 11 DBS transponders over a phase-in period that will be completed in 2012.

During 2008, we entered into a ten-year satellite service agreement with DISH Network for capacity on the QuetzSat-1 satellite. QuetzSat-1 is expected to be launched in 2011 and will operate at the 77 degree orbital location. Pursuant to this agreement, DISH Network will receive service from us on 24 of the 32 DBS transponders covered by our satellite service agreement with SES Latin America S.A. ("SES").

In addition, because the number of potential new customers for our "Satellite Services" business is small and may be limited by our relationship with DISH Network, 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 "Satellite Services" Business. Our ability to expand revenues in the "Satellite Services" business will likely require that we displace incumbent suppliers that generally have well established business models and often benefit from long-term contracts with customers. As a result, to grow our "Satellite Services" business we may need to develop or otherwise acquire access to new satellite-delivered services so that we may offer customers differentiated services. However, there can be no assurance that we would be able to develop or otherwise acquire access to successful new satellite-delivered services or 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.

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 business, 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, current 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 further 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.

Future Capital Sources

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through 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 depend heavily on their needs for equipment and services. As a result, there can be no assurances that we will always have positive cash flows from operations and should our cash flows turn negative, our existing cash and marketable investment securities balances may be reduced. In addition, if we are unsuccessful in overturning the District Court's ruling on Tivo's motion for

contempt, we are not successful in developing and deploying potential new alternative technology and we are unable to reach a license agreement with Tivo on reasonable terms, we would be required to cease distribution of digital set-top boxes with DVR functionality. In that event, our sales of digital set-top boxes to DISH Network and others would likely significantly decrease and could even potentially cease for a period of time. Furthermore, the inability to offer DVR functionality would place us at a significant disadvantage to our competitors and make it even more difficult for us to penetrate new markets for digital set-top boxes. The adverse effect on our financial position and results of operations if the District Court's contempt order is upheld would be significant.

If we are successful in overturning the District Court's ruling on Tivo's motion for contempt, but unsuccessful in defending against any subsequent claim that our original alternative technology or any potential new alternative technology infringes Tivo's patent, we could be prohibited from distributing DVRs. In that event we would be at a significant disadvantage to our competitors who could continue offering DVR functionality and the adverse effect on our business would be material.

Because both we and DISH Network are defendants in the Tivo lawsuit, we and DISH Network are jointly and severally liable to Tivo for any final damages and sanctions that may be awarded by the Court. DISH Network has agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We have agreed to contribute an amount equal to our $5 million intellectual property liability limit under the Receiver Agreement. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the Receiver Agreement. Therefore, during the second quarter of 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of $5 million to reflect this contribution. 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.

Because we are jointly and severally liable with DISH Network, to the extent that DISH Network does not or is unable to pay any damages or sanctions arising from this lawsuit, we would then be liable for any portion of these damages and sanctions not paid by DISH Network. Any amounts that DISH Network may be required to pay could impair its ability to pay us and also negatively impact our future liquidity.

If we become liable for any portion of these damages or sanctions, we may be required to raise additional capital at a time and in circumstances in which we would normally not raise capital and there can be no assurance that such capital would be available on terms that would be attractive to us or at all. Therefore, any capital we raise may be on terms that are unfavorable to us, which might adversely affect our financial position and results of operations and might also impair our ability to raise capital on acceptable terms in the future to fund our own operations and initiatives.

Other Risks

Our profitability is affected by our noncurrent marketable investment securities which are accounted for at fair value. These securities had a fair value of $511 million and $434 million as of March 31, 2010 and December 31, 2009, respectively. The fluctuations in fair value of these investments are recorded in "Unrealized gains (losses) on investments accounted for at fair value, net" on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) and directly impact our profitability. For the three months ended March 31, 2010, we recorded a $66 million gain on these investments compared to $7 million for the same period in 2009. These investments are highly speculative and have experienced and continue to experience significant volatility. The fair value of these 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 company whose securities we have invested in, their ability to obtain sufficient capital to execute their business plans, risks associated with their specific industries, and other factors.

Our profitability is also affected by costs associated with our efforts to expand our sales, marketing, product development and general and administrative capabilities in all of our businesses. As we expand internationally, we may also incur additional costs to conform our digital set-top boxes to comply with local laws or local specifications and to ship our digital set-top boxes to our international customers.

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 international and domestic customers, including sales of Slingboxes and related hardware products.

***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 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 international and domestic customers, including costs associated with Slingboxes and related hardware products.

Cost of sales - services and other. "Cost of sales - services and other" principally 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 our digital set-top boxes, Slingboxes and related components, including among other things, salaries and consulting fees.

Selling, general and administrative expenses. "Selling, general and administrative expenses" consists primarily of 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 administration provided by DISH Network and other third parties.

Interest income. "Interest income" consists primarily of 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 capital lease obligations.

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 main component of "Other, net" is primarily equity in earnings and losses of our affiliates.

Earnings before interest, taxes, depreciation and amortization ("EBITDA"). EBITDA is defined as "Net income (loss)" plus "Interest expense" net of "Interest income," "Income taxes" and "Depreciation and amortization." This "non-GAAP measure" is reconciled to "Net income (loss)" in our discussion of "Results of Operations" below.

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

RESULTS OF OPERATIONS

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009.

Statements of Operations Data	For the Three Months Ended March 31, 2010	2009	Variance Amount	%
		(In thousands)		
Revenue:				
Equipment revenue - DISH Network	$ 385,848	$ 320,319	$ 65,529	20.5
Equipment revenue - other	111,703	56,911	54,792	96.3
Services and other revenue - DISH Network	115,060	91,885	23,175	25.2
Services and other revenue - other	14,469	10,432	4,037	38.7
Total revenue	627,080	479,547	147,533	30.8
Costs and Expenses:				
Cost of sales - equipment	422,208	327,017	95,191	29.1
% of Total equipment revenue	**84.9%**	**86.7%**		
Cost of sales - services and other	57,433	52,784	4,649	8.8
% of Total services and other revenue	**44.3%**	**51.6%**		
Research and development expenses	12,234	9,592	2,642	27.5
% of Total revenue	**2.0%**	**2.0%**		
Selling, general and administrative expenses	36,790	30,553	6,237	20.4
% of Total revenue	**5.9%**	**6.4%**		
Depreciation and amortization	57,649	61,949	(4,300)	(6.9)
Total costs and expenses	586,314	481,895	104,419	21.7
Operating income (loss)	40,766	(2,348)	43,114	NM
Other Income (Expense):				
Interest income	1,846	9,289	(7,443)	(80.1)
Interest expense, net of amounts capitalized	(11,595)	(7,286)	(4,309)	(59.1)
Unrealized and realized gains (losses) on marketable investment securities and other investments	(537)	1,323	(1,860)	(140.6)
Unrealized gains (losses) on investments accounted for at fair value, net	65,828	6,887	58,941	NM
Other, net	(1,671)	(2,585)	914	35.4
Total other income (expense)	53,871	7,628	46,243	NM

Income (loss) before income taxes	94,637	5,280	89,357	NM
Income tax (provision) benefit, net	(22,891)	(5,925)	(16,966)	NM
Effective tax rate	**24.2%**	**112.2%**		
Net income (loss)	$ 71,746	$ (645)	$ 72,391	NM
Other Data:				
EBITDA	$ 162,035	$ 65,226	$ 96,809	148.4

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Equipment revenue — DISH Network. "Equipment revenue — DISH Network" totaled $386 million during the three months ended March 31, 2010, an increase of $66 million or 20.5% compared to the same period in 2009. This change related primarily to an increase in unit sales of set-top boxes, partially offset by a decline in average revenue per unit and a decline in accessory sales. The decline in average revenue per unit was driven by continued manufacturing efficiencies and a change to one of our component vendor contracts, which reduced our set-top box costs. Pursuant to the receiver agreement, discussed below, set-top boxes are sold to DISH Network at cost plus a fixed margin resulting in a decline in revenue per unit when lower set-top box costs are incurred.

In the near term, we expect DISH Network to remain the primary customer of our "Digital Set-Top Box" business and the primary source of our total revenue. Pursuant to the commercial agreements we entered into with DISH Network, we are obligated to sell digital set-top boxes to DISH Network through January 1, 2011, although DISH Network has no obligation to purchase digital set-top boxes from us during or after this period. In addition, if DISH Network's subscriber growth declines, it may have a material adverse effect on our financial position and results of operations.

Equipment revenue — other. "Equipment revenue — other" totaled $112 million during the three months ended March 31, 2010, an increase of $55 million or 96.3% compared to the same period in 2009. This change resulted primarily from a $28 million increase in sales to Bell TV and sales of $26 million to Dish Mexico. Although the number of units sold to Bell TV increased, the average revenue per unit to Bell TV decreased compared to the same period in 2009 due to a change in sales mix and as a result of the early 2009 amendment to our agreement with Bell TV, discussed below. The sales to Dish Mexico were in addition to the original commitment associated with our investment in Dish Mexico.

Other than our revenue from DISH Network, a substantial majority of our North American revenue during the three months ended March 31, 2010 was attributable to sales of equipment to Bell TV. In early 2009, we completed a multi-year contract extension with Bell TV that makes us the exclusive provider of certain digital set-top boxes to Bell TV. The agreement includes fixed pricing over the term of the agreement as well as providing future engineering development for enhanced Bell TV service offerings. There can be no assurance that sales to Bell TV will continue at historical levels, and any decline could adversely affect our gross margins and profitability.

Services and other revenue — DISH Network. "Services and other revenue — DISH Network" totaled $115 million during the three months ended March 31, 2010, an increase of $23 million or 25.2% compared to the same period in 2009. The change was driven by an increase in transponder leasing primarily related to the Nimiq 5 satellite, which was placed in service in October 2009, and the increase in monthly lease rates per transponder on certain satellites based on the terms of our amended lease agreements. See Note 12 in the Notes to the Condensed Consolidated Financial Statements for further discussion.

Cost of sales — equipment. "Cost of sales — equipment" totaled $422 million during the three months ended March 31, 2010, an increase of $95 million or 29.1% compared to the same period in 2009. This change primarily resulted from an increase in sales of digital set-top boxes and related components to DISH Network and Bell TV and sales to Dish Mexico. "Cost of sales — equipment" represented 84.9% and 86.7% of total equipment sales during the three months ended March 31, 2010 and 2009, respectively. The improvement in the expense to revenue ratio principally resulted from a shift in the sales mix towards the sale of higher margin digital set-top boxes and related components.

Cost of sales — services and other. "Cost of sales - services and other" totaled $57 million during the three months ended March 31, 2010, an increase of $5 million or 8.8% compared to the same period during 2009. This change primarily resulted from an increase in costs associated with transponder leasing partially offset by other services provided to DISH Network. "Cost of sales - services and other" represented 44.3% and 51.6% of total "Services and other revenue" during the three months ended March 31, 2010 and 2009, respectively. The improvement in this expense to revenue ratio was primarily driven by an increase in transponder leasing revenue with relatively low variable costs.

Selling, general and administrative expenses. "Selling, general and administrative expenses" totaled $37 million during the three months ended March 31, 2010, an increase of $6 million or 20.4% compared to the same period in 2009. This increase was primarily attributable to an increase in personnel costs and in our marketing and advertising expenses. In addition, during the first quarter of 2009, this expense was positively impacted by the

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collection of a previously reserved receivable. "Selling, general and administrative expenses" represented 5.9% and 6.4% of "Total revenue" during the three months ended March 31, 2010 and 2009, respectively. The decrease in the ratio of the expenses to "Total revenue" was primarily attributable to the increase in "Total revenue" relative to the increase in expense, discussed previously.

Depreciation and amortization. "Depreciation and amortization" expense totaled $58 million during the three months ended March 31, 2010, a $4 million or 6.9% decrease compared to the same period in 2009. The decrease in "Depreciation and amortization" expense was primarily due to lower depreciation

expense on EchoStar III and other assets, which became fully depreciated in 2009, partially offset by depreciation expense associated with Nimiq 5 which was placed in service in October 2009.

Interest income. "Interest income" totaled $2 million during the three months ended March 31, 2010, a $7 million decrease compared to the same period in 2009. This change resulted from accretion income during the three months ended March 31, 2009 on marketable investment securities.

Interest expense, net of amounts capitalized. "Interest expense, net of amounts capitalized" totaled $12 million during the three months ended March 31, 2010, a $4 million increase compared to the same period in 2009. This change resulted from the interest expense associated with the capital lease for Nimiq 5 which was placed in service in October 2009.

Unrealized gains (losses) on investments accounted for at fair value, net. "Unrealized gains (losses) on investments accounted for at fair value, net" totaled $66 million during the three months ended March 31, 2010, a $59 million increase compared to the same period in 2009. This change is attributable to increases in fair value related to investments accounted for under the fair value method.

Earnings before interest, taxes, depreciation and amortization. EBITDA was $162 million during the three months ended March 31, 2010, an increase of $97 million compared to the same period in 2009. EBITDA for the three months ended March 31, 2010 was positively impacted by the increase of $59 million in "Unrealized gains (losses) on investments accounted for at fair value, net." The following table reconciles EBITDA to the accompanying financial statements.

	For the Three Months Ended March 31,	
	2010	2009
	(In thousands)	
EBITDA	$ 162,035	$ 65,226
Interest expense, net	(9,749)	2,003
Income tax (provision) benefit, net	(22,891)	(5,925)
Depreciation and amortization	(57,649)	(61,949)
Net income (loss)	$ 71,746	$ (645)

EBITDA is not a measure determined in accordance with accounting principles generally accepted in the United States, or 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 the digital set-top box industry.

Income tax (provision) benefit, net. The income tax provision totaled $23 million during the three months ended March 31, 2010, an increase of $17 million compared to the same period in 2009. This change resulted primarily from the increase in "Income (loss) before income taxes." During the three months ended March 31, 2010, our effective tax rate was impacted by the reversal of valuation allowances against certain deferred tax assets that are

capital in nature. During the three months ended March 31, 2009, our effective tax rate was impacted by the establishment of valuation allowances against certain deferred tax assets that are capital in nature.

Net income (loss). Our net income was $72 million during the three months ended March 31, 2010, an increase of $72 million compared to the same period in 2009. This increase was primarily attributable to the changes in revenue and expenses 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, 2010, our cash, cash equivalents and current marketable investment securities totaled $924 million compared to $829 million as of December 31, 2009, an increase of $95 million. This increase in cash, cash equivalents and current marketable investment securities was primarily related to a cash payment received from DISH Network of $103 million for the assignment of a launch contract, cash generated from operations of $29 million and an increase of $27 million in the value of certain marketable investment securities, partially offset by capital expenditures of $32 million, purchases of strategic investments of $19 million and repayment of debt of $13 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 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, 2010 and December 31, 2009, we held VRDNs with fair values of $228 million and $399 million, respectively.

The following discussion highlights our cash flow activities during the three months ended March 31, 2010.

Cash Flow

Cash flows from operating activities

For the three months ended March 31, 2010, we reported net cash flows from operating activities of $29 million. This amount is primarily comprised of net income adjusted for "Depreciation and amortization" and "Unrealized gains (losses) on investments accounted for at fair value, net" of $64 million, partially offset by changes in working capital of $36 million.

Cash flows from investing activities

For the three months ended March 31, 2010, we reported net cash inflows from investing activities of $124 million primarily related to a payment received from DISH Network of $103 million for the assignment of a launch contract, net sales of marketable investment securities of $72 million, partially offset by capital expenditures of $32 million and purchases of strategic investments of $19 million. The capital expenditures include $19 million of satellite related capital expenditures and $13 million of other corporate capital expenditures.

Cash flows from financing activities

For the three months ended March 31, 2010, we reported net cash outflows from financing activities of $12 million primarily resulting from repayment of debt.

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

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.

Stock Repurchases

We are currently authorized by our Board of Directors to repurchase up to $500 million of our Class A common stock through and including December 31, 2010. As of March 31, 2010, the full amount of the $500 million authorization remains available under the plan.

Contractual Obligations

As of March 31, 2010, future maturities of our contractual obligations are summarized as follows:

	Payments due by period						
	Total	2010	2011	2012	2013	2014	Thereafter
	(In thousands)						
Long-term debt obligations	$ 7,219	$ 684	$ 749	$ 808	$ 871	$ 940	$ 3,167
Capital lease obligations	439,420	37,626	53,055	57,728	63,656	65,745	161,610
Interest expense on long-term debt and capital lease obligations	244,812	30,554	36,671	31,834	26,502	20,616	98,635
Satellite-related obligations	1,175,075	159,315	188,164	113,989	80,972	77,802	554,833
Operating lease obligations	12,793	4,825	4,397	2,145	966	460	—
Purchase and other obligations	529,633	529,633	—	—	—	—	—
Total	$ 2,408,952	$ 762,637	$ 283,036	$ 206,504	$ 172,967	$ 165,563	$ 818,245

Future commitments related to satellites, including one satellite launch contract, are included in the table above under "Satellite-related obligations."

Our "Purchase and other obligations" primarily consist of binding purchase orders for digital set-top boxes and related components and we have corresponding commitments from our customers for the substantial majority of these obligations.

The table above does not include $15 million of liabilities associated with unrecognized tax benefits which were accrued and are included on our Condensed Consolidated Balance Sheets as of March 31, 2010. We do not expect any portion of this amount to be paid or settled within the next twelve months.

In certain circumstances the dates on which we are obligated to make these payments could be delayed. These amounts will increase to the extent we procure insurance for our satellites or contract for the construction, launch or lease of additional satellites.

AMC-16, an FSS satellite, commenced commercial operation during February 2005 and currently operates at the 85 degree orbital location. This SES World Skies satellite is equipped with 24 Ku-band FSS transponders that operate at approximately 120 watts per channel and a Ka-band payload consisting of 12 spot beams. During the first quarter of 2010, SES World Skies notified us that AMC-16 had experienced a solar-power anomaly which caused a power loss further reducing its capacity. Pursuant to the satellite services agreement, we are entitled to a reduction of our monthly recurring payment in the event of a partial loss of satellite capacity. Effective in early March 2010, the monthly recurring payment was reduced and as a result our capital lease obligation and the corresponding asset value was lowered by approximately $35 million.

During 2008, we entered into a joint venture for a direct-to-home, or DTH, service in Mexico known as Dish Mexico, S. de R.L. de C.V., or 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. Subject to a number of conditions, including regulatory approvals and compliance with various other arrangements, we committed to provide approximately $112 million of value over an initial ten year period, of which $91 million has been satisfied in the form of cash, equipment and services, leaving $21 million remaining under this commitment, included in the table captioned "Contractual Obligations and Off-Balance Sheet Arrangements" under "Purchase and other obligations." Of the remaining commitment, approximately $10 million is expected to be paid in cash and the

remaining amounts may be satisfied in the form of certain services or equipment. During the three months ended March 31, 2010, we sold $26 million of set-top boxes and related accessories to Dish Mexico that are not related to the original commitment associated with our investment in Dish Mexico.

During December 2009, we entered into a joint venture to provide a DTH service in Taiwan and certain other targeted regions in Asia. We own 50% and have joint control of the joint venture. Pursuant to these 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. As of March 31, 2010, $4 million has been drawn on the line of credit.

Off-Balance Sheet Arrangements

In general, we do not engage in off-balance sheet financing activities.

Future Capital Requirements

We primarily rely on our existing cash and marketable investment securities balances, as well as cash flow generated through 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 depend heavily on their needs for equipment and services. As a result, there can be no assurances that we will always have positive cash flows from operations and should our cash flows turn negative, our existing cash and marketable investment securities balances may be reduced. In addition, if we are unsuccessful in overturning the District Court's ruling on Tivo's motion for contempt, we are not successful in developing and deploying potential new alternative technology and we are unable to reach a license agreement with Tivo on reasonable terms, we would be required to cease distribution of digital set-top boxes with DVR functionality. In that event, our sales of digital set-top boxes to DISH Network and others would likely significantly decrease and could even potentially cease for a period of time. Furthermore, the inability to offer DVR functionality would place us at a significant disadvantage to our competitors and make it even more difficult for us to penetrate new markets for digital set-top boxes. The adverse effect on our financial position and results of operations if the District Court's contempt order is upheld would be significant.

If we are successful in overturning the District Court's ruling on Tivo's motion for contempt, but unsuccessful in defending against any subsequent claim that our original alternative technology or any potential new alternative technology infringes Tivo's patent, we could be prohibited from distributing DVRs. In that event we would be at a significant disadvantage to our competitors who could continue offering DVR functionality and the adverse effect on our business would be material.

Because both we and DISH Network are defendants in the Tivo lawsuit, we and DISH Network are jointly and severally liable to Tivo for any final damages and sanctions that may be awarded by the Court. DISH Network has agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We have agreed to contribute an amount equal to our $5 million intellectual property liability limit under the Receiver Agreement. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the Receiver Agreement. Therefore, during the second quarter of 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of $5 million to reflect this contribution. 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.

Because we are jointly and severally liable with DISH Network, to the extent that DISH Network does not or is unable to pay any damages or sanctions arising from this lawsuit, we would then be liable for any portion of these damages and sanctions not paid by DISH Network. Any amounts that DISH Network may be required to pay could impair its ability to pay us and also negatively impact our future liquidity.

If we become liable for any portion of these damages or sanctions, we may be required to raise additional capital at a time and in circumstances in which we would normally not raise capital and there can be no assurance that such capital would be available on terms that would be attractive to us or at all. Therefore, any capital we raise may be on terms that are unfavorable to us, which might adversely affect our financial position and results of operations and

might also impair our ability to raise capital on acceptable terms in the future to fund our own operations and initiatives.

The American Recovery and Reinvestment Act of 2009 ("ARRA") has allocated $7.2 billion to expand access to broadband services. Of this amount, $2.5 billion is administered by the Rural Utilities Service ("RUS") for deployment of broadband projects in rural, unserved and underserved communities across the United States and $4.7 billion has been allocated to the National Telecommunications and Information Administration ("NTIA") of the United States Department of Commerce to fund broadband initiatives throughout the U.S, including unserved and underserved areas. Our proposals for broadband stimulus

funds in the first round of funding were not granted. The agencies have announced a second round of funding that will total several billion dollars. This will include a set-aside of at least $100 million for satellite projects. We submitted an application, and are currently evaluating whether to submit any additional applications, for the second round of funding. We cannot be sure if any such applications will be granted, or that they will be granted on acceptable terms. If any of our applications are granted and we accept the terms of such grant(s), we may become subject to certain regulations promulgated by the agencies.

New Accounting Pronouncements

Revenue Recognition — Multiple-Deliverable Arrangements

In October 2009, the FASB issued Accounting Standards Update 2009-13 ("ASU 2009-13"), Revenue Recognition - Multiple-Deliverable Revenue Arrangements. ASU 2009-13 changes the requirements for establishing separate units of accounting in a multiple element arrangement and requires the allocation of arrangement consideration to each deliverable to be based on the relative selling price. We are currently evaluating the impact, if any, ASU 2009-13 will have on our consolidated financial statements, when adopted, as required, on January 1, 2011.

Item 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risks Associated With Financial Instruments

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

Cash, Cash Equivalents and Current Marketable Investment Securities

As of March 31, 2010, our cash, cash equivalents and current marketable investment securities had a fair value of $924 million. Of that amount, a total of $769 million was invested in: (a) cash; (b) debt instruments of the United States Government and its agencies; (c) 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 (d) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. The primary purpose of these investing activities has been to preserve principal until the cash is required to, 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. Based on our March 31, 2010 current non-strategic investment portfolio of $769 million, a hypothetical 10% increase in average interest rates would result in a decrease of approximately $15 million in fair value of this portfolio. We normally hold these investments to maturity; however, the hypothetical loss in fair value would be realized if we sold the investments prior to maturity.

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

Our cash, cash equivalents and current marketable investment securities had an average annual rate of return for the three months March 31, 2010 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% decrease in average interest rates during 2010 would result in a decrease of approximately $1 million in annual interest income.

Strategic Marketable Investment Securities

As of March 31, 2010, we held strategic and financial debt and equity investments of public companies with a fair value of $155 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 $16 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, 2010, we had $18 million of restricted cash and marketable investment securities invested in: (a) cash; (b) debt instruments of the United States Government and its agencies; (c) 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 (d) instruments with similar risk, duration and credit quality characteristics to the commercial paper described above. Based on our March 31, 2010 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, 2010, we had $656 million of public and nonpublic debt and equity instruments that we hold for strategic business purposes. We account for these investments under the cost, equity and/or fair value methods of accounting.

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. A hypothetical 10% adverse change in the price of these nonpublic debt and equity instruments would result in a decrease of approximately $66 million in the fair value of these investments.

Long-Term Debt

As of March 31, 2010, we had $447 million of long-term debt, of which $439 million represents our capital lease obligations, which are not subject to fair value disclosure requirements.

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

Derivative Financial Instruments

In general, we do not use derivative financial instruments for hedging or speculative purposes, but we may do so in the future.

Item 4. 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.

There has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II – OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

In connection with the Spin-off, we entered into a separation agreement with DISH Network, which 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 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.

Acacia

During 2004, Acacia Media Technologies, ("Acacia") filed a lawsuit against us and DISH Network in the United States District Court for the Northern District of California. The suit also named DirecTV, Comcast, Charter, Cox and a number of smaller cable companies as defendants. Acacia is an entity that seeks to license an acquired patent portfolio without itself practicing any of the claims recited therein. The suit alleges infringement of United States Patent Nos. 5,132,992, 5,253,275, 5,550,863, 6,002,720 and 6,144,702, which relate to certain systems and methods for transmission of digital data. On September 25, 2009, the Court granted summary judgment to defendants on invalidity grounds, and dismissed the action with prejudice. The plaintiffs have appealed.

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 user-friendly 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.

Broadcast Innovation, L.L.C.

During 2001, Broadcast Innovation, L.L.C. ("Broadcast Innovation") filed a lawsuit against DISH Network, DirecTV, Thomson Consumer Electronics and others in United States District Court in Denver, Colorado. The suit alleges infringement of United States Patent Nos. 6,076,094 (the '094 patent) and 4,992,066 (the '066 patent). The '094 patent relates to certain methods and devices for transmitting and receiving data along with specific formatting information for the data. The '066 patent relates to certain methods and devices for providing the scrambling circuitry for a pay television system on removable cards. Subsequently, DirecTV and Thomson settled with Broadcast Innovation leaving DISH Network as the only defendant.

During 2004, the District Court issued an order finding the '066 patent invalid. Also in 2004, the District Court found the '094 patent invalid in a parallel case filed by Broadcast Innovation against Charter and Comcast. In 2005, the United States Court of Appeals for the Federal Circuit overturned that finding of invalidity with respect to the '094 patent and remanded the Charter case back to the District Court. During June 2006, Charter filed a reexamination request with the United States Patent and Trademark Office. The District Court has stayed the Charter case pending reexamination, and our case has been stayed pending resolution of the Charter case.

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 user-friendly 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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PART II – OTHER INFORMATION-Continued

Finisar Corporation

Finisar Corporation ("Finisar") obtained a $100 million verdict in the United States District Court for the Eastern District of Texas against DirecTV for patent infringement. Finisar alleged that DirecTV's electronic program guide and other elements of its system infringe United States Patent No. 5,404,505 (the '505 patent).

During 2006, we and DISH Network, together with NagraStar LLC, filed a Complaint for Declaratory Judgment in the United States District Court for the District of Delaware against Finisar that asks the Court to declare that we do not infringe, and have not infringed, any valid claim of the '505 patent. Finisar brought counterclaims against us, DISH Network and NagraStar alleging that we infringed the '505 patent. During April 2008, the Federal Circuit reversed the judgment against DirecTV and ordered a new trial. On remand, the District Court granted summary judgment in favor of DirecTV and during January 2010, the Federal Circuit affirmed the District Court's grant of summary judgment, and dismissed the action with prejudice. Finisar then agreed to dismiss its counterclaims against us, DISH Network and NagraStar without prejudice. We also agreed to dismiss our Declaratory Judgment action without prejudice.

Nazomi Communications

On February 10, 2010, Nazomi Communications, Inc. ("Nazomi") filed suit against Sling Media, Inc, a subsidiary of ours, and several other defendants, 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.

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.

NorthPoint Technology

On July 2, 2009, NorthPoint Technology, Ltd 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.

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

During 2008, Personalized Media Communications, Inc. 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.

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 user-friendly features that we currently offer to consumers. We are

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PART II – OTHER INFORMATION-Continued

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.

Technology Development Licensing

On January 22, 2009, Technology Development and Licensing LLC 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. 35,952, which relates to certain favorite channel features. In July 2009, the

Court granted our motion to stay the case pending two re-examination 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 user-friendly 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.

Tivo Inc.

During January 2008, the United States Court of Appeals for the Federal Circuit affirmed in part and reversed in part the April 2006 jury verdict concluding that certain of our digital video recorders, or DVRs, infringed a patent held by Tivo. In its January 2008 decision, the Federal Circuit affirmed the jury's verdict of infringement on Tivo's "software claims," and upheld the award of damages from the District Court. The Federal Circuit, however, found that we did not literally infringe Tivo's "hardware claims," and remanded such claims back to the District Court for further proceedings. On October 6, 2008, the Supreme Court denied our petition for certiorari. As a result, DISH Network paid approximately $105 million to Tivo.

We also developed and deployed "next-generation" DVR software. This improved software was automatically downloaded to our current customers' DVRs, and is fully operational (our "original alternative technology"). The download was completed as of April 2007. We received written legal opinions from outside counsel that concluded our original alternative technology does not infringe, literally or under the doctrine of equivalents, either the hardware or software claims of Tivo's patent. Tivo filed a motion for contempt alleging that we are in violation of the Court's injunction. We opposed this motion on the grounds that the injunction did not apply to DVRs that have received our original alternative technology, that our original alternative technology does not infringe Tivo's patent, and that we were in compliance with the injunction.

In June 2009, the United States District Court granted Tivo's motion for contempt, finding that our original alternative technology was not more than colorably different than the products found by the jury to infringe Tivo's patent, that the original alternative technology still infringed the software claims, and that even if the original alternative technology was "non-infringing," the original injunction by its terms required that DISH Network disable DVR functionality in all but approximately 192,000 digital set-top boxes in the field. The District Court also amended its original injunction to require that we inform the court of any further attempts to design around Tivo's patent and seek approval from the court before any such design-around is implemented. The District Court awarded Tivo $103 million in supplemental damages and interest for the period from September 2006 through April 2008, based on an assumed $1.25 per subscriber per month royalty rate. DISH Network posted a bond to secure that award pending appeal of the contempt order. On July 1, 2009, the Federal Circuit Court of Appeals granted a permanent stay of the District Court's contempt order pending resolution of our appeal.

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PART II – OTHER INFORMATION-Continued

The District Court held a hearing on July 28, 2009 on Tivo's claims for contempt sanctions, but has ordered that enforcement of any sanctions award will be stayed pending resolution of our appeal of the contempt order. Tivo sought up to $975 million in contempt sanctions for the period from April 2008 to June 2009 based on, among other things, profits Tivo alleges DISH Network made from subscribers using DVRs. We opposed Tivo's request arguing, among other things, that sanctions are inappropriate because we made good faith efforts to comply with the Court's injunction. We also challenged Tivo's calculation of profits.

On August 3, 2009, the Patent and Trademark Office (the "PTO") issued an initial office action rejecting the software claims of United States Patent No. 6,233,389 (the'389 patent) as being invalid in light of two prior patents. These are the same software claims that we were found to have infringed and which underlie the contempt ruling that we are now appealing. We believe that the PTO's conclusions are relevant to the issues on appeal as well as the pending sanctions proceedings in the District Court. The PTO's conclusions support our position that our original alternative technology is more than colorably different than the devices found to infringe by the jury; that our original alternative technology does not infringe; and that we acted in good faith to design around Tivo's patent.

On September 4, 2009, the District Court partially granted Tivo's motion for contempt sanctions. In partially granting Tivo's motion for contempt sanctions, the District Court awarded $2.25 per DVR subscriber per month for the period from April 2008 to July 2009 (as compared to the award for supplemental damages for the prior period from September 2006 to April 2008, which was based on an assumed $1.25 per DVR subscriber per month). By the District Court's estimation, the total award for the period from April 2008 to July 2009 is approximately $200 million (the enforcement of the award has been stayed by the District Court pending resolution of our appeal of the underlying June 2009 contempt order). The District Court also awarded Tivo its attorneys' fees and costs incurred during the contempt proceedings. On February 8, 2010, we and Tivo submitted a stipulation to the District Court that the attorneys' fees and costs, including expert witness fees and costs, that Tivo incurred during the contempt proceedings amounted to $6 million.

In light of the District Court's finding of contempt, and its description of the manner in which it believes our original alternative technology infringed the '389 patent, we are also developing and testing potential new alternative technology in an engineering environment. As part of our development process, we downloaded several of our design-around options to less than 1,000 subscribers for "beta" testing.

Oral argument on our appeal of the contempt ruling took place on November 2, 2009, before a three-judge panel of the Federal Circuit Court of Appeals. On March 4, 2010, the Federal Circuit affirmed the District Court's contempt order in a 2-1 decision. We filed a petition for en banc review of that decision by the full Federal Circuit and requested that the District Court approve the implementation of one of our new design-around options on an expedited basis. There can be no assurance that our petition for en banc review will be granted, and historically such petitions have rarely been granted. Nor can there be any assurance that the District Court will approve the implementation of one of our design-around options. Tivo has stated that it will seek additional damages for the period from June 2009 to the present.

If we are unsuccessful in overturning the District Court's ruling on Tivo's motion for contempt, we are not successful in developing and deploying potential new alternative technology and we are unable to reach a license agreement with Tivo on reasonable terms, we would be required to cease distribution of digital set-top boxes with DVR functionality. In that event, our sales of digital set-top boxes to DISH Network and others would likely significantly decrease and could even potentially cease for a period of time. Furthermore, the inability to offer DVR functionality would place us at a significant disadvantage to

our competitors and make it even more difficult for us to penetrate new markets for digital set-top boxes. The adverse effect on our financial position and results of operations if the District Court's contempt order is upheld would be significant.

If we are successful in overturning the District Court's ruling on Tivo's motion for contempt, but unsuccessful in defending against any subsequent claim in a new action that our original alternative technology or any potential new alternative technology infringes Tivo's patent, we could be prohibited from distributing DVRs. In that event we would be at a significant disadvantage to our competitors who could continue offering DVR functionality and the adverse effect on our business would be material.

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PART II – OTHER INFORMATION-Continued

Because both we and DISH Network are defendants in the Tivo lawsuit, we and DISH Network are jointly and severally liable to Tivo for any final damages and sanctions that may be awarded by the Court. DISH Network has agreed that it is obligated under the agreements entered into in connection with the Spin-off to indemnify us for substantially all liability arising from this lawsuit. We have agreed to contribute an amount equal to our $5 million intellectual property liability limit under the Receiver Agreement. We and DISH Network have further agreed that our $5 million contribution would not exhaust our liability to DISH Network for other intellectual property claims that may arise under the Receiver Agreement. Therefore, during the second quarter of 2009, we recorded a charge included in "General and administrative expenses — DISH Network" on our Condensed Consolidated Statement of Operations and Comprehensive Income (Loss) of $5 million to reflect this contribution. 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.

Because we are jointly and severally liable with DISH Network, to the extent that DISH Network does not or is unable to pay any damages or sanctions arising from this lawsuit, we would then be liable for any portion of these damages and sanctions not paid by DISH Network. Any amounts that DISH Network may be required to pay could impair its ability to pay us and also negatively impact our future liquidity.

If we become liable for any portion of these damages or sanctions, we may be required to raise additional capital at a time and in circumstances in which we would normally not raise capital and there can be no assurance that such capital would be available on terms that would be attractive to us or at all. Therefore, any capital we raise may be on terms that are unfavorable to us, which might adversely affect our financial position and results of operations and might also impair our ability to raise capital on acceptable terms in the future to fund our own operations and initiatives.

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.

Item 1A. RISK FACTORS

Item 1A, "Risk Factors," of our Annual Report on Form 10-K/A for the year ended December 31, 2009 includes a detailed discussion of our risk factors. During the three months ended March 31, 2010, there were no material changes in 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, 2010 through March 31, 2010.

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 (a) (In thousands)
January 1 - January 31, 2010	—	$ —	—	$ 500,000
February 1 - February 28, 2010	—	$ —	—	$ 500,000
March 1 - March 31, 2010	—	$ —	—	$ 500,000
Total	—		—	$ 500,000

(a) Our Board of Directors previously authorized stock repurchases of up to $500 million of our Class A common stock. On November 3, 2009, our Board of Directors extended the plan and authorized an increase in the maximum dollar value of shares that may be repurchased under the plan, such that we are currently authorized to repurchase up to $500 million of our Class A common stock through and including December 31, 2010. Purchases under the plan 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 all of the shares authorized for repurchase under this plan and we may also enter into additional share repurchase plans authorized by our Board of Directors.

Item 6. EXHIBITS

(a) Exhibits.

10.1o	Stock Purchase Agreement by and among Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. F/589 dated November 28, 2006, and Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria, solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. 80501 dated November 28, 2006, Satélites Mexicanos, S.A. de C.V., a *Sociedad Anónima de Capital Variable*, and EchoStar Satellite Acquisition L.L.C., and for the purposes of Section 6.21 only, EchoStar Corporation, dated as of February 26, 2010.*
31.1o	Section 302 Certification of Chief Executive Officer.
31.2o	Section 302 Certification of Chief Financial Officer.
32.1o	Section 906 Certification of Chief Executive Officer.
32.2o	Section 906 Certification of Chief Financial Officer.

o Filed herewith.

* Certain portions of the exhibit have been omitted and separately filed with the Securities and Exchange Commission with 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
President and Chief Executive Officer
(Duly Authorized Officer)

By: /s/ *Bernard L. Han*
Bernard L. Han
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: May 10, 2010

Exhibit 10.1

EXECUTION VERSION

STOCK PURCHASE AGREEMENT

among

Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria,
solely and exclusively as trustee in the
Irrevocable Administration Trust Agreement No. F/589

and

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria,
solely and exclusively as trustee in the
Irrevocable Administration Trust Agreement No. 80501

as the Sellers,

Satélites Mexicanos, S.A. de C.V.,

as the Company,

and

EchoStar Satellite Acquisition L.L.C.,

as Bidder

and

EchoStar Corporation,
for the purposes of Section 6.21 only,

as the Bidder Guarantor

Dated as of February 26, 2010

***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.

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Annex C Bidder Public Disclosure

Schedule 1.1 Illustration of Adjusted Working Capital Calculation

***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.

STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT (this "Agreement"), dated as of February 26, 2010 (the "Execution Date"), among Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria ("DBM"), solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. F/589 dated November 28, 2006, and Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria ("FN"), solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. 80501 dated November 28, 2006 (DBM and FN, each, a "Seller", and together, the "Sellers"), Satélites Mexicanos, S.A. de C.V., a *Sociedad Anónima de Capital Variable* (the "Company"), and EchoStar Satellite Acquisition L.L.C., a limited liability company organized under the Laws of Colorado ("Bidder"), and for the purposes of Section 6.21 only, EchoStar Corporation, a Nevada corporation (the "Bidder Guarantor").

RECITALS

A. The Sellers own 100% of the issued and outstanding Shares (as defined below).

B. Any sale of the Shares must comply with the relevant ownership requirements and restrictions under applicable Law (as defined below).

C. Bidder desires to purchase the Shares, but does not, as of the date of this Agreement, qualify under the relevant ownership requirements and restrictions under applicable Law to purchase the Shares.

D. Bidder has entered into an agreement with a joint venture partner ("MXJV Partner") to form a joint venture entity ("MXJV ") that meets all ownership requirements and restrictions under applicable Law to acquire the Shares, including, without limitation, the *Ley General de Sociedades Mercantiles* (the General Law of Commercial Companies of Mexico), the *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico) and the *Ley Federal de Telecomunicaciones* (the Federal Telecommunications Law of Mexico).

E. Company desires for the MXJV to execute a joinder agreement to this Agreement in the form attached as **Exhibit A** hereto (the "Joinder Agreement").

F. Upon execution of the Joinder Agreement by MXJV, MXJV will join Bidder as a Buyer under this Agreement.

G. The Sellers wish to sell to the Buyers, and the Buyers wish to purchase from the Sellers, the Shares.

H. DBM executes the document herein according to the letter of instruction dated February 22, 2010 received from the Technical Committee (as defined below) according to and in full compliance with the provisions of the DBM Trust (as defined below), including pursuant to Clause 6 and Clause 11 of the DBM Trust.

***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.

AGREEMENT

In consideration of the foregoing and the mutual covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms. For purposes of this Agreement:

"Action" means any claim, action, suit, arbitration, audit, investigation or proceeding by or before any Governmental Authority (including any Tax Authority) or other Person.

"Actual Engineering and Operations Capital Expenditures" means aggregate expenditures for the line items "Engineering and Operating" and "Enlaces Integra, S. de R.L. de C.V." (but not including amounts budgeted for the Enlaces teleport) as described in **Annex B** hereto; provided, that to the extent that the Company is able to accomplish any operating or engineering task to which such budgeted expenditure relates at a lower cost, as reasonably agreed by Bidder, the Company shall be deemed to have expended the full budgeted amount for any such items.

"Adjusted Current Assets" means the sum of (i) Accounts receivable — net, (ii) Due from related parties, (iii) Inventories — net and (iv) Deferred income taxes, each calculated in accordance with GAAP on a basis consistent with the Financial Statements.

"Adjusted Current Liabilities" means the sum of (i) Accounts payable and accrued expenses and (ii) Income tax payable, each calculated in accordance with GAAP on a basis consistent with the Financial Statements.

"Adjusted Working Capital" means Adjusted Current Assets minus Adjusted Current Liabilities, which for clarity shall be calculated as illustrated in **Schedule 1.1** hereto.

"Affiliate" means, with respect to any Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person. Notwithstanding the preceding, for purposes of this Agreement, DISH Network Corporation and its Subsidiaries shall not be considered Affiliates of Bidder, MXJV or the Bidder Guarantor.

"Affiliated Group" means an affiliated group of corporations within the meaning of Section 1504 of the Internal Revenue Code of 1986, as amended through the date hereof, and Title II, Chapter VI of the *Ley del Impuesto Sobre la Renta* (the Mexican Income Tax Law) or any similar provision of state, local or foreign Law.

"Agent" means the Bank of New York or any successor agent acting under such capacity in accordance with and pursuant to the Agency Agreement (as such term is currently defined in the DBM Trust).

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"Allocable Share" means, as to each of (i) Bidder and (ii) the MXJV, the percentage agreed to between them, provided, that the sum shall equal 100%.

"Approved Equity Sale Price" means the minimum amount payable to the Sellers for the sale of the Shares as calculated based upon the terms and conditions of the Debt Offers as approved by the Requisite Series B Consent, taking into consideration any conditions imposed by the approving Series B Directors in connection with such approval.

"Available Cash" means an amount equal to the aggregate amount of cash and cash equivalents of the Company, on a consolidated basis, as of the close of business on the Business Day preceding the Closing Date, including, without limitation, Subsidiary Cash, (i) *plus* (A) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction ATP and (B) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction Agreement, each in accordance with Section 7.3(i); and (ii) *minus* (A) the amount of the Professional Services Fees, (B) the amount of any insurance proceeds received by the Company or any of its Subsidiaries between the date of the Balance Sheet and the Closing, (C) any Satellite Termination Fees received by the Company and (D) the amount of any proceeds received from the sale or lease of *Solidaridad 2* prior to the Closing Date; provided, however, that an amount equal to the sum of the amounts set forth on Schedule 4.11(d) of the Disclosure Schedules, as may be updated prior to the Closing, that remain unpaid as of the close of business on the Business Day preceding the Closing Date shall not be included in Available Cash.

"Available Satellite Operational Capability" means, ***

"Available Transponder Operational Capacity" means ***

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in New York City, New York or in the city of Mexico, Federal District, Mexico.

"Buyer" means each of (i) Bidder and (ii) MXJV, upon execution of the Joinder Agreement by MXJV, and references to the "Buyers" shall be to both such parties.

"Cancelled Shares" means the Series A shares and the Series B shares of the Company held by the Sellers to be cancelled on or prior to the Closing as a result of the Series N Share Conversion.

"Change of Control Transaction" means any of the following:

(i) the acquisition of equity securities of the Company representing fifty percent (50%) or more of the outstanding voting or economic interests in the Company's outstanding equity securities (without taking into account any equity held by or on behalf of management) or a substantial portion of the assets of the Company and its Subsidiaries, taken as a whole, by any Person or Group, other than one or more Existing Non-Satellite Holders; for purposes of determining the percentage interest acquired by a Group

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under this clause (i), no Existing Non-Satellite Holder shall be deemed to be a member of such Group solely due to its participation in the relevant transaction; provided, however, that an Existing Non-Satellite Holder shall be deemed to be a member of such Group if such holder (A) has granted (or entered into an agreement or arrangement granting) another person in the Group that is not an Existing Non-Satellite Holder a right to vote or acquire its shares (or the economic interest therein) or (B) otherwise provided such other person with rights that would cause such person to gain "control" over the Company or the entity established to acquire its equity or assets;

(ii) the acquisition of equity securities of the Company representing 75% or more of the outstanding voting or economic interests in the Company's outstanding equity securities (without taking into account any equity held by or on behalf of management), or of substantially all of the assets of the Company and its Subsidiaries, taken as a whole, by any single Person that is an Existing Holder (or by two or more Existing Holders that are Affiliates); or

(iii) the acquisition of equity securities of the Company representing, in the aggregate, 90% or more of the outstanding voting or economic interests in the Company's outstanding equity securities (without taking into account any equity held by or on behalf of management), or of substantially all of the assets of the Company and its Subsidiaries, taken as a whole, by any two Existing Holders.

For purposes of this definition of "Change of Control Transaction": (i) all references to "equity securities" (other than "outstanding equity securities") shall include any equity securities issuable upon conversion or exchange of any debt or other securities convertible into or exchangeable for equity securities (including warrants, options, or otherwise); (ii) all references to "equity securities of the Company" shall include the equity securities of any reorganized or other successor entity or entities resulting from any transaction; and (iii) any entity newly organized to effect an Internal Restructuring shall be disregarded, and the question of whether a Change of Control has occurred shall be determined by measuring the beneficial ownership of equity securities through such entity.

"Common Stock" means the ordinary, nominative Class I and Class II shares, no par value, of the Company, which Class I shares are divided into Series A shares, Series B shares and Series N shares and which Class II shares are divided into Series B shares and Series N shares.

"Company Satellite" means a satellite owned by the Company or any of its Subsidiaries as of the date of this Agreement.

"Company TAA" means each Technical Assistance Agreement relating to the Company Satellites to which the Sellers or the Company are a party.

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"Concessions" means any and all of the concessions granted by a Mexican Governmental Authority to the Company or any of its Subsidiaries, as in effect on the date of this Agreement, including, without limitation, all orbital concessions and all property concessions and all amendments, supplements, reinstatements, renewals and replacements thereof in effect on the date of this Agreement.

"Contract" means any agreement, contract, lease, license, arrangement or understanding.

"control", including the terms "controlled by" and "under common control with", means the possession, directly or indirectly, of the power to direct or cause the direction of the management, policies, affairs or actions of a Person, whether through the ownership of voting securities, as trustee, executor or beneficiary, as general partner or managing member, by Contract or otherwise.

"Converted Series N Shares" means the Series N shares of the Company issued at or prior to the Closing as a result of the Series N Share Conversion.

"DBM Trust" means the Irrevocable Administration Trust Agreement No. F/589 dated November 28, 2006, with DBM acting as trustee.

"DBM Trust Beneficiaries" means the Federal Government of Mexico by means of an accession instrument executed by Servicios Corporativos Satelitales, S.A. de C.V., Loral Skynet Corporation or any successor thereof, Principia, S.A. de C.V. or any successor thereof and The Bank of New York Mellon or any successor thereof.

"DDTC" means the United States Department of State Directorate of Defense Trade Controls.

"Debt Offer Documents" means all necessary and appropriate documentation in connection with the Debt Offers, including an offer to purchase, related letter of transmittal, related consent solicitation documents and all exhibits, amendments or supplements thereto for the Debt Offers.

"Debt Offers" means, collectively, the First Priority Debt Offer and the Second Priority Debt Offer.

"Deliverable Data" means all specifications, technical drawings and data, design data, test data and test results and other similar data and documentation regarding the Company Satellites provided to the Sellers, the Company or the Subsidiaries of the Company by the manufacturers of the Company Satellites and any of such manufacturers' subcontractors, all operational and maintenance logs and similar data for the Company Satellites generated or maintained by or for the Sellers, the Company or the Subsidiaries of the Company, and all data regarding, to the Company's Knowledge: (i) any anomalous event that could have an impact on performance or mission life of *Satmex 6*; and (ii) any and all other anomalies that are material, which have been identified on or experienced by any of the Company Satellites, including without limitation, the results of any material anomaly investigations.

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"Encumbrance" means any charge, claim, mortgage, *usufructo*, lien, option, pledge, security interest, third party right, assignment, hypothecation or encumbrance, or other agreement or arrangement that has the same or a similar effect to the granting of security or of any similar right of any kind (including any conditional sale or other title retention agreement), or any other limitation of ownership (whether recorded or not before the applicable *Registro Público de la Propiedad* or *Registro Público de Comercio*) or restriction of any kind.

"Equity Purchase Price" means Total Cash to be Made Available by the Buyers *less* (i) the Tender Price and *less* (ii) the Redemption Amount.

"Execution Date" has the meaning set forth in the preamble.

"Existing Holders" means (A) Trusts' Beneficiaries as of the Execution Date; (B) Noteholders; and (C) any of their respective Affiliates.

"Existing Non-Satellite Holders" means (A) Trusts' Beneficiaries as of the Execution Date that are not Satellite Operators; (B) Noteholders that are not Satellite Operators; and (C) any of their respective Affiliates that are not Satellite Operators.

"First Priority Debt Offer" means (i) an offer under applicable securities Laws of the United States to purchase for cash all of the outstanding First Priority Notes and (ii) the related solicitations of consents to amendments of the First Priority Documents as contemplated by the First Priority Supplemental Indenture.

"First Priority Documents" has the meaning set forth in the First Priority Indenture.

"First Priority Indenture" means the Indenture dated as of November 30, 2006, by and among the Company, the First Priority Guarantors named therein and US Bank National Association (as successor to HSBC Bank USA National Association), as trustee, as amended, supplemented or otherwise modified from time to time.

"First Priority Notes" means the First Priority Senior Secured Notes due 2011 issued by the Company pursuant to the First Priority Indenture.

"First Priority Supplemental Indenture" means the Third Supplemental Indenture and First Amendment of First Priority Documents to be entered into by and among the Company, the First Priority Guarantors party thereto and US Bank National Association, as successor to HSBC Bank USA National Association, as trustee and collateral agent, which shall be substantially in the form of **Exhibit B** hereto, or as amended from time to time, provided that Bidder shall have approved any such amendment that materially and adversely affects the rights of the Company under the First Priority Documents or impairs the ability of the Company to consummate the transactions contemplated hereby; and further provided that (i) any change to the First Supplemental Indenture that further amends Sections 3.1 (and related provisions of Article III), 3.2 (and related provisions of Article III), 3.4 (and related provisions of Article III), 4.5, 4.10, 4.11, 4.15, 4.16, 4.17, 4.18, 4.19, 4.21, 4.22, 4.23, 4.26, 4.28, 4.29, 4.30, 4.35, 5.1 or 5.2 of the First Priority Indenture in any way, or adds any obligations or restrictions to the First

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Priority Indenture regarding the subject matter of such sections, shall be deemed to materially and adversely affect the rights of the Company under the First Priority Documents and (ii) notwithstanding clause (i) above, (A) the amendment to the two-day minimum period for redemption notices in Sections 3.3(a) and 3.3(d) of the First Priority Indenture to reflect a notice period of any length up to and including a period of 30 days (the original minimum notice period) or (B) the deletion from the First Priority Supplemental Indenture of any amendment of Section 4.33, shall be deemed not to materially and adversely affect the rights of the Company under the First Priority Documents or impair the ability of the Company to consummate the transactions contemplated hereby.

"First Quarter Cash" means an amount equal to the aggregate amount of cash and cash equivalents of the Company, on a consolidated basis, as of March 31, 2010; (i) *plus* (A) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction ATP and (B) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction Agreement; and (ii) *minus* (A) the amount of the Professional Services Fees (determined based upon invoices of each of the Persons listed on Schedule 6.22 submitted on the Business Day preceding March 31, 2010 setting forth (1) fees incurred for services rendered through the close of business on the day two Business Days prior to March 31, 2010, and (2) a reasonable estimate of the fees for all services to be rendered through the Closing Date), (B) the amount of any insurance proceeds received by the Company or any of its Subsidiaries between the date of the Balance Sheet and March 31, 2010, (C) any Satellite Termination Fees received by the Company and (D) the amount of any proceeds received from the sale or lease of *Solidaridad 2* prior to March 31, 2010.

"FN Trust" means the Irrevocable Administration Trust Agreement No. 80501 dated November 28, 2006, with FN acting as trustee.

"FN Trust Beneficiaries" means the Federal Government of Mexico.

"GAAP" means United States generally accepted accounting principles as in effect on the date hereof.

"Governmental Authority" means any Mexican, United States or other international, national, federal, state, municipal or local governmental, regulatory or administrative authority, agency or commission or any judicial or arbitral body (including the ITU) or other entity exercising executive, legislative, judicial, regulatory or administrative powers or functions of government.

"Group" means any group (within the meaning of Rule 13d-1 under the Securities Exchange Act of 1934) of Persons.

"Indebtedness" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) under capital leases as determined in accordance with GAAP, (iv) for the deferred purchase price of goods or services (other than trade payables or accrued expenses in the ordinary course of business), or (v) in the nature of guarantees of the obligations described in clauses (i) and (ii) above of any other Person.

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"Intellectual Property" means (i) trade names, trademarks and service marks, domain names, trade dress and similar rights, and applications to register any of the foregoing, (ii) patents and patent applications, (iii) copyrights (whether registered or unregistered) and applications for registration and (iv) confidential and proprietary information, including, without limitation, trade secrets, inventions, proprietary processes and formulae, proprietary industrial models, processes, designs and methodologies, proprietary technical information, proprietary manufacturing, engineering and technical drawings and proprietary know-how.

"Internal Restructuring" means a refinancing, recapitalization or restructuring transaction, including, but not limited to, any transaction (i) in which debt securities are exchanged for equity securities, (ii) involving the issuance of new debt or equity securities (or new debt securities with equity securities or securities convertible into equity securities) or (iii) involving the incurrence of indebtedness.

"Interruption" means any period during which a Transponder fails to meet the applicable Satellite Performance Specifications and such circumstances preclude the use of the Transponder for its intended purpose.

"ITAR" means the United States International Traffic in Arms Regulations (22 C.F.R. §§ 120-130).

"Knowledge" with respect to the Company means the actual (but not constructive or imputed) knowledge of the following persons: Patricio Ernesto Northland, Luis Fernando Stein Velasco, Dionisio Manuel Tun Molina, Pablo Manzur Bernabeu, Leticia Soto Walls, Clemente Cabello Alcerreca, Laureano Alejandro Camberos Chacón, Leonardo Alvarado and John Compton as of the date of this Agreement (or, with respect to a certificate delivered pursuant to this Agreement, as of the date of delivery of such certificate) following a review of this Agreement and the Disclosure Schedules.

"Law" means any constitution, treaty, statute, law, ordinance, regulation, rule, code, Mexican official norm, injunction, judgment, decree or order of any Governmental Authority.

"Leased Real Property" means the real property leased by the Company or any of its Subsidiaries, in each case, as lessee, sublessee or assignee, together with, to the extent leased by the Company or its Subsidiaries, all buildings and other structures, facilities or Improvements located thereon and all easements, licenses, rights, options and appurtenances of the Company or any of its Subsidiaries relating to the foregoing.

"Lockup Agreement" means an agreement by a holder of First Priority Notes or Second Priority Notes to sell such notes to the Company for a specified minimum price, under which the obligation of such holder to sell such notes is subject only to the conditions set forth on **Exhibit C** hereto (in respect of First Priority Notes) or **Exhibit D** hereto (in respect of Second Priority Notes) or other conditions reasonably acceptable to Bidder.

"Loral Transponders" shall mean: (i) for *Satmex* 5, those transponders nominally designated 15K, 21K and 23K (36 MHz /132 Watts /Ku-band); and (ii) for *Satmex 6*, those

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transponders nominally designated 21C y 23C (36 MHz /47 Watts /C-band) and 16K and 18K (36 MHz /2x 125 Watts / Ku-band).

"Material Adverse Effect" means (i) with respect to the Company, (A) any event, circumstance, change, occurrence or effect that, individually or in the aggregate, has caused or would reasonably be expected to cause a material adverse effect on the business, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, except to the extent any such effect results from (1) general changes or developments in any of the industries in which the Company or its Subsidiaries operate, (2) changes in global, national or regional political conditions (including the outbreak of war or acts of terrorism) or in general economic, business, regulatory, political or market conditions or in national or global financial markets, (3) changes in any applicable Laws or applicable accounting regulations or principles or interpretations thereof, (4) the announcement or pendency of this Agreement and the transactions contemplated hereby, including any termination of, reduction in or similar negative impact on relationships, contractual or otherwise, with any customers, suppliers, distributors, partners or employees of the Company and its Subsidiaries due to the announcement and pendency of this Agreement or the identity of the parties to this Agreement, or the performance of this Agreement and the transactions contemplated hereby, including compliance with the covenants set forth herein, (5) any action taken by the Company, or which the Company causes to be taken by any of its Subsidiaries, in each case that is required by this Agreement, (6) any actions taken (or omitted to be taken) at the written request of the Buyers, (7) any failure by the Company to meet any internal projections, forecasts or revenue or earnings predictions (provided that any event, circumstance, change, occurrence or effect underlying such failure shall be taken into account in determining whether a Material Adverse Effect has occurred), (8) any loss or failure of a Company Satellite or any subsystem thereon that is not of a level that would give the Buyers a termination right under Section 8.1(f) hereof or as to which a termination right has not been exercised by the Buyers within the time period specified in that Section, or (9) any increase in the consideration offered in the Debt Offers, extension of the expiration date of the Debt Offers or other modification of the Debt Offers or the documents related thereto, provided that, to the extent any event, change or development set

forth in clauses (1), (2) or (3) has a significantly disproportionate effect on the business, financial condition, prospects or results of operations of the Company and its Subsidiaries, taken as a whole, relative to other affected Persons in similar lines of business as the Company and its Subsidiaries, such event shall be deemed to be a Material Adverse Effect, or (B) any event, circumstance, change, occurrence or effect that, individually or in the aggregate, could reasonably be expected to prevent, materially delay or materially impede the performance by the Company of its obligations under this Agreement or the consummation of the transactions contemplated hereby; (ii) with respect to either Buyer, any event, circumstance, change, occurrence or effect that, individually or in the aggregate, could reasonably be expected to prevent, materially delay or materially impede the performance by such Buyer of its obligations under this Agreement or the consummation of the transactions contemplated hereby; and (iii) with respect to either Seller, any event, circumstance, change, occurrence or effect that, individually or in the aggregate, could reasonably be expected to prevent, materially delay or materially impede the performance by such Seller of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

"Mexican Tax Laws" means the Federal Fiscal Code, the Income Tax Law, the

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Flat Tax Law, the Value Added Tax, the Assets Tax Law, the Legal Requirements relating to Tax of the state or municipality where real estate is located, Import and Export Taxes Law, Customs Law, Excise Tax Law, Federal Fees Law and their respective rules and regulations thereunder and any related or subsequent legislative or administrative enactment thereof.

"Mexico" means the United Mexican States.

"Minimum Capital Expenditures" means 70% of the amounts budgeted for capital expenditures on **Annex B** hereto (excluding the Enlaces teleport).

"Minimum Condition" means, with respect to any Debt Offer, the condition to the Company's obligation to consummate such Debt Offer that a specified minimum principal amount of the First Priority Notes or Second Priority Notes, as applicable, being offered to be purchased in such Debt Offer be tendered in such Debt Offer and not withdrawn.

"Minimum Engineering and Operations Capital Expenditures" means 100% of the amounts budgeted on **Annex B** hereto for the line items "Engineering and Operating" and "Enlaces Integra, S. de R.L. de C.V." (but not including amounts budgeted for the Enlaces teleport); provided, however, that to the extent that the Company is able to accomplish any operating or engineering task to which such budgeted expenditure relates at a lower cost, as reasonably agreed by Bidder, the Company shall be deemed to have expended the full budgeted amount for any such items.

"Noteholders" means the holders, as of the Execution Date, of outstanding First Priority Notes and/or Second Priority Notes.

"Partial Loss" means that Available Satellite Operational Capability is (or it can be reasonably determined based on available data that Available Satellite Operational Capability will be prior to the expiration of the applicable Remaining Mission Life) less than Stated Satellite Operational Capability, as a result of one or more Transponder Failures or System Failures, where such reduction in Available Satellite Operational Capability does not result in a Total Loss.

"Permitted Encumbrance" means (i) statutory liens for current Taxes not yet due or the validity or amount of which is being contested in good faith by appropriate proceedings and, in either case, for which adequate reserves have been established, (ii) any statutory Encumbrance arising in the ordinary course of business by operation of Applicable Law with respect to an obligation or liability that is not yet due or delinquent (including Encumbrances or surety bonds securing the performance of bids, government contracts, Concessions, trade contracts, leases or statutory obligations), (iii) zoning, entitlement, conservation restriction and other land use and environmental regulations by any Governmental Authority, (iv) minor exceptions, restrictions, easements, imperfections of title, charges, rights-of-way and other Encumbrances that do not, individually or in the aggregate, materially interfere with the present use, or materially detract from the value, of the properties and assets of the Company and its Subsidiaries upon which such Encumbrances exist and (v) Encumbrances under the First and Second Priority Indentures.

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"Person" means an individual, corporation, civil enterprise, variable capital corporation, partnership, limited liability company, limited liability partnership, business trust, joint stock company, syndicate, natural person, joint venture, trust, association, organization or other entity, including any Governmental Authority, and including any successor, by merger or otherwise, of any of the foregoing.

"Professional Services Fees" means amounts due from the Company to a third party that are accrued and unpaid upon the Closing (including amounts due upon the Closing), and which will be paid in accordance with Section 2.2(g), in respect of professional services rendered in connection with this Agreement and the transactions contemplated hereby, including, without limitation, attorneys' fees and expenses, investment bankers' fees and expenses and accountants' fees and expenses.

"Redemption Amount" means the amount necessary, after giving effect to the consummation of the Debt Offers, to secure agreement of the holders of the First Priority Notes and Second Priority Notes to release all Encumbrances against the Company, but in no event greater than (i) the difference between (A) the aggregate principal amount of the First Priority Notes and the Second Priority Notes outstanding immediately before the closing of the Debt Offers

and (B) the aggregate principal amount of the First Priority Notes and the Second Priority Notes purchased in the Debt Offers, *plus* (ii) any accrued and unpaid interest (plus Additional Amounts (as defined in the First Priority Indenture and the Second Priority Indenture), if any) on the aggregate principal amount of the First Priority Notes and the Second Priority Notes remaining outstanding immediately after the closing of the Debt Offers to the earliest date upon which redemption of such First Priority Notes and Second Priority Notes may occur.

"Remaining Mission Life" means the period starting on the Execution Date and ending: (i) with respect to *Satmex 5*, October 14, 2012; or (ii) with respect to *Satmex 6*, June 30, 2021.

"Representatives" means, with respect to any Person, the officers, directors, employees, agents, accountants, advisors, attorneys, bankers and other representatives of such Person.

"Requisite Bondholder Non-Disclosure Agreements" means the non-disclosure agreements entered into by holders of the majority of the aggregate outstanding principal amount of the Second Priority Notes.

"Requisite Series B Consent" means the consent of at least two (2) Series B Directors of the Company to certain actions or transactions contemplated by this Agreement, as required by the *estatutos sociales* (by-laws) of the Company.

"Return" means any return, declaration, report, statement, information statement and other document required to be filed with respect to Taxes, including any schedule or attachment thereto, and including any amendments thereof.

"Revised Neutral Share Approval" means the valid official communication issued in favor of the Company between the date hereof and the Closing Date by the applicable

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Governmental Authority pursuant to Mexican applicable Laws which authorizes, or confirms its previously authorization as to, the issuance by the Company of up to 90% (ninety percent) of its capital stock in the form of *inversión neutra* (neutral shares) in accordance with Mexico's *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico) and its regulations, as amended, and accordingly that the Series N Shares representing the Company's Common Stock on the Closing Date are not considered for purposes of determining the percentage of direct foreign investment in the Company.

"Satellite Construction ATP" means an Authorization to Proceed Agreement, or other similar contract, such as an engineering services proposal, with a Satellite Vendor: (i) authorizing the Satellite Vendor to proceed with the procurement of those components necessary to reduce schedule risk relating to the completion of a *** satellite with at least *** transponders by the Satellite Contract Delivery Date and providing the Company or any of its Subsidiaries with specified engineering and development tasks for the first 60 days of the "Satmex 8 Satellite Program"; (ii) ***; (iii) stating that both the Company or any of its Subsidiaries and the Satellite Vendor shall promptly engage in good faith negotiations with respect to entry into the Satellite Construction Agreement but that in no event shall the Company or any of its Subsidiaries have any obligation to enter into the Satellite Construction Agreement or any other definitive agreement with the Satellite Vendor; (iv) stating that the Company's or itsSubsidiary's sole liability under the Satellite Construction ATP shall be ***; and (v) stating that in the event the Satellite Construction Agreement or any other definitive agreement with the Satellite Vendor is entered into, all amounts due under such agreement shall be offset by all amounts payable under the Satellite Construction ATP.

"Satellite Construction Agreement" means a definitive agreement with a Satellite Vendor: (i) for the construction of a *** satellite with at least *** transponders by the Satellite Contract Delivery Date; (ii) incorporating the terms of the Satellite Construction ATP; and (iii) specifying the liquidated damages that will apply in the event the satellite is not delivered on or prior to the Satellite Contract Delivery Date.

"Satellite Contract Delivery Date" means a contract completion date of no later than ***

"Satellite Operator" means any of: (i) Intelsat Corporation, Intelsat Ltd., Eutelsat Communications, SES S.A, Telesat Canada, Skyterra Communications Inc., Inmarsat Group Ltd., Loral Space & Communications Inc., Lockheed Martin or Boeing Co.; (ii) any other Person that derives 40% or more of its annual revenue from the sale or lease of satellite capacity or the design or manufacture of satellites; (iii) any other Person that is engaged primarily in the business of providing services that compete directly with those of the Persons identified in clause (i), with annual revenues of at least $40 million; and (iv) any Affiliate of any Person identified in clause (i), (ii) or (iii), provided, that a Person that owns voting securities of a Person identified in clause (i), (ii) or (iii), but does not possess the power to direct or cause the direction of the management or policies of such Person is not a Satellite Operator for purposes hereof.

"Satellite Performance Specifications" means the performance specifications for

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each Company Satellite under their respective construction contracts.

"Satellite Termination Fees" means any amounts due the Company pursuant to a third party's termination of such third party's satellite capacity lease on *Satmex 5*.

"Satellite Vendor" means any of Space Systems Loral, Inc., Lockheed Martin Corporation, or Boeing Co.

"SEC Documents" means the forms, reports, statements, certifications and other documents (including all exhibits, amendments and supplements thereto) filed by the Company with the U.S. Securities and Exchange Commission since December 31, 2007.

"Second Priority Debt Offer" means (i) an offer under applicable securities Laws of the United States to purchase for cash all of the outstanding Second Priority Notes and (ii) the related solicitations of consents to amendments of the Second Priority Documents as contemplated by the Second Priority Supplemental Indenture.

"Second Priority Documents" has the meaning set forth in the Second Priority Indenture.

"Second Priority Indenture" means the Indenture dated as of November 30, 2006, by and among the Company, the Second Priority Guarantors named therein and Wells Fargo Bank, National Association, as trustee, as amended, supplemented or otherwise modified from time to time.

"Second Priority Notes" means the Second Priority Senior Secured Notes due 2013 issued by the Company pursuant to the Second Priority Indenture.

"Second Priority Supplemental Indenture" means the Third Supplemental Indenture and First Amendment of Second Priority Documents to be entered into by and among the Company, the Guarantors party thereto and Wells Fargo Bank, National Association, as indenture trustee and principal paying agent, which shall be substantially in the form of **Exhibit E** hereto, or as amended from time to time, provided that Bidder shall have approved any such amendment that materially and adversely affects the rights of the Company under the Second Priority Documents or impairs the ability of the Company to consummate the transactions contemplated hereby; and further provided that (i) any change to the Second Supplemental Indenture that further amends Sections 3.1 (and related provisions of Article III), 3.2 (and related provisions of Article III), 3.4 (and related provisions of Article III), 3.5 (and related provisions of Article III), 4.6, 4.10, 4.11, 4.12, 4.16, 4.13, 4.14, 4.18, 4.17, 4.24, 4.25, 6.1 or 6.2 of the Second Priority Indenture in any way, or adds any obligations or restrictions to the Second Priority Indenture regarding the subject matter of such sections, shall be deemed to materially and adversely affect the rights of the Company under the Second Priority Documents and (ii) notwithstanding clause (i) above, (A) the amendment to the two-day minimum period for redemption notices in Sections 3.4(a) and 3.4(d) of the Second Priority Indenture to reflect a notice period of any length up to and including a period of 30 days (the original minimum notice period) or (B) the deletion from the Second Priority Supplemental Indenture of any amendment of Section 4.33, shall be deemed not to materially and adversely affect the rights of the Company

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under the Second Priority Documents or impair the ability of the Company to consummate the transactions contemplated hereby.

"Series B Director" means a director of the Company appointed by the holders of Series B shares.

"Series N Share Conversion" means, subject to the Company having obtained and fully complied with the Revised Neutral Share Approval, the exchange of the necessary outstanding Series A shares of the Company and Series B shares of the Company currently held by the Sellers into the number of Series N shares of the Company necessary so that, on or prior to the Closing Date, the Series "N" shares of the Company to be acquired by the Buyers pursuant to this Agreement are validly issued and equal 90% (ninety percent) of the total issued and outstanding Common Stock of the Company; in the understanding that such Series N Share Conversion shall be carried out pursuant to the Company's by-laws (*estatutos sociales*), the DBM Trust, the FN Trust and the Agency Agreement.

"Shares" means 100% of the issued and outstanding shares of Common Stock of the Company, which constitute all of the shares of the Company that are owned beneficially and of record by the Sellers.

"Stated Satellite Operational Capability" means, with respect to each Company Satellite, the product of: (i) Remaining Mission Life; and (ii) the number of Transponders on such satellite.

"Subsidiary" means, with respect to any Person, any other Person of which at least 50% of the outstanding voting securities or other voting equity interests are owned, directly or indirectly, by such first Person.

"Subsidiary Cash" means cash held by Alterna'TV Corporation, a Delaware corporation, or any successor thereof, designated to be used as partial payment for a new satellite.

"Supplemental Indentures" means, collectively, the First Priority Supplemental Indenture and the Second Priority Supplemental Indenture.

"System Failure" means the failure of any component that supports the overall power supply, operation, and/or maneuverability of a satellite including without limitation, solar arrays, momentum wheels, earth sensors, thrusters, propulsion systems, traveling wave tube amplifiers, low noise amplifiers, and other similar equipment.

"Target Working Capital" means negative $1,962,000.

"Tax Adjustment" means an amount determined by Bidder in its sole and absolute discretion, after reasonable consultation with the Company's tax advisors, to satisfy any and all tax liabilities or contingencies that Bidder believes may be due by the Company and its Subsidiaries as a result of the Company's operations up to the Closing Date; provided that in no event shall the Tax Adjustment exceed $7,000,000.

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"Tax Authority" means the Internal Revenue Service, the *Secretaría de Hacienda y Crédito Público* (the Ministry of Finance and Public Credit of Mexico) and any governmental, federal, state, local or foreign authority, agency or commission which is competent to assess, impose, enforce, levy and/or collect a Tax.

"Taxes" means (i) any and all federal, state, local or foreign contributions, taxes, fees, imposts, duties and similar governmental charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any Governmental Authority including without limitation any taxes on income, profits or gross receipts, ad valorem, value added, capital gains, sales, excise, use, real property, withholding, estimated, social security, housing fund, retirement fund, profit sharing, customs, import duties and fees and any other governmental contributions and (ii) any transferee or successor liability (including joint tax liability under Mexican Tax Laws) in respect of any items described in clause (i) above.

"Technical Committee" means the Technical Committee under the DBM Trust, as defined in Clause 12(a)(i) of the DBM Trust, and which is currently composed of the following members: Luis Rebollar Corona, Vicente Aristegui Andreve and Luis Rubio Barnetche.

"Tender Agent" means the tender agent used by the Company for the Debt Offers.

"Tender Price" means the sum of (i) the aggregate purchase price in the Debt Offers for all First Priority Notes and Second Priority Notes actually purchased pursuant to the Debt Offers *plus* (ii) the consent fees payable in connection with the Debt Offers.

"Total Cash to be Made Available by the Buyers" means:

(i) $267,000,000;

(ii) *plus* Available Cash up to a maximum of the lesser of (A) $107,000,000 or (B) the amount of First Quarter Cash;

(iii) (A) *plus* a dollar for each dollar by which Adjusted Working Capital is greater (*i.e.*, a less negative number or a positive number) than negative $1,864,000, or (B) *minus* a dollar for each dollar by which Adjusted Working Capital is less (*i.e.*, a more negative number) than negative $2,060,000;

(iv) *minus* the amount, if any, by which Actual Engineering and Operating Capital Expenditures are less than the Minimum Engineering and Operating Capital Expenditures;

(v) *minus* the amount, if any, by which the aggregate capital expenditures made pursuant to Section 6.1 (for purposes of which the Minimum Engineering and Operations Capital Expenditures shall be deemed to have been made in full) are less than the Minimum Capital Expenditures;

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(vi) *minus* the Tax Adjustment, if any; and

(vii) *plus* half of the amount paid or payable to the Company from any sale or lease of *Solidaridad 2* pursuant to an agreement entered into prior to the Closing Date (net of Taxes required to be paid or accrued as a liability under GAAP, as a consequence of such sale or lease, taking into consideration any available tax credits or deductions), which amounts shall be payable only upon receipt of any such proceeds.

"Total Loss" means that the satellite is lost or is completely destroyed or that Available Satellite Operational Capability is (or it can be reasonably determined based on available data that Available Satellite Operational Capability will be prior to the expiration of the applicable Remaining Mission Life) or less than Stated Satellite Operational Capability as a result of one or more Transponder Failures or Systems Failures.

"Transponder" means, individually, those sets of equipment within the communications subsystem of a Company Satellite that provide a discrete path to receive communications signals from Earth, translate and amplify such signals, and transmit them to Earth (excluding (i) any transponder that is not operational as of the Execution Date and (ii) the Loral Transponders).

"Transponder Failure" means: ***

"Transponder-Year" shall mean the operation of one Transponder for one year.

"Trusts' Beneficiaries" means the DBM Trust Beneficiaries together with the FN Trust Beneficiaries.

Section 1.2 Table of Definitions. The following terms have the meanings set forth in the Sections referenced below:

Definition	Location
Agreement	Preamble
Approved Consultant	6.2(b)

Balance Sheet	4.6(a)
Bidder	Preamble
Bidder Guarantor	Preamble
Closing	2.2(a)
Closing Date	2.2(a)
COFECO	3.3(b)
COFETEL	3.3(b)
Company	Preamble
Covered Parties	6.15(a)
DBM	Preamble
Determination Date	8.1(i)
Disclosure Schedules	Article III

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Definition	Location
Dispute	9.10
Employee Plans	4.10(a)
Environmental Claim	4.17(d)(i)
Environmental Laws	4.17(d)(ii)
Environmental Permits	4.17(d)(iii)
Execution Date	Preamble
Financial Statements	4.6(a)
FN	Preamble
Guaranteed Obligations	6.21
ICC Rules	9.10
Improvements	4.13(c)
Interim Financial Statements	4.6(a)
Issuing Bank	6.13(a)
ITU	4.15(b)
Joinder Agreement	Recitals
Major Fuel Deficiency	6.2(b)
Material Contracts	4.18(a)
ME	3.3(b)
MIFR	4.15(d)
MXJV	Recitals
MXJV Partner	Recitals
Permits	4.8(b)
Potential Transaction	6.17
Projected Closing Date	8.1(i)
Qualified Bank	6.13(a)
Satellite Health Data	4.15(a)
SCT	3.3(b)
Seller	Preamble
Sellers	Preamble
Termination Date	8.1(d)

ARTICLE II
PURCHASE AND SALE

Section 2.1 Purchase and Sale of the Shares. (a) Upon the terms and subject to the conditions of this Agreement, at the Closing, the Sellers shall sell, assign, transfer, convey and deliver the Shares (and all of the Sellers' right, title and interest therein) to the Buyers free and clear of all Encumbrances, and the Buyers shall purchase the Shares from the Sellers, for the Equity Purchase Price. Schedule 2.1 sets forth (i) the percentage of the Equity Purchase Price to which each Seller shall be entitled and (ii) the number, class and series of Shares sold by each Seller.

(b) At least five Business Days prior to the Closing Date, the Buyers shall provide to the Company and the Sellers (i) a statement of their respective Allocable

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Shares and (ii) the number, class and series of Shares being purchased by each Buyer.

Section 2.2 Closing.The sale and purchase of the Shares shall take place at a closing (the "Closing") to be held at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166, at 10:00 A.M., local time on the fifth Business Day following the satisfaction or, to the extent permitted by applicable Law, waiver of all conditions to the obligations of the parties set forth in Article VII (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date), or at such other place or at such other time or on such other date as the Sellers and the Buyers mutually may agree in writing. The day on which the Closing takes place is referred to as the "Closing Date".

(b) Within five Business Days after March 31, 2010, and in no event later than two Business Days prior to the Closing Date, the Company shall provide to the Buyers (i) written notice of the amount of First Quarter Cash and (ii) a certificate, signed by a duly authorized officer of the Company, certifying the First Quarter Cash, computed as defined herein. The Company shall provide Bidder with access to such working papers and other information relating to the calculation of First Quarter Cash as Bidder may reasonably request in order to confirm its reasonable agreement with such calculations. Upon Bidder's determination of its reasonable agreement therewith, Bidder shall deliver to the Company written confirmation of the Buyers' agreement with the Company's calculation of the amount of First Quarter Cash.

(c) At least two Business Days prior to the Closing Date, the Company shall provide to the Buyers a statement setting forth the Adjusted Working Capital as of such date, with an estimate of any changes thereto to be made prior to the Closing Date. The Company shall provide Bidder with access to such working papers and other information relating to the Adjusted Working Capital as Bidder may reasonably request in order to confirm its reasonable agreement with such Adjusted Working Capital statement and estimate. Upon Bidder's determination of its reasonable agreement therewith, Bidder shall deliver to the Company written confirmation of the Buyers' agreement with such Adjusted Working Capital statement and estimate of changes thereto to be made prior to the Closing Date.

(d) Following the close of business on the Business Day preceding the Closing Date, the Company shall provide to the Buyers (i) written notice of the amount of Available Cash, (ii) a certificate, signed by a duly authorized officer of the Company, certifying the Available Cash, computed as defined herein and (iii) a statement setting forth the Total Cash to be Made Available by the Buyers, computed as defined herein. The Company shall provide Bidder with access to such working papers and other information relating to the calculation of Available Cash and Total Cash to be Made Available by the Buyers as Bidder may reasonably request in order to confirm its reasonable agreement with such calculations. Upon Bidder's determination of its reasonable agreement therewith, Bidder shall deliver to the Company written confirmation of the Buyers' agreement with the Company's calculation of the amount of Available Cash and Total Cash to be Made Available by the Buyers.

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(e) At the Closing (i) each Buyer shall deliver to each Seller its Allocable Share of the portion of the Equity Purchase Price to be delivered to such Seller in accordance with the percentages set forth on Schedule 2.1 in immediately available funds in United States dollars, by wire transfer to a bank account designated in writing by such Seller to the Buyers at least two Business Days prior to the Closing Date and (ii) the Sellers shall deliver or cause to be delivered to the Buyers the original certificates representing the Shares, duly endorsed in property in favor of the Buyers, in accordance with the statement provided pursuant to Section 2.1(b), and the books and records of the Company (which shall reflect entries evidencing, as required under applicable Law, registration of the transaction contemplated hereby) including, the Stock Registry Book (*Libro de Registro de Accionistas*) of the Company. To the extent that a portion of the Equity Purchase Price consists of proceeds from the sale or lease of *Solidaridad 2* received after the Closing Date, such amounts shall be paid to the Sellers within sixty (60) Business Days of receipt thereof by the Company.

(f) At the Closing, each Buyer shall deliver to the Tender Agent its Allocable Share of the Tender Price in immediately available funds in United States dollars, by wire transfer to a bank account designated in writing by the Company to the Buyers at least two Business Days prior to the Closing Date. To the extent that a portion of the Tender Price consists of proceeds from the sale or lease of *Solidaridad 2* received after the Closing Date, such amounts shall be paid to the Tender Agent within sixty (60) Business Days of receipt thereof by the Company.

(g) At the Closing, the Sellers and the Buyers shall cause the Company to deliver to each Person that has delivered to the Buyers the statement described in Section 6.22 the Professional Services Fees due to such Person by wire transfer to a bank account designated in writing by such Person to the Buyers at least two Business Days prior to the Closing Date.

Section 2.3 Debt OfferThe Company shall, to the extent such consents have not been obtained prior to the date hereof, use commercially reasonably efforts to obtain, as soon as practicable after the date hereof, the requisite consents under the First Priority Indenture and the Second Priority Indenture to make and consummate the Debt Offers, shall commence the Debt Offers as soon as practicable after the requisite consents under the First Priority Indenture and the Second Priority Indenture and the approvals contemplated by Section 7.1(c)(iv) hereof have been obtained and shall extend the Debt Offers from time to time as necessary to consummate the Debt Offers simultaneously with the Closing.

(b) The Company covenants and agrees that, immediately following the date on which the requisite consents are received therefor, the Company shall execute the First Priority Supplemental Indenture or the Second Priority Supplemental Indenture, as applicable.

(c) The Company shall conduct the Debt Offers in a manner that does not conflict with the First Priority Indenture or the Second Priority Indenture.

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ARTICLE III
REPRESENTATIONS AND WARRANTIES
OF THE SELLERS

Except as set forth in the Disclosure Schedules attached hereto (collectively, the "Disclosure Schedules"), each of DBM and FN, solely in its capacity as trustee of the DBM Trust and the FN Trust, respectively, severally and not jointly, hereby represent and warrant to the Buyers as follows:

Section 3.1 OrganizationSuch Seller is (a) in the case of DBM, a *sociedad anónima*, duly organized, validly existing and in good standing under the Laws of Mexico, authorized by the Ministry of Finance and Public Credit to act as a multiple banking institution and to perform trustee services, and (b) in the case of FN, a *banco nacional de desarrollo*, duly organized, validly existing and in good standing under the Laws of Mexico, authorized to act as a development banking institution and to perform trustee services; each with the necessary qualifications, power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, as well as to transfer and sell its Shares.

Section 3.2 AuthoritySuch Seller has the corporate power and authority to execute and deliver this Agreement and, subject to the approvals described in Section 7.1(c), to perform its obligations hereunder and to consummate the transactions contemplated hereby including in accordance with the DBM Trust, the FN Trust and applicable Law. The execution, delivery and, except for the approvals described in Section 7.1(c), performance by such Seller of this Agreement and the consummation by such Seller of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action and by any and all actions, instruction letters or opinions of the Trusts' Beneficiaries, any applicable committees or from any other Person (including the Agent) that are required under the DBM Trust and the FN Trust. The execution, delivery and performance by such Seller of this Agreement and the consummation by such Seller of the transactions contemplated hereby are consistent and in full compliance with the purpose (*fines del fideicomiso*) of the DBM Trust and the FN Trust, respectively. This Agreement has been duly executed and delivered by such Seller. Subject to the approvals described in Section 7.1(c), this Agreement constitutes the legal, valid and binding obligations of such Seller, enforceable against such Seller in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 3.3 No Conflict; Required Filings and Consents (a) Except as set forth in Schedule 3.3 of the Disclosure Schedules, the execution, delivery and performance by such Seller of this Agreement, and the consummation of the transactions contemplated hereby (including the Series N Share Conversion), do not and will not:

(i) conflict with or violate the DBM Trust or the FN Trust, as applicable to each Seller (or any other charter documents by which such Seller is bound);

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(ii) conflict with or violate any Law applicable to such Seller or by which any property or assets of such Seller (including the Shares) is bound or affected; or

(iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, cause or permit the acceleration of the maturity of, give rise to any right of termination, cancellation, imposition of fees or penalties under, or require any consent of any Person pursuant to, any material Contract to which such Seller is a party or by which any of the property or assets of such Seller is bound or affected;

except, in the case of clause (iii) above, (A) to the extent that any such conflicts, violations, breaches, defaults or other occurrences would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to such Seller or that arise as a result of any facts or circumstances relating to the Buyers or any of their Affiliates or (B) that would be waived pursuant to the Supplemental Indentures.

(b) Such Seller is not required to file, seek or obtain any material notice, authorization, approval, order, permit, action or consent of or with any Governmental Authority in connection with the execution, delivery and performance by such Seller of this Agreement or the consummation of the transactions contemplated hereby, except: (i) any filings and notifications required to be made (A) with the *Comisión Federal de Competencia* (Federal Economic Competition Commission of Mexico) (the "COFECO") under the *Ley Federal de Competencia Económica* (the Federal Economic Competition Law of Mexico), and its regulations, as amended and (B) under any other applicable antitrust or competition Laws; (ii) such filings with and consents of (A) the *Secretaría de Comunicaciones y Transportes* (the Ministry of Communications and Transportation of Mexico) (the "SCT") with the opinion of the *Comisión Federal de Telecomunicaciones* (the Federal Telecommunications Commission of Mexico) (the "COFETEL") under the Concessions and under the *Ley Federal de Telecomunicaciones* (the Federal Telecommunications Law of Mexico) and its regulations, as amended, (B) the Federal Communications Commission of the United States and (C) any other applicable communications Governmental Authority as may be required (including any notifications or other filings that do not require consents); (iii) the Revised Neutral Share Approval and such other filings with, clearance of and consents of the *Secretaría de Economía* (the Ministry of Economy of Mexico) (the "ME") as may be required under the *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico) and its regulations, as amended; (iv) such filings as may be required by any applicable securities Laws; or (v) to the extent necessary as a result of any facts or circumstances relating to the Buyers or any of their Affiliates. The Sellers may retain external legal counsel in order to review and perform any of the acts and filings referred to in clauses (i) through (iv) above (and other procedures to be carried out before the applicable Governmental Authority); provided, that all reasonable and documented fees generated by the foregoing will be paid directly by the Company in accordance with Clause 17 of the DBM Trust.

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Section 3.4 Shares; Trust Beneficiary Rights(a) *Shares.* Such Seller is the record holder of and holds good and valid title to the Shares set forth opposite its name in Schedule 3.4(a) of the Disclosure Schedules, free and clear of any Encumbrance. Except as set forth in Schedule 3.4(a) of the Disclosure Schedules, such Seller has the right, authority and power to sell, assign and transfer its Shares to the Buyers.

(b) *DBM Trust Beneficiary Rights*. With respect to DBM, each of the DBM Trust Beneficiaries under the DBM Trust is the legitimate and, together with the other DBM Trust Beneficiaries, the sole holder of the beneficiary rights under the DBM Trust, free and clear of any Encumbrance, that appears opposite to its name in Schedule 3.4(b) of the Disclosure Schedules. Pursuant to DBM's books and records as of the date of this Agreement, the DBM Trust Beneficiaries under the DBM Trust have not granted any option, warrant, promise of assignment or other similar rights to purchase or acquire any beneficiary rights thereunder.

(c) *FN Trust Beneficiary Right*s. With respect to FN, each of the FN Trust Beneficiaries under the FN Trust is the legitimate and, together with the other FN Trust Beneficiaries, the sole holder of the beneficiary rights under the FN Trust, free and clear of any Encumbrance, that appears opposite to its name in Schedule 3.4(c) of the Disclosure Schedules. Pursuant to FN's books and records as of the date of this Agreement, the FN Trust Beneficiaries under the FN Trust have not granted any option, warrant, promise of assignment or other similar rights to purchase or acquire any beneficiary rights thereunder.

Section 3.5 LitigationThere is no Action by or against such Seller or any of its Subsidiaries pending or, to the knowledge of such Seller, threatened that could, individually or in the aggregate, reasonably be expected to prevent, materially delay or materially impede the performance by such Seller of its obligations under this Agreement or the consummation of the transactions contemplated hereby.

Section 3.6 BrokersThe Buyers shall not be obligated to pay any brokerage, finder's or other fee or commission to any broker, finder or investment banker in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of such Seller.

(b) Rubio, Villegas y Asociados, S.C., as counsel to the Company, or other legal counsel appointed by the Technical Committee will issue the written confirmation that all Permits (as defined in the DBM Trust) required to consummate the sale of the Shares have been obtained from and/or made with the proper Governmental Authorities (as defined in the DBM Trust) pursuant to Clause 11(i) of the DBM Trust.

Section 3.7 Information Supplied. None of the information supplied or to be supplied by such Seller for inclusion or incorporation by reference in the Debt Offer Documents or any amendment or supplement thereto will contain, at the time the Debt Offer Documents are first published, sent or given to holders of the First Priority Notes or the Second Priority Notes and at the expiration of the Debt Offer, any incorrect or untrue statement of a material fact or

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omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 3.8 Exclusivity of Representations and WarrantiesNeither such Seller nor any of its Affiliates or Representatives is making any representation or warranty on behalf of such Seller of any kind or nature whatsoever, oral or written, express or implied, except as expressly set forth in this Article III, and such Seller hereby disclaims any such other representations or warranties. Notwithstanding anything herein to the contrary, no representation or warranty made herein is made, or shall be deemed to be made, by or on behalf of the beneficial holders of Shares of the Company.

Section 3.9 *Delegado Fiduciario* (Fiduciary Delegate) The fiduciary delegate of each Seller has sufficient power and authority (including the necessary corporate authority) to validly execute and deliver this Agreement on its behalf and to validly bind DBM and FN, respectively, as trustees under the terms herein and pursuant to the DBM Trust and the FN Trust, as evidenced in the documents attached hereto as **Annex A**, and such powers, authority and corporate authorizations have not been revoked, modified or limited in any manner.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Disclosure Schedules, the Company hereby represents and warrants to the Buyers as follows:

Section 4.1 Organization and Qualification (a) Each of the Company and its Subsidiaries is (i) duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization as set forth in Schedule 4.1(a) of the Disclosure Schedules, and has all necessary power and authority to own, lease, license and operate its assets and properties and to carry on its business as it is now being conducted and (ii) duly qualified or licensed as a foreign entity to do business, and is in good standing, in each jurisdiction where the character of the properties owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except, in the case of this clause (ii), for any such failures that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company.

(b) The Company has heretofore furnished to the Buyers a true, complete and correct copy of the certificate of incorporation and *estatutos sociales* (by-laws) or equivalent organizational documents, each as amended and in effect to this date, of the Company and each of its Subsidiaries. Such certificates of incorporation, *estatutos sociales* (by-laws) or equivalent organizational documents are in full force and effect.

Section 4.2 AuthorityExcept for those approvals expressly set forth in Section 7.1(c), as of the Execution Date, the Company has the power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and, except for the approvals described in Section 7.1(c), performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby have been duly and

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validly authorized by all necessary action. This Agreement has been duly executed and delivered by the Company. This Agreement constitutes the legal, valid and binding obligations of the Company, enforceable against the Company in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 4.3 No Conflict; Required Filings and Consents (a) Except as set forth in Schedule 4.3 of the Disclosure Schedules, the execution, delivery and performance by the Company of this Agreement and the consummation by the Company of the transactions contemplated hereby (including the Series N Share Conversion), do not and will not:

(i) conflict with or violate the *estatutos sociales* (by-laws) or other organizational documents of the Company or its Subsidiaries;

(ii) conflict with or violate any Law applicable to the Company or its Subsidiaries or by which any property or assets of the Company or its Subsidiaries is bound or affected; or

(iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, cause or permit the acceleration of the maturity of, give rise to any right of termination, cancellation, imposition of fees or penalties under, or require any consent of any Person pursuant to, any Material Contract;

except, in the case of clause (iii) above, to the extent that any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company or that arise as a result of any facts or circumstances relating to the Buyers or any of their Affiliates.

(b) The Company is not required to file, seek or obtain any material notice, authorization, approval, order, permit, action or consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Company of this Agreement or the consummation of the transactions contemplated hereby, except: (i) any filings and notifications required to be made (A) with COFECO under the *Ley Federal de Competencia Económica* (the Federal Economic Competition Law of Mexico) and its regulations, as amended and (B) under any other applicable antitrust or competition Laws; (ii) such filings with and consents of (A) the SCT with the opinion of COFETEL under the Concessions and under the *Ley Federal de Telecomunicaciones* (the Federal Telecommunications Law of Mexico) and its regulations, as amended, and other applicable telecommunications Laws of Mexico, (B) the Federal Communications Commission of the United States and (C) any other applicable communications Governmental Authority as may be required (including any notifications or other filings that do not require consents); (iii) the Revised Neutral Share Approval and such other filings with, clearance of, and consents of the ME as may be required under the *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico) and its regulations, as

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amended; (iv) such filings as may be required by any applicable securities Laws; or (v) to the extent necessary as a result of any facts or circumstances relating to the Buyers or any of their Affiliates.

Section 4.4 CapitalizationThe Company's and each of its Subsidiaries' authorized, outstanding, fully subscribed and paid capital stock is as set forth in Schedule 4.4 of the Disclosure Schedules. All of the Company's issued and outstanding capital stock is validly issued, fully paid and nonassessable. The Shares constitute all of the issued and outstanding capital stock of the Company. Except as set forth in Schedule 4.4 of the Disclosure Schedules, (a) there are no outstanding obligations, options, warrants, calls, convertible securities or any other rights (including preemptive rights), agreements, arrangements or commitments of any kind relating to the capital stock of the Company or obligating the Company to issue, deliver or sell, or cause to be delivered or sold, any shares of capital stock of, or any other interest in, the Company, (b) there are no outstanding contractual obligations of the Company to repurchase, redeem or otherwise acquire any shares of capital stock of the Company or to provide funds to, or make any investment in, any other Person, and (c) there are no agreements or understandings in effect with respect to the voting or transfer of any of the capital stock of the Company.

Section 4.5 Equity Interests; IndebtednessNeither the Company nor any of its Subsidiaries directly or indirectly owns any equity, partnership, membership or similar interest in, or any interest convertible into, exercisable for the purchase of or exchangeable for any such equity, partnership, membership or similar interest in any other Person.

(b) Except for Indebtedness described in Schedule 4.5(b) of the Disclosure Schedules, the Company and its Subsidiaries have no Indebtedness outstanding as of the date of this Agreement.

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Section 4.6 Financial Statements; Internal Controls; No Undisclosed Liabilities (a) Copies of the audited consolidated balance sheet of the Company and its Subsidiaries as at December 31, 2008, December 31, 2007 and December 31, 2006, and the related audited consolidated statements of operations, shareholders' equity and cash flows of the Company and its Subsidiaries, together with all related notes and schedules thereto, accompanied by the reports thereon of the Company's independent auditors (collectively referred to as the "Financial Statements") and the unaudited consolidated balance sheet of the Company and its Subsidiaries as at September 30, 2009 (the "Balance Sheet"), and the related consolidated statements of operations, shareholders' equity and cash flows of the Company and its Subsidiaries, together with all related notes and schedules thereto (collectively referred to as the "Interim Financial Statements"), are attached hereto as Schedule 4.6(a) of the Disclosure Schedules. Each of the Financial Statements and the Interim Financial Statements (i) has been prepared based on the books and records of the Company and its Subsidiaries (except as may be indicated in the notes thereto), (ii) has been prepared in accordance with GAAP applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and (iii) fairly presents, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries, as at the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein and subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments and the absence of notes that will not, individually or in the aggregate, be material.

(b) The Company maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, (ii) transactions are recorded as necessary to permit the preparation of the Financial Statements and Interim Financial Statements in accordance with GAAP and to maintain accountability for assets and properties of the Company and its Subsidiaries and (iii) the recorded accountability for assets and properties of the Company and its Subsidiaries is maintained at reasonable intervals and in conformity with GAAP. Except as otherwise set forth in Schedule 4.6(b) of the Disclosure Schedules, no auditor or accountant of the Company and its Subsidiaries has issued any report or opinion in connection with the audit of the financial statements of the Company and its Subsidiaries (including the Financial Statements and the Interim Financial Statements) that contains any qualification or exception to such report or opinion that questions the treatment or classification of any item in such financial statements related to or arising from the business (including the Financial Statements and the Interim Financial Statements).

(c) There are no debts, liabilities or obligations, whether accrued or unaccrued, absolute or contingent, matured or unmatured, known or unknown, asserted or unasserted, or determined or determinable, of the Company or any of its Subsidiaries (including, without limitation, any off-balance sheet arrangements as defined in Item 303(a) of Regulation S-K under the Exchange Act of 1934), other than any such debts, liabilities or obligations (i) reflected or reserved against on the Interim Financial Statements, the Financial Statements or the notes thereto, (ii) that have been incurred during the period between the date of the Balance Sheet and the date of this Agreement and

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disclosed on Schedule 4.6(c) of the Disclosure Schedules, (iii) that have been incurred since the date of this Agreement in the ordinary course of business of the Company and its Subsidiaries, (iv) arising as a direct result of this Agreement or (v) that would not, individually or in the aggregate, be material to the business or condition of the Company.

Section 4.7 Absence of Certain Changes or Events (a) Except as disclosed in Schedule 4.7(a) of the Disclosure Schedules, since the date of the Balance Sheet, there has not occurred or existed any Material Adverse Effect with respect to the Company.

(b) Except as disclosed in Schedule 4.7(b) of the Disclosure Schedules, since the date of the Balance Sheet there has not occurred or been taken any event, action or circumstance which would require the consent of the Buyers under Section 6.1 if such event, action or circumstance were to occur or be taken between the date of this Agreement and the Closing Date.

Section 4.8 Compliance with Law; PermitsEach of the Company and its Subsidiaries is in compliance in all material respects with all Laws applicable to it.

(b) Each of the Company and its Subsidiaries is in possession of all permits (including, without limitation, import, export, construction and operation permits), licenses, franchises, approvals, certificates, consents, waivers, Concessions, exemptions, orders, registrations, notices and any other authorizations of any Governmental Authority necessary or required for each of the Company and its Subsidiaries to own, lease and operate its properties and assets, including each Company Satellite, and to carry on its business as currently conducted (the "Permits"), except where the failure to have, or the suspension or cancellation of, any of the Permits would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company. Each material Permit is listed on Schedule 4.8(b) of the Disclosure Schedules and is in full force and effect. Each of the Company and its Subsidiaries is in compliance in all material respects with all such Permits. No suspension, cancellation, modification, revocation or nonrenewal of any Permit is pending or, to the Knowledge of the Company, threatened. All Permits are free and clear of any Encumbrance, other than Permitted Encumbrances.

(c) Other than as set forth in Schedule 4.8(c) of the Disclosure Schedules, the Company is, and has been over the five-year period prior to the date of this Agreement, in full compliance with all terms of the Concessions, and the Concessions are in full force and effect. The

Company has provided to the Buyers true and correct copies of all material correspondence with the SCT relating to the Concessions over such five-year period, all of which have been provided to the Buyers in folder 12.13 of the Intralinks Workspace, titled "Project Phoenix". Other than as set forth in Schedule 4.8(c) of the Disclosure Schedules, to the Knowledge of the Company, no facts or circumstances exist that would cause the terms of the Concessions not to be renewed or that would otherwise cause the termination or revocation of any Concession.

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No representation or warranty is made under this Section 4.8 with respect to Taxes or environmental matters, which are covered exclusively by Sections 4.16 and 4.17, respectively.

Section 4.9 LitigationExcept as set forth in Schedule 4.9 of the Disclosure Schedules, as of the date hereof, there is no material Action by or against the Company or any of its Subsidiaries pending or, to the Knowledge of the Company, threatened.

Section 4.10 Employee Benefit Plans (a) Schedule 4.10 of the Disclosure Schedules sets forth (i) a true and complete list of all employee benefit plans and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, that are maintained, contributed to or sponsored by the Company or any of its Subsidiaries for the benefit of any current or former employee, officer or director of the Company or any of its Subsidiaries and (ii) a list of all material employment, termination, severance or other Contracts pursuant to which the Company or any of its Subsidiaries currently has any obligation with respect to any current or former employee, officer or director of the Company or any of its Subsidiaries (collectively, the "Employee Plans"). The Company has made available to the Buyers a true and complete copy of each Employee Plan and all current summary plan descriptions.

(b) (i) To the Knowledge of the Company, each Employee Plan has been maintained in all material respects in accordance with its terms and the requirements of applicable Law and (ii) each of the Company and its Subsidiaries has performed all material obligations required to be performed by it under any employment agreement or Employee Plan, and to the Knowledge of the Company, is not in default under or in violation of any employment agreement or Employee Plan.

(c) Except as set forth in Schedule 4.10(c) of the Disclosure Schedules, neither the Company nor any of its Subsidiaries is a party to any Contract that could, directly or in combination with other events, result, individually or in the aggregate, in the payment, acceleration or enhancement of any salary or benefit as a result of the transactions contemplated by this Agreement. The identities of the employees to whom the payments referenced in Schedule 4.10(c) of the Disclosure Schedules will be due have been provided to the Buyers.

(d) Each Employee Plan (i) has been, and is operated and administered in all material respects in accordance with its terms and in compliance with applicable Laws, (ii) if intended to qualify for special tax treatment, qualifies for such treatment, and (iii) if intended to be book-reserved, is fully book-reserved, based upon reasonable actuarial assumptions. There are no claims pending by any employee or legal beneficiary covered under any Employee Plan.

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Section 4.11 Employment Matters; Labor Relations (a) The Company has provided to the Buyers a true and complete list of the name of each officer and employee of the Company and its Subsidiaries, together with each such person's position or function, date of hire, annual base salary or wages and any incentive or bonus arrangement with respect to such person in effect on such date, and description of benefits payable to each employee. To the Knowledge of the Company, it has not received any information that would lead it to believe that any executive officer of the Company or any of its Subsidiaries or any employee listed on Schedule 4.11(a) intends to cease to be an employee of the Company or any of its Subsidiaries, as applicable, because of the consummation of the transactions contemplated by this Agreement.

(b) Except as set forth in Schedule 4.11(b) of the Disclosure Schedules, there is not in existence, nor has there been within the 12 months prior to the date hereof, any pending or, to the Knowledge of the Company, threatened (i) any strike, slowdown, stoppage, picketing, interruption of work, lockout or any other dispute or controversy with or involving a labor organization or with respect to unionization or collective bargaining, (ii) any labor-related organizational effort, election activities, or request or demand for negotiations, recognition or representation, (iii) any arbitration, administrative hearing, formal claim of unfair labor practice, other union- or labor-related Action or other formal claim, workers' compensation formal claim, formal claim or investigation of wrongful discharge, formal claim or investigation of employment discrimination or retaliation, or claim or investigation of sexual harassment, against the Company or any of its Subsidiaries or (iv) any Action filed by a union requesting management and administration of a collective bargaining agreement.

(c) Except as set forth in Schedule 4.11(c) of the Disclosure Schedules, as of the date of this Agreement and for the 12 months preceding such date, none of the Company or any of its Subsidiaries is, or within such period has been, (i) a party to or bound by any collective bargaining agreement, other agreement or understanding, work rules or practice, or arbitration award with any labor union or any other similar organization; and (ii) none of the employees are subject to or covered by any such collective bargaining agreement, other agreement or understanding, work rules or practice, or arbitration award, or are represented by any labor organization.

(d) Except as set forth in Schedule 4.11(d) of the Disclosure Schedules, the consummation of the transactions contemplated by this Agreement will not (either alone or together with any other event) entitle any employee to severance, change of control or other similar pay or benefits under, or accelerate the time of payment or vesting or trigger any payment of funding (through a grantor trust or otherwise) of compensation or benefits under, or increase the amount payable or trigger any other material obligation pursuant to, any Employee Plan.

(e) Except as set forth in Schedule 4.11(e) of the Disclosure Schedules, there is no Action pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries before any Governmental Authority filed by an employee or a former employee requesting reinstatement, severance, salaries or any labor

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benefit. There is no complaint pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries before any Governmental Authority filed by an employee or a former employee requesting payment of a specific severance due to a work-related accident.

(f) The Company and its Subsidiaries are in material compliance according to the applicable Laws in connection with payment of employer's mandatory contributions to (i) the Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social*), (ii) the Institute for the National Fund of Housing for Employees (*Instituto del Fondo Nacional de la Vivienda para los Trabajadores*), and (iii) the System of Savings for Retirement (*Sistema de Ahorro para el Retiro*).

Section 4.12 InsuranceSchedule 4.12 of the Disclosure Schedules sets forth a true and complete list of all insurance policies in effect as of the date of this Agreement that insure the business, operations, assets and properties of the Company and its Subsidiaries or that affect or relate to the ownership, use or operation of any of the material assets and properties of the Company and its Subsidiaries, and that have been issued to or for the benefit of the Company and its Subsidiaries, including all launch and in-orbit satellite insurance policies and the Company's and its Subsidiaries' officers' and directors' liability insurance policies. The Company has heretofore provided the Buyers with a brief summary of the coverage and terms of each such policy as well as a copy thereof. Each such policy is valid and binding and in full force and effect, no premiums due under any such policies have not been paid and neither the Company nor any of its Subsidiaries has received any notice of cancellation or termination in respect of any such policy or is in default under any such policy and there are no pending insurance Actions.

Section 4.13 Real Property (a) Neither the Company nor any of its Subsidiaries owns any real property.

(b) Schedule 4.13(b) of the Disclosure Schedules lists the street address of each parcel of Leased Real Property and the identity of the lessor, lessee and current occupant (if different from lessee) of each such parcel of Leased Real Property. The Company or its Subsidiaries have a valid leasehold estate in and the right to quiet enjoyment of all Leased Real Property, free and clear of all Encumbrances, other than Permitted Encumbrances and any such exceptions that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company. Neither the Company nor any of its Subsidiaries or, to the Knowledge of the Company, any counterparty thereto, is in breach of, violation of, or (with or without notice of lapse of time or both) default under, any Contract relating to Leased Real Property to which it is a party, except for such breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company. To the Knowledge of the Company, no events or conditions exist that, with notice or lapse of time or both, would constitute a breach, violation or default by the Company or any of its Subsidiaries, or permit termination, modification or acceleration, under any Contract relating to Real Property except for such breaches, violations or defaults that would not, individually or in the aggregate, reasonably be

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expected to have a Material Adverse Effect with respect to the Company. The Company and its Subsidiaries do not owe any brokerage commissions with respect to any such Leased Real Property.

(c) The Company and its Subsidiaries have good and valid leasehold title to all of the buildings, structures, facilities, fixtures and other improvements located on all Leased Real Property (the "Improvements"), subject to reversion to the landlord or other third party upon expiration or termination of the lease for such Leased Real Property, which shall be free and clear of all Encumbrances as of the Closing Date, except for Permitted Encumbrances. The Improvements on the Leased Real Property are adequately maintained and are in good operating condition and repair, ordinary wear and tear excepted, for the purposes for which they are presently being used and, to the Knowledge of the Company and its Subsidiaries, there are no condemnation or appropriation proceedings pending or threatened against any of such Leased Real Property or the Improvements thereon.

(d) Schedule 4.13(d) of the Disclosure Schedules lists the Concessions on real property that have been granted by the Mexican Governmental Authority to the Company to possess, use and operate the control centers in Iztapalapa, city of Mexico, Federal District, and the city of Hermosillo, in the state of Sonora, both of them in the Mexican territory.

Section 4.14 Intellectual Property (a) Schedule 4.14(a) of the Disclosure Schedules sets forth a true and complete list of all registered Intellectual Property owned or licensed by the Company or any of its Subsidiaries and used in the Company's or any of its Subsidiaries' businesses.

(b) To the Knowledge of the Company, the Company and its Subsidiaries own or otherwise hold valid rights to use all material Intellectual Property used in the operation of their businesses as currently conducted.

(c) No material Action is pending or, to the Knowledge of the Company, threatened that asserts that the use or exploitation by the Company or any of its Subsidiaries of any Intellectual Property owned or licensed by the Company or any of its Subsidiaries infringes the Intellectual Property of any third party.

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Section 4.15 Company Satellites (a) Schedule 4.15(a) of the Disclosure Schedules sets forth a true and complete list, by orbital location, of each Company Satellite (listing the number and type of Transponders thereon) which are free and clear of any Encumbrance (other than Permitted Encumbrances), and for *Satmex 5* and *Satmex 6*, the Company's estimate of available propellant or bi-propellant. To the extent permitted by United States export control Laws and the Company TAA in place, the Company has made available to the Buyers true and correct copies of all Deliverable Data related to the Company Satellites (operational and maintenance logs and data being available for inspection upon request at the Company's facilities), a copy of all waivers from the Satellite Performance Specifications, a description of all material anomalies occurring and observed on the Company Satellites of which the Company has Knowledge since their respective launches and a description of all actions taken with respect thereto (collectively, the "Satellite Health Data"). To the Knowledge of the Company, the Satellite Health Data is accurate and complete in all material respects and presents a fair depiction of the current health and operational status of the Company Satellites. The health and operational reports to be provided to the Buyers regarding the status of the Company Satellites pursuant to Section 6.16 shall be the originals, or true and correct copies of, the health and operational reports prepared by the Company. Except as set forth in Schedule 4.15(a) of the Disclosure Schedules, as of the date hereof, the Company has no Knowledge of material anomalies experienced by Company Satellites that are not disclosed in the Satellite Health Data.

(b) Schedule 4.15(b) of the Disclosure Schedules contains a summary, by orbital location, of the status of frequency registration at the International Telecommunication Union ("ITU"), of each Company Satellite and each advanced published satellite filed on behalf of the Company, including the identity of the sponsoring administration and the frequency bands covered. Except as set forth in Schedule 4.15(b) of the Disclosure Schedules, as of the date hereof, the Company has no Knowledge of any material and significant conflicting claim(s) with respect to its rights to use the frequency assignment(s) described in its ITU filings at any such orbital location(s).

(c) Schedule 4.15(c) of the Disclosure Schedules describes the *usufructo* commitments made by the Company for the benefit of Loral Skynet Corporation under Articles 980 *et seg*. of Mexico's Federal Civil Code with respect to the Loral Transponders. Schedule 4.15(c) of the Disclosure Schedules contains a summary, to the Company's Knowledge, of prejudicial interferences by orbital location since January 1, 2007. To the Company's Knowledge, any interference events that occurred prior to January 1, 2007 are not prejudicial as of the date hereof, it being understood, however, that interference from third party transmissions may occur at any time and are beyond the control of the Company.

(d)

(i) The Company's existing and planned satellite networks operate or are planned to operate at three orbital slots, as follows: (A) at 113 degrees W.L.: *Satmex 6* (corresponds to the ITU name of *Solidaridad 2*, and subsequently filed with the ITU under the name of *Satmex 7*), referred to herein as

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Satmex 6; (B) at 116.8 degrees W.L.: *Satmex 5* (corresponds to the ITU name of *Morelos 2*), referred to herein as *Satmex 5*, intended to be replaced by a *Satmex 8* (corresponds to the ITU name of *Satmex 8*); and (C) at 114.9 degrees W.L.: *Solidaridad 2* (corresponds to the ITU name of *Cansat 17*), referred to herein as *Solidaridad 2*, intended to be replaced by *Satmex 7* (corresponds to the ITU name of *Mexsat* 114.9 C-Ku), and referred to herein as *Satmex 7*. The C-band and Ku-band payloads of such networks are referred to herein as the "Company's Existing and Planned Networks".

(ii) The Company's Existing and Planned Networks with respect to coordination: (A) *Satmex 5* has been fully coordinated in accordance with the ITU Radio Regulations and applicable Mexican laws and regulations and is recorded in the ITU Master International Frequency Register (the "MIFR"); (B) the coordination of each of *Satmex 6*, *Solidaridad 2*, *Satmex 7*, and *Satmex 8* in accordance with the ITU Radio Regulations and applicable Mexican laws and regulations is in process, and to the Knowledge of the Company, there is no reason or circumstance that would preclude each of *Satmex 6*, *Solidaridad 2*, *Satmex 7*, and *Satmex 8* from being fully coordinated in accordance with the ITU Radio Regulations and applicable Mexican laws and subsequently recorded in the MIFR; and (C) do not violate existing satellite operator-to-operator coordination agreements, including those with Loral Skynet, PanAmSat/Intelsat, Ltd., EchoStar, SES Americom/SES World Skies and Telesat. To the Knowledge of the Company, there are no pending requests for coordination that could reasonably have an adverse impact on the operation of the Company's Existing and Planned Networks (including availability of radio-frequency spectrum or operational power levels).

Section 4.16 TaxesExcept as disclosed in Schedule 4.16 of the Disclosure Schedules:

(a) All Returns required by applicable Law to be filed by or with respect to the Company or its Subsidiaries have been timely filed with the appropriate Tax Authorities (taking into account any extension of time to file granted or obtained), and such Returns are true, correct and complete in all material respects. All material Taxes shown to be payable on such Returns have been paid. Neither the Company nor any Subsidiary currently is the beneficiary of any extension of time within which to file any material Return.

(b) Neither the Company nor any of its Subsidiaries (i) is currently the subject of an Action or other examination of Taxes by the Tax Authorities of any nation, state or locality (and the Company has not received written notice that any such Action is pending or contemplated), (ii) is presently contesting the Tax liability of the Company or any of its Subsidiaries before any court, tribunal or agency, (iii) has entered into an agreement or waiver or requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of Taxes of the Company or any of its Subsidiaries or (iv) has used any Tax exemption, reduction, incentive or benefit of

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any kind granted by Tax Authorities through an administrative act. No deficiency for any material amount of Tax has been asserted or assessed by a Governmental Authority in writing against the Company or any of its Subsidiaries that has not been satisfied by payment, settled or withdrawn.

(c) No issue has been raised by any Tax Authority in any audits (or other action) of the Company or its Subsidiaries that, if raised with respect to any other period not so audited, could be expected to result in a material deficiency for any period not so audited.

(d) There are no Encumbrances for Taxes on any of the properties or assets of the Company or any of its Subsidiaries other than Permitted Encumbrances.

(e) All material Taxes and Tax liabilities due and payable by or with respect to the income, assets or operations of the Company and its Subsidiaries have been timely paid in full. All Taxes not yet due and payable by the Company or any of its Subsidiaries (or any other corporation merged into or consolidated with the Company or any of its Subsidiaries) have been properly accrued on the books and records of the Company and its Subsidiaries in accordance with GAAP.

(f) None of the Company or its Subsidiaries has ever (i) been a member of an Affiliated Group of corporations or (ii) been included in any “consolidated”, “unitary” or “combined” Return.

(g) None of the Company or any of its Subsidiaries have executed powers of attorney with respect to Tax matters that will be outstanding as of the Closing Date.

(h) All material Taxes that the Company or any of its Subsidiaries is (or was) required by Law to withhold or collect in connection with amounts paid to any employee, independent contractor, creditor, shareholder, member or other third party have been duly withheld or collected, and have been timely paid over to the proper authorities to the extent due and payable.

(i) No written claim has ever been made by any Tax Authority in a jurisdiction where the Company or any of its Subsidiaries does not file Returns that the Company or any of its Subsidiaries is or may be subject to taxation by that jurisdiction.

(j) There are no Tax sharing, allocation, indemnification or similar agreements in effect as between the Company or any of its Subsidiaries or any predecessor or Affiliate thereof and any other party (including the Sellers and any predecessors or Affiliates thereof) under which the Buyers, the Company or any of its Subsidiaries could be liable for any Taxes or other claims of any party, whether as a member of an Affiliated Group or otherwise, other than such an agreement solely among the Company and its Subsidiaries.

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(k) There are no Tax rulings, requests for rulings or closing agreements relating to the Company or any of its Subsidiaries that could adversely affect such Company’s or Subsidiary’s liability for Taxes for any period after the Closing. None of the Company or its Subsidiaries has taken any action that would have the effect of deferring any material Tax liability for the Company or any of its Subsidiaries from any taxable period ending on or before the Closing to any taxable period ending after the Closing.

(l) The Company and its Subsidiaries retain all tax, accounting and corporate records required by law to support any tax or accounting position, filing or claim that has been made by the Company and its Subsidiaries with respect to Taxes imposed by Mexico within the statutory period provided by Mexican Tax Laws.

Section 4.17 Environmental Matters (a) To the Company’s Knowledge, the Company and its Subsidiaries are in material compliance with applicable Environmental Laws and Environmental Permits, and all Environmental Permits required under any Environmental Law have been obtained, have not expired and the Company has not received any written notice regarding the revocation, termination, cancellation, suspension or amendment of any Environmental Permit or alleging the Company is not in material compliance with any Environmental Permit.

(b) There are no pending or, to the Company's Knowledge, threatened material Environmental Claims that have been asserted against the Company or any of its Subsidiaries.

(c) The representations and warranties contained in this Section 4.17 are the only representations and warranties being made with respect to compliance with or liability under Environmental Laws or with respect to any environmental, health or safety matter, including natural resources, related to the Company or its Subsidiaries.

(d) For purposes of this Agreement:

(i) "Environmental Claim" means any and all Actions, liens, written notices, written complaints, or docketed legal proceedings, whether criminal, administrative or civil, against the Company or its Subsidiaries based upon, alleging, asserting, or claiming any actual or potential (A) violation of any Environmental Law, (B) violation of any Environmental Permit or (C) liability under any Environmental Law for soil or groundwater contamination and/or remediation, investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the presence, release, or threatened release into the environment, of any hazardous material, waste, substance or contaminant, or any components thereof.

(ii) "Environmental Laws" means any Laws of any Governmental Authority in effect as of the date hereof relating to pollution or protection of the environment.

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(iii) "Environmental Permits" means all Permits required under any applicable Environmental Law to operate the Company or any of its Subsidiaries.

Section 4.18 Material Contracts (a) Schedule 4.18 of the Disclosure Schedules lists each of the following Contracts and all amendments, modifications and supplements thereto to which the Company and its Subsidiaries are a party or by which any of their respective properties and assets are bound (such Contracts and agreements as described in this Section 4.18(a) being "Material Contracts"):

(i) all Contracts relating to Indebtedness;

(ii) all Contracts between or among the Company and its Subsidiaries, on the one hand, and the Sellers, or any officer, director or Affiliate (other than the Company or its Subsidiaries) of the Sellers, on the other hand;

(iii) all Contracts relating to the settlement of any material litigation or legal or regulatory proceeding pursuant to which the Company or its Subsidiaries, or the properties and assets of the Company or its Subsidiaries, is subject to any existing outstanding or potential liability;

(iv) all Contracts containing any provision or covenant prohibiting or limiting the ability of the Company or any of its Subsidiaries to engage in any line of business or compete with any Person or in any geographic area or during any period of time (including, without limitation, any "right of first offer", "right of first refusal" or other similar restrictive provision or covenant);

(v) all material joint venture, partnership, shareholders' or similar agreements or arrangements and all Contracts relating to any merger or other business combination;

(vi) all contracts relating to material Intellectual Property owned or licensed by the Company or any of its Subsidiaries;

(vii) all of the Company TAAs;

(viii) all Contracts with any employee, consultant or independent contractor of the Company or its Subsidiaries providing for a commitment of employment or rendering of services for a specified or unspecified term and all Contracts otherwise relating to employment or the rendering of services of such employees, consultants or independent contractors, or the termination thereof, including, without limitation, individual change of control, severance and similar agreements;

(ix) all Contracts granting powers of attorney or comparable delegations of authority by the Company or its Subsidiaries;

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(x) all other Contracts that provide for payment or receipt by the Company or any of its Subsidiaries of more than *** per year, including any such Contracts with customers or clients; and

(xi) any other Contract that is material to the Company and its Subsidiaries, taken as a whole.

(b) The Company has made available to the Buyers true, correct and complete copies of each Material Contract. Except as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company or except as may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law), each Material Contract is valid and binding on the Company or the applicable Subsidiary, as the case may be, and, to the Knowledge of the Company, the counterparties thereto, and is in full force and effect. Neither the Company nor any of its Subsidiaries or, to the Knowledge of the Company, any counterparty thereto, is in breach of, violation of, or (with or without notice of lapse of time or both) default under, any Material Contract to which it is a party, except for such breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company. To the Knowledge of the Company, no events or conditions exist that, with notice or lapse of time or both, would constitute a breach, violation or default by the Company or any of its Subsidiaries, or permit termination, modification or acceleration, under any Material Contract except for such breaches, violations or defaults that would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to the Company.

(c) Schedule 4.18(c) of the Disclosure Schedules lists all amendments, modifications and supplements to Material Contracts since November 15, 2009.

Section 4.19 SEC Reports; Debt Offer Documents.

(a) Except to the extent that information in any SEC Document has been revised or superseded by a subsequently filed SEC Document, (i) each of the SEC Documents complied as to form in all material respects with all applicable securities Laws and (ii) none of the SEC Documents contains any untrue statement of a material fact or omits to state a material fact required to be stated or incorporated by reference therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(b) None of the Debt Offer Documents, nor any amendment or supplement to the Debt Offer Documents, will contain, at the time the Debt Offer Documents are first published, sent or given to holders of the First Priority Notes or the Second Priority Notes and at the expiration of the Debt Offer, any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation or warranty is made by the Company

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with respect to statements made or incorporated by reference therein based on information supplied in writing by the Buyers or the Sellers expressly for the purpose of being included or incorporated by reference in the Debt Offer Documents.

Section 4.20 BrokersExcept for Perella Weinberg Partners LP, Jefferies & Company, Inc. and the Approved Bank, whose fees, commissions and expenses shall be paid by the Company at or prior to the Closing or shall be accounted for as Professional Services Fees, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Company directly with the Buyers without the intervention of any Person on behalf of the Company in such manner as to give rise to any valid claim by any Person against the Buyers or the Company for a finder's fee, brokerage commission or similar payment. The Buyers shall not be obligated to pay any brokerage, finder's or other fee or commission to any broker, finder or investment banker in connection with the transactions contemplated by this Agreement based on arrangements made by or on behalf of the Company. Other than the Professional Services Fees, the Company owes or is obligated to pay no other commissions, fees or expenses in connection with the preparation, negotiation and execution of this Agreement or the performance of its obligations hereunder and the transactions contemplated hereby.

Section 4.21 Affiliate Transactions(a) There are no intercompany liabilities between the Company and any of its Subsidiaries, on the one hand, and either Seller or any DBM Trust Beneficiary or FN Trust Beneficiary, or officer, director or Affiliate of either Seller or of any DBM Trust Beneficiary or FN Trust Beneficiary, on the other, (b) neither of the Sellers, the DBM Trust Beneficiaries or the FN Trust Beneficiaries, nor any officer, director or Affiliate of either Seller or of any DBM Trust Beneficiary or FN Trust Beneficiary provides or causes to be provided any assets, services or facilities to the Company or any of its Subsidiaries and (c) neither the Company nor any of its Subsidiaries provides or causes to be provided any assets, services or facilities to either Seller, any DBM Trust Beneficiary or FN Trust Beneficiary or any officer, director or Affiliate of either Seller, the DBM Trust Beneficiaries or the FN Trust Beneficiaries. Each of the liabilities and transactions listed therein was incurred or engaged in, as the case may be, on an arm's-length basis. Since the date of the Balance Sheet, all settlements of intercompany liabilities between the Company and any of its Subsidiaries, on the one hand, and either Seller or any DBM Trust Beneficiary or FN Trust Beneficiary or any such officer, director or Affiliate, on the other, have been made, and all allocations of intercompany expenses have been applied, in the ordinary course of business consistent with past practice.

Section 4.22 Books and RecordsThe Buyers have been provided with complete and correct copies of the articles of incorporation and *estatutos sociales* (by-laws), as amended, of the Company and its Subsidiaries and the corporate books and records of the Company and its Subsidiaries containing a true and complete record, in all material respects, of all actions taken at all meetings and by all written consents in lieu of meetings of the shareholders, partners, board of directors, managers, committees or similar governing bodies of the Company and its Subsidiaries, including the Stock Registry Books (*Libro de Registro de Accionistas*), the Capital Variations Registry Books (*Libro de Registro de Variaciones de Capital*, the Shareholders' Meetings Minutes Books *(Libro de Registro de Actas de Asambleas)* and the Board of Directors' Meetings Minutes Book *(Libro de Registro de Actas de Sesiones del Consejo de Administración)*. Such minutes contain complete and accurate records of all meetings held by

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the board of directors, the board of managers, shareholders or the partners of the Company and its Subsidiaries, as applicable, and of all actions authorized at such meetings. The corporate books and records of the Company and its Subsidiaries have been maintained in accordance with the requirements of all applicable Laws. The Stock Registry Books and other similar documents of the Company and its Subsidiaries as made available to the Buyers accurately and completely reflect all record transfers prior to the date hereof in the equity ownership of the Company and its Subsidiaries. As of the date hereof, the Board of Directors of the Company is composed of the individuals identified in Schedule 4.22 of the Disclosure Schedules.

Section 4.23 Exclusivity of Representations and WarrantiesNeither the Company nor any of its Affiliates or Representatives is making any representation or warranty on behalf of the Company of any kind or nature whatsoever, oral or written, express or implied (including, but not limited to, any relating to financial condition, results of operations, assets or liabilities of the Company and its Subsidiaries), except as expressly set forth in this Article IV and the Disclosure Schedules and in any certificate delivered pursuant to Section 7.3(c), and the Company hereby disclaims any such other representations or warranties.

ARTICLE V
REPRESENTATIONS AND WARRANTIES OF THE BUYERS

Each Buyer (in the case of MXJV, upon execution of the Joinder Agreement) hereby severally and not jointly represents and warrants to the Sellers and the Company as follows:

Section 5.1 OrganizationBidder represents and warrants that it is a limited liability company duly organized, validly existing and in good standing under the Laws of the State of Colorado and has all necessary corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted. MXJV represents and warrants that it is an entity duly organized, validly existing and in good standing under the Laws of Mexico and has all necessary corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted.

Section 5.2 AuthoritySuch Buyer has the corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the transactions contemplated hereby. The execution, delivery and performance by such Buyer of this Agreement and the consummation by such Buyer of the transactions contemplated hereby have been duly and validly authorized by all necessary corporate action. This Agreement has been duly and validly executed and delivered by such Buyer. This Agreement constitutes the legal, valid and binding obligations of such Buyer, enforceable against such Buyer in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and by general principles of equity (regardless of whether considered in a proceeding in equity or at law).

Section 5.3 QualificationSuch Buyer satisfies, or will satisfy (subject to Section 5.4 below and in accordance with Section 6.11 hereof) prior to the Closing, all ownership requirements and restrictions under applicable Law, including, without limitation, the *Ley General de Sociedades Mercantiles* (the General Law of Commercial Companies of Mexico), the *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico) and the *Ley*

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Federal de Telecomunicaciones (the Federal Telecommunications Law of Mexico) relating to the Company.

Section 5.4 No Conflict; Required Filings and Consents (a) The execution, delivery and performance by such Buyer of this Agreement and the consummation by such Buyer of the transactions contemplated hereby, do not and will not:

(i) conflict with or violate the certificate of incorporation or by-laws of such Buyer;

(ii) conflict with or violate any Law applicable to such Buyer or by which any property or assets of such Buyer is bound or affected; or

(iii) conflict with, result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would constitute a default) under, or cause or permit the acceleration of the maturity of, or give rise to any right of termination, cancellation, imposition of fees or penalties under, or require any consent of any Person pursuant to, any material Contract to which such Buyer is a party or by which any assets and properties of such Buyer is bound or affected;

except, in the case of clause (iii) above, to the extent that any such conflicts, violations, breaches, defaults or other occurrences would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to such Buyer or that arise as a result of any facts or circumstances relating to the Sellers, the Company or any of their Affiliates.

(b) Such Buyer is not required to file, seek or obtain any material notice, authorization, approval, order, permit, action or consent of or with any Governmental Authority in connection with the execution, delivery and performance by the Buyer of this Agreement or the consummation of the transactions contemplated hereby, except: (i) any filings and notifications required to be made (A) with COFECO under the *Ley Federal de Competencia Económica* (the Federal Economic Competition Law of Mexico) and its regulations as amended and (B) under any other applicable antitrust or competition Laws; (ii) such filings with and consents of (A) the SCT with the opinion of COFETEL under the Concessions and under the *Ley Federal de Telecomunicaciones* (the Federal Telecommunications Law of Mexico) and its regulations as amended, and other applicable telecommunications Laws of Mexico, (B) the Federal Communications Commission of the United States and (C) any other applicable communications Governmental Authority as may be required (including any notifications or other filings that do not require consents); (iii) the Revised Neutral Share Approval and such other filings with, clearance of, and consents of the ME as may be required under the *Ley de Inversión Extranjera* (the Foreign

Investment Law of Mexico) and its regulations, as amended; (iv) such filings as may be required by any applicable securities Laws; or (v) to the extent necessary as a result of any facts or circumstances relating to the Sellers, the Company or any of their Affiliates.

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Section 5.5 Litigation Except as set forth in Schedule 5.5, as of the date hereof, there is no Action by or against such Buyer or any of its Subsidiaries pending or, to the knowledge of such Buyer, threatened that would, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect with respect to such Buyer or affect the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby or thereby.

Section 5.6 Financing Such Buyer has sufficient funds to permit such Buyer to consummate the transactions contemplated by this Agreement. Notwithstanding anything to the contrary contained herein, the parties acknowledge and agree that it shall not be a condition to the obligations of such Buyer to consummate the transactions contemplated hereby that such Buyer have sufficient funds for payment of its Allocable Share of the Total Cash to be Made Available by the Buyers.

Section 5.7 Brokers Except for Deutsche Bank Securities and Peter J. Solomon Company, the fees of which will be paid by the Buyers, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated hereby based upon arrangements made by or on behalf of the Buyers.

Section 5.8 Investment Intent Such Buyer is acquiring the Shares for its own account for investment purposes only and not with a view to any public distribution thereof or with any intention of selling, distributing or otherwise disposing of the Shares in a manner that would violate the Securities Act of 1933, as amended, or the rules and regulations thereunder, or any applicable securities or "blue sky" Laws. Such Buyer agrees that the Shares may not be sold, transferred, offered for sale, pledged, hypothecated or otherwise disposed of other than in accordance with the Securities Act of 1933, as amended, or the rules and regulations thereunder, or any applicable securities or "blue sky" Laws. Such Buyer is able to bear the economic risk of holding the Shares for an indefinite period (including total loss of its investment), and (either alone or together with its Representatives) has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risk of its investment.

Section 5.9 Buyers' Investigation and Reliance Such Buyer is a sophisticated purchaser and has made its own independent investigation, review and analysis regarding the Company and its Subsidiaries and the transactions contemplated hereby, which investigation, review and analysis were conducted by such Buyer with expert advisors, including legal counsel, that it has engaged for such purpose. Such Buyer is not relying on any statement, representation or warranty, oral or written, express or implied, at law or in equity, made by Seller or the Company or any of their Affiliates or Representatives in respect of the Shares, the Company, the Company's Subsidiaries, or any of the Company's or the Company's Subsidiaries' respective businesses, assets, liabilities, operations, prospects or condition (financial or otherwise), except for the representations, warranties and covenants expressly set forth in this Agreement, the Disclosure Schedules and in any certificate delivered pursuant to Section 7.3(c). No Representative of Seller, the Company or the Company's Subsidiaries has authority, express or implied, to make any representations, warranties or agreements, except as expressly set forth in this Agreement, and subject to the limitations provided herein. Such Buyer acknowledges and agrees that each Seller and the Company have specifically disclaimed any such other

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representation or warranty made by any Person. All representations and warranties set forth in this Agreement are contractual in nature only. Neither of the Sellers, nor the Company, nor any of their respective Affiliates or Representatives shall have any liability to such Buyer or any of its Affiliates or Representatives resulting from the use of any information, documents or materials made available to such Buyer, whether orally or in writing, in any confidential information memoranda, "data rooms", management presentations, due diligence discussions or in any other form in expectation of the transactions contemplated by this Agreement. Neither of the Sellers nor the Company nor any of their Affiliates or Representatives is making, directly or indirectly, any representation or warranty with respect to any estimates, projections or forecasts involving the Company and its Subsidiaries. Such Buyer acknowledges that there are inherent uncertainties in attempting to make such estimates, projections and forecasts and that it takes full responsibility for making its own evaluation of the adequacy and accuracy of any such estimates, projections or forecasts (including the reasonableness of the assumptions underlying any such estimates, projections and forecasts). Such Buyer acknowledges that, should the Closing occur, such Buyer shall acquire the Company and its Subsidiaries through acquisition of the Shares without any representation or warranty, including, without limitation, any representation and warranty as to merchantability or fitness for any particular purpose of their respective assets, on an "as is" and "where is" basis, except as expressly set forth in Articles III and IV of this Agreement, the Disclosure Schedules and in any certificate delivered pursuant to clause (i) of Section 7.3(c).

ARTICLE VI
COVENANTS

Section 6.1 Conduct of Business Prior to the Closing Between the date of this Agreement and the Closing Date, except as required under the Satellite Construction ATP or the Satellite Construction Agreement or as set forth in Schedule 6.1 or in any line item of the budget attached as **Annex B** hereto, unless Bidder shall otherwise agree in writing, the business of the Company and its Subsidiaries shall be conducted only in the ordinary course of business in all material respects consistent with past practice, and the Company and its Subsidiaries shall use their respective commercially reasonable efforts to (a) preserve the business organization of the Company and its Subsidiaries in all material respects, (b) cause the Adjusted Working Capital of the Company

and its Subsidiaries to be within 5% (plus or minus) of the Target Working Capital upon the Closing; provided that any amounts paid or owed to a vendor in connection with the entry into or performance under the Satellite Construction ATP or the Satellite Construction Agreement in accordance with Section 7.3(i) shall not be counted for purposes of determining the amount of Adjusted Working Capital (and in all cases shall be deemed to be capital expenditures for purposes of this Agreement, irrespective of the treatment thereof under GAAP), (c) continue to make capital expenditures sufficient to satisfy the Minimum Capital Expenditures (including the Minimum Engineering and Operations Capital Expenditures) between the date hereof and the Closing Date and (d) comply in all material respects with all Laws applicable to the business or operations of the Company and its Subsidiaries and, following receipt of any notice from any Governmental Authority or other Person alleging any material violation of any such Law, shall promptly give the Buyers copies thereof. Without limiting the generality of the foregoing, and except as contemplated or required by this Agreement (x) including any action taken with respect to the Debt Offers (including, without limitation, entry into any Lockup

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Agreement or any non-disclosure agreement, with holders of Notes or Shares or the Trusts' Beneficiaries), or (y) as otherwise set forth in Schedule 6.1, in each case between the date of this Agreement and the Closing Date, without the prior written consent of Bidder (in its sole and absolute discretion), neither the Company nor any of its Subsidiaries will:

(a) take any material actions that are outside of the ordinary course of business of the Company or its Subsidiaries, other than entry into the Satellite Construction ATP or the Satellite Construction Agreement in accordance with Section 7.3(i);

(b) amend or otherwise change their *estatutos sociales* (by-laws) or other organizational documents (other than as required by Law), other than as necessary or appropriate to effect the Series N Share Conversion;

(c) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, or make any other payment on or with respect to any of its capital stock, except for dividends by any direct or indirect wholly owned Subsidiary of the Company to the Company;

(d) issue, reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any ownership interest in the Company or its Subsidiaries, or make any other change with respect to the capital structure of the Company or any Subsidiary or modify any ownership interests or any option, warrant, convertible or exchangeable security or right relating thereto of or pledge or otherwise encumber any ownership interest in the Company or any Subsidiary;

(e) make any changes in the lines of business in which the Company or its Subsidiaries participate or are engaged as of the date hereof;

(f) acquire (whether by merger, consolidation or acquisition of stock or assets or otherwise) any corporation, partnership, limited liability company, other business organization or division thereof or any assets other than in the ordinary course of business, in each case that is material, individually or in the aggregate, to the Company and its Subsidiaries taken as a whole;

(g) adopt a plan of complete or partial liquidation, reorganization, dissolution, merger, consolidation or recapitalization of the Company or any of its Subsidiaries;

(h) incur any Indebtedness (other than purchase money Indebtedness incurred in the ordinary course of business and accrued interest under the First Priority Notes and Second Priority Notes);

(i) enter into (i) any satellite capacity Contract other than, with respect to this clause (i) only, such Contracts that are entered into in the ordinary course of business on terms consistent with past practice; provided, that any such Contract to be entered into outside of the ordinary course of business or on terms not consistent with past practice shall require the prior written consent of Bidder (not to be unreasonably withheld),

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(ii) any Contract for the purchase of a new satellite other than the Satellite Construction ATP or the Satellite Construction Agreement, which shall only be entered into in accordance with Section 7.3(i), (iii) any Contract for the sale or lease of a Company Satellite; provided, that the Company may enter into a Contract providing for the sale or lease of *Solidaridad 2* upon receiving the prior written consent of the Buyers (not to be unreasonably withheld), or (iv) any other Contract with any Person other than, with respect to this clause (iv) only, Contracts that (A) are entered into in the ordinary course of its business and (B) do not impose payment obligations on the Company or its Subsidiaries of more than $500,000 and (C) do not have a term of longer than one year;

(j) amend or modify in any material respect, or terminate, violate, breach or default under, any Concession;

(k) amend or modify in any material respect or terminate any Material Contract;

(l) with respect to capital expenditures that are not included in the budget as reflected on **Annex B** hereto, authorize, or make any commitment with respect to, any single capital expenditure that is in excess of $1,000,000 or capital expenditures that are, in the aggregate, in excess of $2,000,000 for the Company and its Subsidiaries taken as a whole;

(m) fail to exercise any rights of renewal with respect to any material Leased Real Property that by its terms would otherwise expire;

(n) (i) grant or announce any increase in the salaries, bonuses, severance or other benefits payable by the Company or any of its Subsidiaries to any of their officers, directors or employees or (ii) grant any increase in any pension, retention, insurance or other benefit payment or arrangement (including awards, option grants or appreciation rights) made to or with any of their officers, directors or employees, other than, in each case of (i) and (ii), customary increases in the ordinary course of business consistent with past practice or to the extent that the Company or any of its Subsidiaries are contractually obligated to do so or are required to do so by applicable Law;

(o) establish any compensation or benefit plan, program, policy, practice, arrangement or agreement on behalf of any individual providing services to the Company or any of its Subsidiaries, other than in the ordinary course of business consistent with past practice;

(p) (i) permit any material change that is outside the ordinary course of business in (A) any pricing, investment, accounting, financial reporting, inventory, credit, allowance or Tax practice, method or policy of the Company or its Subsidiaries, or (B) any method of calculating any bad debt, contingency or other reserve of the Company or its Subsidiaries for accounting, financial reporting or Tax purposes, (ii) permit any change in the fiscal year of the Company or its Subsidiaries except as required by GAAP or (iii) take any action that could cause a change in domicile or place of residence of the Company or

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any of its Subsidiaries for tax purposes, or cause the Company or any of its Subsidiaries to be subject to Taxes in a jurisdiction to which it had not been previously subject to Taxes;

(q) (i) make, change or revoke any material election (including any annual tax accounting period or method of tax accounting) relating to Taxes, (ii) settle or compromise any material claim relating to Taxes, (iii) prepare any Returns in a manner that is inconsistent with the past practice with respect to the treatment of items on such Returns, (iv) incur any liability for Taxes other than in the ordinary course of business or (v) file an amended Return or a claim for refund;

(r) materially modify its collection practices for any receivable or other right to payment or its payment practices for any payable from past practices in the ordinary course of business;

(s) change the orbital location of or de-orbit any Company Satellite, except that a Company Satellite may be moved or de-orbited in the case of a commercial transaction (provided that such change does not cause a Material Adverse Effect with respect to the Company; provided further that Bidder's consent thereto has been obtained, such consent to be determined in Bidder's sole and absolute discretion), urgent operational circumstances, such as necessitated by a major failure, a demand by a Governmental Authority requiring immediate action, or a similar requirement beyond the Company's control;

(t) dispose of or incur any Encumbrance (other than a Permitted Encumbrance) on any assets or properties of the Company or any of its Subsidiaries (including any Company Satellite) in excess of $200,000, other than (i) sales or transfers of inventory or accounts receivable in the ordinary course of business consistent with past practice, (ii) in connection with any casualty or (iii) to the extent obsolete or no longer needed;

(u) voluntarily purchase, cancel, prepay or otherwise provide for a complete or partial discharge in advance of a scheduled payment date with respect to, or waive any right of the Company and its Subsidiaries under, any Indebtedness of or owing to the Company and its Subsidiaries;

(v) (i) settle or compromise any pending or threatened litigation with any Person, which settlement involves equitable relief or a payment in excess of $500,000 individually or in the aggregate, which is not covered by insurance or is covered by insurance which contains a retroactive premium adjustment, (ii) initiate or join any material Action or (iii) pay, discharge or satisfy any material claim or liability other than in the ordinary course of business consistent with past practice;

(w) grant any license or sublicense, or dispose of, sell, encumber or otherwise transfer any rights under or with respect to any material Intellectual Property of the Company or its Subsidiaries, other than non-exclusive licenses granted in the ordinary course of business;

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(x) cancel any material insurance policies, or fail to renew any material insurance policies upon expiration or termination with substantially the same levels of coverage as the insurance afforded under the Contracts listed in Schedule 4.12 of the Disclosure Schedules, or fail to

cause any and all benefits under such Contracts with respect to the business, operations, employees, properties or assets of the Company and its Subsidiaries to be paid or payable (whether before or after the date of this Agreement) to the Company and its Subsidiaries in accordance with the terms of such Contracts; provided, that if the annual premiums for such coverage and amount of insurance would exceed 100% of such current annual rate, the Company and its Subsidiaries shall provide the maximum coverage which shall then be available at an annual premium equal to 100% of such rate; or

(y) enter into any Contract to do or engage in any of the foregoing.

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Section 6.2 Covenants Regarding InformationFrom the date hereof until the Closing Date, to the extent permitted by applicable United States export control Laws and the Company TAAs in place and upon reasonable notice, the Company and its Subsidiaries shall afford the Buyers and their Representatives reasonable access to the Representatives, assets, properties and books and records (including Returns, Tax information and records) of the Company and each of its Subsidiaries, the Company and its Subsidiaries shall furnish the Buyers with all such information and data (including copies of Contracts and such other financial, operating and other data and information as the Buyers may reasonably request) and shall reasonably assist and cooperate with the Buyers and, subject to the reasonable consent of the Company as to the choice of an independent consultant, any Person who might perform any testing or have access to any information, including without limitation, any independent consultant conducting tests and confirmatory audits of the propellant or bi-propellant status and the Available Satellite Operational Capability of the Company Satellites (and shall permit the Buyers to observe such tests and audits); provided, however, that any such testing, audits and accessing or furnishing of information (other than testing conducted pursuant to Section 6.2(b)) shall be conducted at the Buyers' expense, during normal business hours, under the supervision of the Company's personnel and in such a manner as not to interfere with the normal operations of the Company and its Subsidiaries or with the operation or use (including by the Company's customers) of the Company Satellites or risk harm to them; and, provided, further, that except as provided in Section 6.2(b) below, nothing herein, including any consent that may be given by the Company for the conduct of particular tests or audits, shall be deemed to bind the Company or any Seller to any conclusion that either any Buyer or consultant may derive from such testing or audits. To the extent permitted by applicable United States export control Laws, the Company and the Sellers shall be provided with all copies of instructions, descriptions of methodology to be performed, test and audit results, all draft instructions, methodologies, reports and any other documents prepared by any Buyer or any consultant with regard to such tests and audits. Notwithstanding anything to the contrary in this Agreement, neither Company nor its Subsidiaries shall be required to disclose any information to the Buyers or their Representatives if such disclosure would, in the opinion of outside counsel for the Company, (i) jeopardize any attorney-client or other legal privilege or (ii) violate any applicable Laws, fiduciary duty or binding agreement entered into prior to the date hereof.

(b) Subject to the provisions of Section 6.2(a) above, the Company shall, within 10 Business Days of the Execution Date, retain an Approved Consultant to conduct a bookkeeping audit of the Company's calculation of available fuel propellant or bi-propellant on *Satmex 5* and *Satmex 6* and a thermal (pvt) measurement of the available fuel propellant or bi-propellant on *Satmex 5*. As used herein, an "Approved Consultant" shall be any of: (i) Comsat Technical Services or Lockheed Martin Technical Services; (ii) the manufacturer of the applicable Company Satellite; or (iii) an Affiliate of the manufacturer of the applicable Company Satellite, which said manufacturer recommended in writing to both the Buyers and the Company as the appropriate and qualified entity to conduct such audit or testing. The Approved Consultant shall determine, in accordance with reasonable engineering standards for professional satellite engineers, by written report to be issued to the Buyers, the Company, and the Sellers as promptly as practicable, whether, and only

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insofar as the accuracy of the audit or tests employed allow for such a determination, there is a deficiency of any amount with respect to *Satmex 5* or of twenty-five percent (25%) or more with respect to *Satmex 6* (a "Major Fuel Deficiency") in the amount of propellant or bi-propellant available as compared to the amounts set forth in Schedule 4.15(a) of the Disclosure Schedules, after first deducting from the latter the amount of propellant or bi-propellant fuel required to operate the applicable Company Satellite from the date of measurement shown in such schedule to such later date as of which the Approved Consultant makes its determination of the available propellant or bi-propellant on the applicable Company Satellite. A determination made by an Approved Consultant in accordance with this Section 6.2(b) shall be binding upon all Parties hereto for purposes of Section 8.1(f)(ii).

(c) In order to facilitate the resolution of any claims made against or incurred by either Seller (as it relates to the Company and its Subsidiaries), for a period of five years after the Closing or, if shorter, the applicable period specified in the applicable Buyer's document retention policies, such Buyer shall (i) retain the books and records relating to the Company and its Subsidiaries relating to periods prior to the Closing and (ii) afford the Representatives of either Seller reasonable access (including the right to make, at such Seller's expense, photocopies), during normal business hours, to such books and records; provided, however, that such Buyer shall notify the Sellers in writing at least 30 days in advance of destroying any such books and records prior to the fifth anniversary of the Closing Date in order to provide the Sellers the opportunity to copy such books and records in accordance with this Section 6.2(c).

Section 6.3 Books and RecordsThe Sellers shall prior to, or reasonably promptly after the Closing, provide to the Buyers all of the books and records of the Company and its Subsidiaries that are in the possession of the Sellers or their Representatives; provided, that the Sellers shall be entitled to retain copies of such books and records delivered to the Buyers pursuant to this Section 6.3 to the extent required by Law.

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Section 6.4 Financial Statements and Reports; Filings (a) With respect to financial statements of the Company and its Subsidiaries for each fiscal semi-annual period and each fiscal year as are filed in an SEC Document by the Company after the date of this Agreement but before the Closing Date, as promptly as practicable upon the filing by the Company of such SEC Document containing the same (and, in the event that the Closing has not occurred on or prior to April 5, 2010, as soon as reasonably practicable but in any event no later than three Business Days prior to the Closing Date), the Company and its Subsidiaries will deliver to the Buyers true and complete copies of (in the case of any such fiscal year) the audited and (in the case of any such fiscal semi-annual period) the unaudited balance sheets and the related audited or unaudited statements of operations, shareholders' equity and cash flows of the Company and its Subsidiaries (including the consolidating schedules reflecting the independent financial condition and results of operations of the Company), in each case as of and for the fiscal year then ended or as of and for each such fiscal semi-annual period and the portion of the fiscal year then ended, as the case may be, together with the notes, if any, relating thereto, which financial statements shall be prepared on a basis consistent with the Financial Statements, with such changes as may be required under GAAP.

(b) After the date of this Agreement but before the Closing Date, as promptly as practicable (and in no event later than 20 days from the last day of the preceding month), the Company and its Subsidiaries will deliver to the Buyers true and complete copies of final monthly consolidated financial statements of the Company and its Subsidiaries relating to the business and operations of the Company and its Subsidiaries.

(c) As promptly as practicable, the Company and its Subsidiaries will deliver copies of all Permit applications and any other filings made by the Company and its Subsidiaries after the date of this Agreement and before the Closing Date with any Governmental Authority, other than publicly available SEC Documents.

Section 6.5 Update of Disclosure Schedules The Sellers and the Company shall have the right from time to time prior to the Closing to supplement or amend the Disclosure Schedules with respect to any matter hereafter arising or discovered which if existing or known at the date of this Agreement would have been required to be set forth or described in such Disclosure Schedules and also with respect to events or conditions arising after the date hereof and prior to Closing. Any such supplemental or amended disclosure shall have no effect on any breach of any representation or warranty made in this Agreement and shall not be deemed to have cured any such breach of representation or warranty for purposes of determining whether or not the conditions set forth in Article VII have been satisfied. Nothing in this Agreement, including this Section 6.5, shall imply that the Sellers or the Company is making any representation or warranty as of any date other than the date of this Agreement and the Closing Date.

Section 6.6 Notification of Certain MattersUntil the Closing, each party hereto shall promptly notify the other parties in writing of any fact, change, condition, circumstance or occurrence or nonoccurrence of any event of which it is aware that will or could reasonably be

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expected to result in any of the conditions set forth in Article VII of this Agreement becoming incapable of being satisfied.

Section 6.7 Affiliate TransactionsExcept as set forth in Schedule 4.5(b) and Schedule 4.10(a) of the Disclosure Schedules, immediately prior to the Closing, all Indebtedness and other amounts owing under Contracts between either Seller, or any officer, director or Affiliate of either Seller, on the one hand, and the Company, on the other, will be paid in full or settled, and the Company will terminate and will use its reasonable best efforts to cause any such officer, director or Affiliate of either Seller to terminate each Contract with the Company. After the date of this Agreement and prior to the Closing, the Company will not enter into any Contract or amend or modify any existing Contract, and will not engage in any transaction outside the ordinary course of business consistent with past practice or not on an arm's-length basis, with the Sellers or any such officer, director or Affiliate of a Seller; provided that the entry into or amendment or modification of any such Contract shall be subject to Bidder's prior written consent, such consent to be granted or withheld in Bidder's sole and absolute discretion.

Section 6.8 Debt Offers (a) Each party will provide the Company with any information that may be reasonably requested in order to effectuate the preparation of the Debt Offer Documents. The Company will provide each other party and their respective counsel with a reasonable opportunity to review the Debt Offer Documents prior to the time such documents are first published, sent or given to holders of the First Priority Notes and the Second Priority Notes. The Company, the Buyers and the Sellers each agree to correct any information provided by it for use in the Debt Offer Documents that shall have become false or misleading in any material respect.

(b) Upon the commencement of the Debt Offers as contemplated by Section 2.3, the Company shall publish, provide or deliver the Debt Offer Documents to holders of the First Priority Notes and Second Priority Notes as required by applicable Law. The Debt Offers shall be conducted in compliance with applicable Law. The Company, the Buyers and the Sellers each agree to use their respective reasonable best efforts to consummate the Debt Offers and the Company shall keep the Buyers reasonably informed of the status of the Debt Offers, including by providing the Buyers with a schedule identifying the holders of First Priority Notes and Second Priority Notes (i) who have either validly tendered their notes in the Debt Offers (and are not entitled to withdraw their tenders) or (ii) with whom Lockup Agreements have been executed, and to the extent known to the Company, the overall percentage of First Priority Notes and Second Priority Notes represented by such holders. Subject to the terms of this Agreement and the satisfaction or earlier waiver of all the conditions of the Debt Offers as of the expiration date of the Debt Offers, the Company shall accept for

payment, the First Priority Notes and Second Priority Notes validly tendered and not withdrawn pursuant to the Debt Offers simultaneously with the Closing.

Section 6.9 No SolicitationIf this Agreement is terminated prior to Closing, each Buyer will not, and will cause its Affiliates to not, for a period of *** thereafter, without the prior written consent of the Company, solicit any person who is an employee of the Company or any of its Subsidiaries, at the date hereof or at any time hereafter that precedes such termination,

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to terminate his or her employment with the Company or its Subsidiaries unless (a) such employee shall have ceased to be an employee of the Company or its Subsidiaries for a period of ***, (b) such employee shall have responded to a general advertisement or solicitation of employment not specifically directed toward employees of the Company or its Subsidiaries or (c) such employee shall have initiated discussions with such Buyer regarding employment without having first been solicited by such Buyer or an agent of such Buyer. Each Buyer agrees that any remedy at law for any breach by such Buyer of this Section 6.9 would be inadequate, and that the Sellers and the Company would be entitled to injunctive relief in such a case. If it is ever held that this restriction on a Buyer is too onerous and is not necessary for the protection of the Company, such Buyer agrees that any court of competent jurisdiction may impose such lesser restrictions which such court may consider to be necessary or appropriate properly to protect the Company.

Section 6.10 ConfidentialityEach party hereto shall hold, and shall use its reasonable best efforts to cause its Affiliates and Representatives to hold, in strict confidence from any Person (other than any such Affiliate or Representative), unless (a) such Person is a Trust Beneficiary, holder of First Priority Notes or Holder of Second Priority Notes, or a Representative of any such Person, and only to the extent that the Company determines that such disclosure is reasonably necessary, (b) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental Authorities) or by other requirements of Law or the rules of any applicable securities exchange or (c) disclosed in an action or proceeding brought by a party in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other party or any of its Affiliates furnished to it by the other party or such other party's Representatives in connection with this Agreement or the transactions contemplated hereby and with respect to the Sellers, all documents and information concerning the Company and its Subsidiaries, except to the extent that such documents or information can be shown to have been (i) previously known by the Person receiving such documents or information, (ii) in the public domain or otherwise lawfully available to the public (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving Person or (iii) later acquired by the receiving Person from another source if the receiving Person is not aware that such source is under an obligation to another party to keep such documents and information confidential; provided, that following the Closing the foregoing restrictions will not apply to the Buyers' use of documents and information concerning the Company and its Subsidiaries furnished by each Seller hereunder. In the event the transactions contemplated by this Agreement are not consummated, upon the request of the other party, each party will, and will cause its Affiliates and Representatives to, promptly redeliver or cause to be redelivered or destroyed all copies of documents and information furnished by the other party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the party furnished such documents and information or its Representatives. The parties acknowledge and agree that either party may file this Agreement with the U.S. Securities and Exchange Commission, provided that: (i) prior to any such filing, the party that is filing the Agreement shall provide prior notice of such to the other party; and (ii) the parties shall use commercially reasonable efforts to agree on the portion hereof, if any, for which confidential

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treatment will be requested. This Section 6.10 supersedes and replaces any prior confidentiality agreements or provisions binding between the parties which are hereby terminated.

Section 6.11 Consents and Filings; Further Assurances (a) Each of the parties shall use its commercially reasonable efforts to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable, including to, jointly or individually, as may be required (i) obtain all consents, approvals, authorizations, opinions, qualifications, orders and clearance, without limitation, of COFECO, SCT, COFETEL, and ME under the *Ley Federal de Competencia Económica* (the Federal Economic Competition Law of Mexico), the Concessions, the *Ley Federal de Telecomunicaciones* (the Federal Telecommunications Law of Mexico), the *Ley de Inversión Extranjera* (the Foreign Investment Law of Mexico), and any other administrative Law in Mexico or any other applicable Law as are necessary for the consummation of the transactions contemplated by this Agreement, (ii) obtain from Governmental Authorities and other Persons all other consents, approvals, authorizations, qualifications and orders as are necessary for the consummation of the transactions contemplated by this Agreement and (iii) promptly make all necessary filings, and thereafter make any other required submissions, with respect to this Agreement required under any applicable Law. The Company, on the one hand, and the Buyers, on the other hand, shall split the costs of all filing fees and other charges for filing under applicable Laws by all parties, other than any fees, charges or other costs associated with the addition of parties to the Company TAAs as provided in Section 6.11(c). Notwithstanding the foregoing, nothing in this Agreement will require the Buyers or any of their Affiliates to enter into any agreement, consent decree or other commitment requiring the Buyers or any of their Affiliates to (A) divest or hold separate (whether before or after the Closing) any assets of the Buyers, the Company or its Subsidiaries, or any of their respective Affiliates, (B) litigate, pursue or defend any Action challenging any of the transactions contemplated by this Agreement as a violation of any antitrust or competition Laws or (C) take any other action that would, individually or in the aggregate, materially adversely affect either of the Buyers or any of their Affiliates. The Company hereby agrees (and agrees to cause its Subsidiaries and their Representatives) to cooperate with Buyer and its representatives in providing all information and documents attributable to the

Sellers, the Company or the Company's Subsidiaries or relating to the business that are required under applicable Laws to submit requests for any consents, approvals, authorizations, opinions, qualifications, orders and clearances required pursuant to applicable Laws.

(b) Promptly following the date hereof, the Sellers shall submit to DDTC a general correspondence letter notifying DDTC of the nature of the transactions contemplated under this Agreement, and seeking any authorizations required by the ITAR in order to consummate and make effective the transactions contemplated by this Agreement.

(c) To the extent the parties deem that it is necessary to do so, the Company and the Buyers shall use commercially reasonable efforts and cooperate to effect the addition of either or both of the Buyers as a party or parties to any of the Company

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TAAs listed on Schedule 6.11(c), effective no earlier than, and conditioned upon, the Closing, provided that such action is acceptable to the U.S. sponsors of the Company TAA at issue and to DDTC. The Buyers shall be responsible for paying all filing and administrative fees associated with such additions.

(d) Each of the parties shall promptly notify the other parties of any communication it or any of its Affiliates receives from any Governmental Authority relating to the matters that are the subject of this Agreement and permit the other parties to review in advance any proposed communication by such party to any Governmental Authority. No party to this Agreement shall agree to participate in any meeting with any Governmental Authority in respect of any filings, investigation or other inquiry unless it consults with the other parties in advance and, to the extent permitted by such Governmental Authority, gives the other parties the opportunity to attend and participate at such meeting. Subject to Section 6.10, the parties will coordinate and cooperate fully with each other in exchanging such information and providing such assistance as the other parties may reasonably request in connection with the foregoing and in seeking early termination of any applicable waiting periods. Subject to Section 6.10, the parties will provide each other with copies of all correspondence, filings or communications between them or any of their Representatives, on the one hand, and any Governmental Authority or members of its staff, on the other hand, with respect to this Agreement and the transactions contemplated hereby.

Section 6.12 Public Announcements. The parties hereto shall consult with each other before issuing, and provide each other the opportunity to review and comment upon, any press release or other public statement with respect to the transactions contemplated hereby, and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required to comply with any existing contractual obligation or applicable Law.

Section 6.13 Employee Matters(a)

(i) For a period of *** from the Closing Date, the Buyers shall, or shall cause the Company to, provide to the employees or former employees (presently entitled to benefits) of the Company or its Subsidiaries, following the Closing, compensation (including performance-based incentive compensation) and employee benefits that in the aggregate are comparable or superior to those currently provided by the Company or its Subsidiaries to their employees, and except as otherwise provided in Section 6.14, the Buyers shall, or shall cause the Company to, provide to any such employee who is terminated during such period following the Closing severance and benefits according to applicable Law. For a period of *** from the Closing Date, except as otherwise provided in Section 6.14, the Buyers shall, or shall cause the Company or its Subsidiaries, as applicable, to, honor the terms of existing employment, severance, change of control and salary continuation agreements between the Company or any of its Subsidiaries and any current or former officer, director, employee or consultant of the Company or any of its Subsidiaries or group of such officers, directors,

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employees or consultants, in each case, to the extent the Company or any of its Subsidiaries would have been required to perform such agreement. ***

(b) For a period of *** from the Closing Date, the Buyers shall, or shall cause the Company to, honor all unused vacation, holiday, sickness and personal days accrued by the employees of the Company or its Subsidiaries under the policies and practices of the Company and its Subsidiaries. In the event of any change in the welfare benefits provided to any employee of the Company or any of its Subsidiaries under any plan, the Buyers shall, or shall cause the Company to, (i) waive all limitations as to preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such employees and their covered dependents under such plan (except to the extent that such conditions, exclusions or waiting periods would apply under the Company's or such Subsidiary's then existing plans absent any change in such welfare coverage plan) and (ii) provide each such employee and his or her covered dependents with credit for any co-payments and deductibles paid prior to any such change in coverage in satisfying any applicable deductible or out-of-pocket requirements under such new or changed plan. The Buyers shall, or shall cause the Company to, provide each employee of the Company or its Subsidiaries with credit for all service with the Company and its Subsidiaries under each employee benefit plan, policy, program or arrangement in which such employee is eligible to participate, except to the extent that it would result in a duplication of benefits with respect to the same period of services.

(c) The parties agree that the provisions of this Section 6.13 are not intended to, and do not, limit any employee-related obligations of the Company and its Subsidiaries that arise under applicable Mexican Law.

Section 6.14 Change of Control PaymentsAt or prior to the Closing, the Company shall pay or cause to be paid all amounts payable under arrangements required to be disclosed on Schedule 4.11(d) of the Disclosure Schedules pursuant to the terms of such arrangements (without regard to enforceability or the identity of the obligor) and shall cause the individuals receiving such amounts to execute acknowledgements of their receipt thereof substantially in the form of **Exhibit H** attached hereto.

Section 6.15 Directors' and Officers' Insurance

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Section 6.16 Reports Concerning Company Satellites. After the date hereof and until the Closing, as permitted by the Company TAAs in place, the Company shall continue to make the Satellite Health Data available to the Buyers and shall deliver to the Buyers (a) prompt notice of any changes to the Satellite Health Data and any material anomalies affecting the Company Satellites of which the Company has Knowledge and (b) monthly health and operational reports reflecting the performance of the Company Satellites, including any material anomalies of which the Company has Knowledge, during the preceding month.

Section 6.17 ExclusivityThe Company and the Sellers shall immediately cease any existing discussion or negotiation with any Persons (other than the Buyers) conducted prior

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to the date of this Agreement with respect to any proposed, potential or contemplated acquisition of the capital stock or assets and properties of the Company (any such transaction not otherwise excluded by the following clauses (i) and (ii), a "Potential Transaction"), other than discussions and negotiations (i) with Trusts' Beneficiaries, holders of First Priority Notes, holders of Second Priority Notes and Representatives of any such Persons with respect to the transactions contemplated by this Agreement and (ii) regarding an Internal Restructuring that does not constitute a Change of Control Transaction under clause (i) of the definition thereof. Other than as set forth in clauses (i) and (ii) of the preceding sentence, the Company and the Sellers shall refrain from taking, directly or indirectly, any action (x) to solicit or initiate the submission of any proposal or indication of interest relating to a Potential Transaction with any Person (other than the Buyers), (y) to participate in any discussions or negotiations regarding, or furnish to any Person any information with respect to, a Potential Transaction (or any proposal or indication of interest relating thereto) with any Person (other than the Buyers), or (z) to authorize, engage in or enter into any agreement or understanding (other than with the Buyers) with respect to a Potential Transaction (or any proposal or indication of interest relating thereto).

Section 6.18 Mexican Income Tax. Pursuant to Mexican Tax Laws, the Buyers shall withhold from the Equity Purchase Price any Taxes required by Law to be withheld from the sale of the Shares and report it to the relevant Tax Authority within the term provided for under the Mexican Tax Laws, delivering a copy of the relevant Return together with all its corresponding attachments to the Sellers within five Business Days following the date on which such payment is made to such Tax Authority. Alternatively, where applicable by Law, if the Sellers, the DBM Trust Beneficiaries or the FN Beneficiary, as the case may be, elect to pay the Tax on the gain, then the Sellers shall within five Business Days prior to the Closing provide to Buyers (a) written notice of such election and (b) a draft of the independent accountant's tax report for the sale of the Shares (*Dictamen Fiscal por la enajenación de las acciones*), and comply with all applicable requirements set forth in Mexican Tax Laws, including designation of qualified legal representatives where applicable, and pay the applicable Tax to each such Tax Authority, if any, in accordance with the applicable provisions of the Mexican Tax Laws. If the Sellers elect to pay the Tax on the gain, the Sellers will deliver to the Buyers, within 15 Business Days following the date on which the independent accountant's tax report for the sale of the Shares (*Dictamen Fiscal por la enajenación de las acciones*) is filed with the Tax Authorities, (i) a copy of the independent accountant's tax report for the sale of Shares (*Dictamen Fiscal por la enajenación de las acciones*), (ii) a copy of the notice of the election to pay the Tax on the gain duly filed before the relevant Tax Authority and where applicable, a copy of the designation of the legal representative, and (iii) a copy of the relevant Return together with all attachments where the reporting and/or payment of the Tax is evidenced.

Section 6.19 Information Supplied. The Company shall only include in the Debt Offer Documents or any amendment or supplement thereto information about Bidder that is attached hereto as **Annex C** and such other information about the Buyers as the Buyers consent to in their sole and absolute discretion. At the time the Debt Offer Documents are first published, sent or given to holders of the First Priority Notes or the Second Priority Notes and at the expiration of the Debt Offer, the information in the Debt Offer Documents provided by the Buyers for inclusion therein shall not contain any incorrect or untrue statement of a material fact

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or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 6.20 Fulfillment of Conditions. The parties hereto will each take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each condition to their respective obligations contained in this Agreement. After the Closing each party hereto will execute and deliver (a) such further instruments and all documents of conveyance and transfer of the Shares or (b) if applicable, any documentation or

certificates required under applicable Laws for the release (*finiquito*) and cancellation of any Permitted Encumbrances over the assets and properties of the Company or any of its Subsidiaries, in each case, as any other party may reasonably request to effect, consummate, confirm or evidence the consummation of the transactions contemplated hereby; provided that the Buyers shall not be required to take any action that would, individually or in the aggregate, materially adversely affect either of the Buyers or any of their Affiliates.

Section 6.21 Bidder GuarantyThe Bidder Guarantor hereby unconditionally and irrevocably guarantees to the Sellers and, prior to the Closing, the Company full and prompt payment of any and all payment obligations of the Buyers under this Agreement and any and all expenses (including attorneys' fees) reasonably incurred by the Sellers and, prior to the Closing, the Company to enforce their rights under this Section 6.21 (the "Guaranteed Obligations"). This is an absolute, unconditional and continuing guarantee of payment and not of collectability, and it shall remain in full force and effect until the earlier of the date on which (a) the Guaranteed Obligations have been paid in full, (b) the Closing has occurred or (c) this Agreement is terminated by a Buyer in accordance with its terms, at which time this guarantee shall terminate and be of no further force and effect. A separate action or actions to enforce this Section 6.21 may be brought and prosecuted against the Bidder Guarantor whether or not any action is brought or prosecuted against either Buyer or any other Person or whether either Buyer or any other person is joined in any such action or actions. The Bidder Guarantor waives promptness, diligence, notice of the acceptance of this guaranty and of the Guaranteed Obligations, presentment, demand for payment, notice of non-performance, default, dishonor and protest, notice of the incurrence of the Guaranteed Obligations and all other notices of any kind, and all suretyship defenses generally. Notwithstanding anything contained herein to the contrary, the Bidder Guarantor shall be entitled to assert any and all defenses, including fraud and willful misconduct by the Company or any of its Affiliates, to the payment of the Guaranteed Obligations that are available to the Buyers under this Agreement. The Bidder Guarantor acknowledges that it will receive substantial direct and indirect benefits from the transactions contemplated by this Agreement and that the waivers set forth in this guaranty are knowingly made in contemplation of such benefits.

Section 6.22 Third Party Expense StatementsThe Company shall cause each of the Persons listed on Schedule 6.22 to deliver to the Buyers, following the close of business on the Business Day (a) two Business Days prior to March 31, 2010, (i) a true and complete statement setting forth the aggregate amount of the accrued and unpaid Professional Services Fees due to such Person for professional services delivered through such day and (ii) a reasonable estimate of the Professional Services Fees for all professional services to be rendered by such Person in the period from such day through the Closing Date, (b) two Business Days

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prior to the Determination Date, as defined in Section 8.1(i) below, (i) a true and complete statement setting forth the aggregate amount of the accrued and unpaid Professional Services Fees due to such Person for professional services delivered through such day and (ii) a reasonable estimate of the Professional Services Fees for all professional services to be rendered by such Person in the period from such day through the Projected Closing Date, as defined in Section 8.1(i) below, and (c) preceding the Closing Date, a true and complete statement setting forth the aggregate amount of the Professional Services Fees due to such Person.

Section 6.23 Approved BankThe Company will work with the Technical Committee to retain a bank that is an "Approved Bank" (as such term is currently defined in Clause 1 of the DBM Trust) for purposes of issuing the fairness opinion pursuant to Clause 11 of the DBM Trust.

Section 6.24 MXJV Partner.Within 30 days of the Execution Date, Bidder shall use commercially reasonable efforts to: (i) cause the formation of the MXJV with the MXJV Partner; and (ii) cause the MXJV to execute the Joinder Agreement, at which time the MXJV shall become a party to, and shall be bound by, this Agreement, and all references herein to the "Buyers" shall be to Bidder and MXJV; provided, that, until the execution of the Joinder Agreement by the MXJV, all references to the "Buyers" herein shall be to Bidder.

ARTICLE VII
CONDITIONS TO CLOSING

Section 7.1 General Conditions. The respective obligations of the Buyers, the Sellers and the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may, to the extent permitted by applicable Law, be waived in writing by any party in its sole and absolute discretion (provided, that such waiver shall only be effective as to the obligations of such party):

(a) *No Violation*. No Governmental Authority shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent), that is then in effect and that enjoins, restrains, makes illegal or otherwise prohibits the consummation of the transactions contemplated by this Agreement or which would result in a material diminution of the benefits of the transactions contemplated by this Agreement to the Buyers.

(b) *Governmental Approvals*. Any waiting period (and any extension thereof) under any antitrust or competition laws applicable to the transactions contemplated by this Agreement shall have expired or shall have been terminated. All other material consents of, approvals and actions of, or registrations, declarations or filings with, and notices to any Governmental Authority legally required for the consummation of the transactions contemplated by this Agreement, including, without limitation, the consents of, approvals and actions of, or registrations, declarations, opinions or filings and notices listed in Schedule 7.1(b), (i) shall have been duly obtained, made or given, or any related constructive approval (*afirmativa ficta*) shall have been confirmed by proper legal means, or any constructive disapproval (*negativa ficta*) shall have been duly contested and duly

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reversed in a final and non-appealable decision when applicable consistent with Sections 6.11 and 8.1 of this Agreement, (ii) shall not include any condition that would cause a Material Adverse Effect with respect to the Company or cause a material and adverse effect with respect to the Buyers, (iii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived in writing by a Governmental Authority and (iv) shall be in full force and effect.

(c) *Corporate Approvals*. All of the following corporate approvals and consents required for the consummation of the transactions contemplated by this Agreement shall have been obtained or duly waived by the corresponding parties: (i) a written recommendation from the Technical Committee of the DBM Trust to sell the Shares held by the DBM Trust, accompanied by a fairness opinion issued by an Approved Bank (as defined in the DBM Trust); (ii) a certificate from the Technical Committee of the DBM Trust to the DBM Trust confirming and instructing the DBM Trust that it may proceed with the sale of the Shares held by the DBM Trust, accompanied by the written confirmation issued by Rubio, Villegas y Asociados, S.C., as counsel to the Company, or other legal counsel appointed by the Technical Committee, stating that all Permits required to consummate the sale of the Shares have been obtained from and/or made with the proper Governmental Authorities (as defined in the DBM Trust); (iii) a notice from the DBM Trust to the FN Trust stating that all conditions set forth in the DBM Trust and in the FN Trust to sell the Shares have been satisfied, accompanied by the written confirmation issued by Rubio, Villegas y Asociados, S.C., as counsel to the Company, or other legal counsel appointed by the Technical Committee, stating that all Permits required to consummate the sale of the Shares have been obtained from and/or made with the proper Governmental Authorities (as defined in the DBM Trust); and (iv) a copy, certified by a Mexican Notary Public (*copia certificada por Notario Público*), of the minutes evidencing the resolutions duly and validly adopted by the board of directors of the Company reflecting (A) the approval of the terms and conditions of the Debt Offers by at least two members of the board of directors of the Company appointed by the holders of Series A shares of the Company and (B) the Requisite Series B Consent to the terms and conditions of the Debt Offers.

(d) *Third Party Consents*. All consents of third parties required for the consummation of the transactions contemplated by this Agreement listed on Schedule 7.1(d) of the Disclosure Schedules (i) shall have been obtained and be in full force and effect and (ii) shall not be subject to the satisfaction of any condition that has not been satisfied or waived.

(e) *Debt Offer Consents*. At or prior to the Closing Date, the requisite consents under the First Priority Indenture and the Second Priority Indenture shall have been received in order to permit the making and consummation of the Debt Offers on the Closing Date, and to permit the Company and the trustees under the First Priority Indenture and the Second Priority Indenture to execute and deliver the First Priority Supplemental Indenture and the Second Priority Supplemental Indenture, respectively, also on or before the Closing Date.

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(f) *Satellite Transfer Approval*. The Company shall have obtained United States government approval for transfer and export of the Company Satellites and any other assets and properties, as applicable, by the Company to the Buyers, if required pursuant to the ITAR, and as issued by the DDTC.

(g) *Mexican Foreign Investment Regulations*. The consummation by the parties hereto of the transactions contemplated by this Agreement shall not be prohibited by, or be subject to the satisfaction of any condition that has not been satisfied or waived under (i) applicable Mexican Law (including foreign investment regulations), (ii) the Revised Neutral Share Approval or (iii) the DBM Trust.

(h) *No Litigation*. No Action by any Governmental Authority shall have been instituted or threatened which questions or challenges the validity of, or seeks to enjoin, the consummation of the transactions contemplated by this Agreement.

Section 7.2 Conditions to Obligations of the Sellers and the Company The obligations of the Sellers and the Company to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Sellers and the Company in their sole and absolute discretion:

(a) *Representations and Warranties; Covenants*. The representations and warranties of the Buyers contained in this Agreement or any certificate delivered pursuant hereto shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date, except where the failure to be so true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "Material Adverse Effect" set forth therein) would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect on the Buyers. The Buyers shall have performed in all material respects all obligations and agreements and complied with all covenants and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing.

(b) *Officers' and Secretaries' Certificates*. The Sellers and the Company shall have received (i) an officer's certificate from each of the Buyers, dated the Closing Date and signed by a duly authorized officer of such Buyer substantially in the form attached hereto as **Exhibit F**, pursuant to which such officer certifies that the conditions described in Section 7.1(g)(i) and this Section 7.2 with respect to such Buyer have been satisfied and (ii) a secretary's certificate from each of the Buyers, dated as of the Closing Date and signed by its secretary, certifying as to such Buyer's incumbent officers, organizational documents, good standing and due authorization.

Section 7.3 Conditions to Obligations of the Buyers The obligations of the Buyers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions, any of which may be waived in writing by the Buyers in their sole and absolute discretion:

(a) *Representations and Warranties; Covenants*. The representations and warranties of the Sellers and the Company contained in this Agreement or any certificate delivered pursuant hereto shall be true and correct both when made and as of the Closing Date, or in the case of representations and warranties that are made as of a specified date, such representations and warranties shall be true and correct as of such specified date, except where the failure to be so true and correct (without giving effect to any limitation or qualification as to "materiality" (including the word "material") or "Material Adverse Effect" set forth therein) would not, individually or in the aggregate, (i) with respect to the Company, reasonably be expected to have a Material Adverse Effect on the Company or (ii) with respect to either Seller, reasonably be expected to have a Material Adverse Effect on such Seller. The Sellers and the Company shall have performed in all material respects all obligations and agreements and complied with all covenants and conditions required by this Agreement to be performed or complied with by them prior to or at the Closing (and shall have complied in all respects with the covenants set forth in Section 6.1(c), (h) and (l)).

(b) *Material Adverse Effect*. Since the date of this Agreement there shall not have occurred a Material Adverse Effect with respect to the Company.

(c) *Officer's and Secretary's Certificates*. The Buyers shall have received (i) an officer's certificate from the Company, dated the Closing Date and signed by a duly authorized officer of the Company substantially in the form attached hereto as **Exhibit G**, pursuant to which such officer certifies that the conditions described in Sections 7.1(c) through 7.1(g) and this Section 7.3 with respect to the Company have been satisfied and (ii) a secretary's certificate from the Company, dated as of the Closing Date and signed by its secretary, certifying as to the incumbent officers and due authorization of the Company and the organizational documents and good standing of each of the Company and its Subsidiaries, as well as setting forth the Company's authorized, outstanding, fully subscribed and paid Common Stock after giving effect to the Series N Share Conversion.

(d) *Ancillary Documents*. The Sellers shall have delivered to the Buyers (i) a copy, certified by a Mexican Notary Public (*copia certificada por Notario Público*), of the minutes evidencing the resolutions duly and validly adopted by the board of directors of the Company approving the Debt Offers and redemption of debt according to the terms of this Agreement, (ii) a copy, certified by a Mexican Notary Public, of the instruction letters, consents or opinions or certificates issued by the Trusts' Beneficiaries, any committees or from any other Person (in each case as may be required by each of the FN Trust and the DBM Trust) confirming to each of FN and DBM, in their capacity of trustee thereunder, the duly and validly adopted decision, instruction or opinion to execute this Agreement, carry out all acts necessary to transfer the Shares and to carry out all acts to consummate the transactions contemplated under this Agreement (including, without limitation, all actions necessary to undertake the Series N Share Conversion) (iii) a copy, certified by a Mexican Notary Public (*copia certificada por Notario Público*), of the minutes evidencing the resolutions duly and validly adopted by the competent shareholders' meeting of the Company approving, by the requisite vote of shareholders to authorize such actions (or by unanimous written consent of the shareholders): (A) the amendment to the Company's by-

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laws (*estatutos sociales*) so that the former comply with any conditions or requirements set forth in the Revised Neutral Share Approval; (B) the Series N Share Conversion, including the resulting cancellation of the share certificates representing the Cancelled Shares and the issuance of the newly issued, fully subscribed and paid Converted Series N Shares in favor of the applicable Seller so that immediately following the Series N Share Conversion, pursuant to applicable Law, the remaining Series A Shares shall represent 51% of the voting Common Stock of the Company and five point one percent (5.1%) of the economic rights of the total issued and outstanding Common Stock of the Company and the Series B Shares shall represent forty-nine percent (49%) of the voting Common Stock of the Company and four point nine percent (4.9%) of the economic rights of the total issued and outstanding Common Stock of the Company; and (C) the registration of the Series N Share Conversion in the Stock Registry Book (*Libro de Registro de Accionistas*) of the Company; provided, however, that the resolutions taken by such shareholders' meeting (or unanimous written consent) approving the matters set forth in items (B) and (C) of this clause (iii) shall be subject to the occurrence of the Closing, (iv) the cancellation by the Secretary of the Board of the original share certificates evidencing the Cancelled Shares, (v) the issuance by the Company of the original certificates representing the Converted Series N Shares in favor of the relevant Sellers, (vi) the registration of the Series N Share Conversion in the Stock Registry Book (*Libro de Registro de Accionistas*) of the Company, and (vii) the original certificates representing the Shares of the Company duly endorsed in property in favor of the Buyers, in accordance with Schedule 2.1, and the books and records of the Company, which shall reflect entries evidencing, as required under applicable Law, registration of the transfer of the Shares to the Buyers contemplated hereby, in particular, the Stock Registry Book (*Libro de Registro de Accionistas*) of the Company.

(e) *Indentures*< /i>. *The First Priority Supplemental Indenture and the Second Priority Supplemental Indenture shall have been entered into and shall have become effective (or shall become effective upon Closing) in accordance with their respective terms.*

(f) First Quarter Cash; Available Cash. Within five Business Days after March 31, 2010, the Buyers shall have received, from the relevant banking and other financial institutions in which the Company maintains its bank accounts, written confirmation reasonably satisfactory to the Buyers of the amount of the First Quarter Cash. On the Closing Date, the Buyers shall have received, from the relevant banking and other financial institutions in which the Company maintains its bank accounts, written confirmation reasonably satisfactory to the Buyers that, immediately prior to the Closing, the Company and its Subsidiaries possess an aggregate amount of cash and cash equivalents equal to the amounts set forth in the certificate being delivered in accordance with Section 2.2(d). The parties agree that "screen shots" showing such account balances as of March 31, 2010 and the Closing Date or such other means of validation as may be mutually agreed upon by the Company and Bidder shall be deemed to be satisfactory written confirmation of such cash and cash equivalent amounts.

(g) Redemption Amount. After giving effect to (i) consummation of the Debt Offers, (ii) payment of the Tender Price and (iii) the payment of the Approved Equity

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Sale Price, the remaining portion of Total Cash to be Made Available by the Buyers shall be not less than the Redemption Amount.

(h) Tax Election. If the Sellers, the DBM Trust Beneficiaries or the FN Beneficiary, as the case may be, elect to pay the Tax on the gain, as described in Section 6.18, the Sellers shall have delivered within five Business Days prior to the Closing to Buyers (1) written notice of such election and (2) a draft of the independent accountant's tax report for the sale of the Shares (Dictamen Fiscal por la enajenación de las acciones). If this information is not received by the Buyers, the Buyers shall withhold from the Equity Purchase Price any Taxes as if Sellers had not elected to be taxed on the gain.

(i) Satellite Construction. The Company: (i) shall have provided Bidder the opportunity, but not the obligation, to participate in any and all negotiations and discussions with the Satellite Vendor with respect to the design of the satellite and with respect to the terms of the Satellite Construction ATP and the Satellite Construction Agreement; and (ii) shall not have entered into the Satellite Construction ATP or the Satellite Construction Agreement unless such agreement is in a form satisfactory to Bidder in Bidder's sole and absolute discretion.

(j) Fuel Test. The Company shall have caused an Approved Consultant to complete the actions set forth in Section 6.2(b).

ARTICLE VIII
TERMINATION

Section 8.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by mutual written consent of the Buyers, the Sellers and the Company;

(b) (i) by the Sellers or the Company, if either Buyer breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Sections 7.1 or 7.2, (B) cannot be or has not been cured within 15 days following delivery of written notice by either Seller or the Company of such breach or failure to perform and (C) has not been waived by the Sellers and the Company or (ii) by the Buyers, if either Seller or the Company breaches or fails to perform in any respect any of its representations, warranties or covenants contained in this Agreement and such breach or failure to perform (A) would give rise to the failure of a condition set forth in Sections 7.1 or 7.3, (B) cannot be or has not been cured within 15 days following delivery of written notice by either Buyer of such breach or failure to perform and (C) has not been waived by the Buyers;

(c) (i) by the Sellers or the Company, if any of the conditions set forth in Section 7.1 or Section 7.2 shall have become incapable of fulfillment prior to the date that is 180 days after the Execution Date or (ii) by the Buyers, if any of the conditions set forth

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in Section 7.1 or Section 7.3 shall have become incapable of fulfillment prior to the date that is 180 days after the Execution Date; provided, that the right to terminate this Agreement pursuant to this Section 8.1(c) shall not be available if the failure of the party (in the case of the Sellers, including for this purpose the Company) so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of such condition to be satisfied on or prior to such date;

(d) by any of the Sellers, the Company or Bidder if the Closing shall not have occurred by the date that is 270 days after the Execution Date (the "Termination Date"); provided, that the right to terminate this Agreement under this Section 8.1(d) shall not be available if the failure of the party (in the case of the Sellers, including for this purpose the Company) so requesting termination to fulfill any obligation under this Agreement shall have been the cause of the failure of the Closing to occur on or prior to such date;

(e) by any of the Sellers, the Company or the Buyers in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other Action shall have become final and nonappealable; provided, that the party so requesting termination shall have complied with Section 6.11;

*(f) by Bidder in the event that: (i) either Satmex 5 or Satmex 6 suffers: (A) a Total Loss; or (B) a Partial Loss resulting in a reduction in Available Satellite Operational Capability as follows: (1) with respect to Satmex 5, any reduction; or (2) with respect to Satmex 6, a reduction of 8.92857% or more; or (ii) the Approved Consultant determines and reports, in accordance with Section 6.2(b), the existence of a Major Fuel Deficiency with respect to either Satmex 5 or Satmex 6; provided that the termination right specified in this clause (ii) may be exercised, if at all, no later than ***;*

(g) by any of the Sellers, the Company or Bidder in the event that, within 17 days after the Execution Date, the requisite consents under the First Priority Indenture and the Second Priority Indenture to permit the making of the Debt Offers by the Company shall not have been received and Lockup Agreements have not been executed by holders of at least a majority of the aggregate outstanding principal amount of each of the First Priority Notes and the Second Priority Notes;

(h) by Bidder, in the event that, within five days after the date on which the requisite consents under the First Priority Indenture and the Second Priority Indenture to permit the making of the Debt Offers by the Company have been received and Lockup Agreements have been executed by holders of at least a majority of the aggregate outstanding principal amount of each of the First Priority Notes and the Second Priority Notes, any of the documents evidencing the approvals identified in Section 7.1(c)(i) or Section 7.1(c)(iv) have not been duly obtained or waived in form and substance reasonably satisfactory to the Buyers;

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(i) by any of the Sellers, the Company or Bidder, in the event that, on or after the date that is 20 Business Days after the documents evidencing the approvals identified in Section 7.1(c)(i) or Section 7.1(c)(iv) have been duly obtained or waived in form and substance reasonably satisfactory to Bidder (the "Determination Date"), Total Cash to be Made Available by the Buyers is less than the sum of (i) the Tender Price, (ii) the Redemption Amount and (iii) the Approved Equity Sale Price. For purposes of this Section 8.1(i):

(A) the Tender Price shall be determined based on the aggregate amount to be paid for all First Priority Notes and Second Priority Notes (1) that have been validly tendered in the Debt Offers and are not subject to withdrawal rights or (2) for which Lockup Agreements have been executed, in each case as of the Determination Date, provided that if the Minimum Condition in the First Priority Debt Offer or Second Priority Debt Offer is not satisfied on the Determination Date and a waiver of such Minimum Condition has not been approved by at least two of the Series B Directors or any other party that is required to approve any such waiver pursuant to the terms of any Lockup Agreement or the estatutos sociales (by-laws) of the Company, subclause (2) of the first sentence of this clause (A), rather than subclause (1) of such sentence, shall be applicable to the First Priority Notes or Second Priority Notes, as applicable;

(B) the Redemption Amount shall be determined on the basis that the Closing Date occurs 20 days after the Determination Date (the "Projected Closing Date") with the redemption date occurring two Business Days after the Projected Closing Date; and

(C) the Total Cash to be Made Available by the Buyers shall be determined assuming that:

(1) Available Cash is equal to:

(I) the aggregate amount of cash and cash equivalents of the Company, on a consolidated basis, as of the close of business on the Business Day preceding the Determination Date, including, without limitation, Subsidiary Cash; plus

(II) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction ATP, in accordance with Section 7.3(i), on or prior to the close of business on the Business Day preceding the Determination Date; plus

(III) any amounts paid to a vendor in connection with the entry into or performance under the Satellite Construction Agreement, in accordance with Section 7.3(i), on or prior to the close of business on the Business Day preceding the Determination

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Date; minus

(IV) the amount of the Professional Services Fees (determined based upon invoices of each of the Persons listed on Schedule 6.22 submitted on the Business Day preceding the Determination Date setting forth (x) fees incurred for services rendered through the close of business on the day two Business Days prior to the Determination Date, and (y) a reasonable estimate of the fees for all services to be rendered through the Projected Closing Date); minus

(V) the amount of any insurance proceeds received by the Company or any of its Subsidiaries between the date of the Balance Sheet and the Determination Date; minus

(VI) an amount equal to the sum of the amounts set forth on Schedule 4.11(d), as may be updated prior to the Determination Date, that remain unpaid as of the close of business on the Business Day preceding the Determination Date; minus

(VII) any Satellite Termination Fees received by the Company on or before the Business Day preceding the Determination Date; minus

(VIII) the amount of any proceeds received by the Company or any of its Subsidiaries from the sale or lease of Solidaridad 2 prior to the Determination Date; minus

(IX) payments reasonably estimated by the Company to be made by the Company (x) to vendors (other than payments in connection with the entry into or performance under the Satellite Construction ATP or the Satellite Construction Agreement), (y) for Taxes and (z) for employee salaries, in each case in the period after the Determination Date and up to the Projected Closing Date; and plus

(X) payments reasonably estimated by the Company to be received from the Company's customers in the period between the Determination Date and the Projected Closing Date,

(2) Adjusted Working Capital is determined as of the close of business on the Business Day preceding the Determination Date,

(3) all calculations under clauses (iv) and (v) of "Total Cash to be Made Available by the Buyers" shall be made as of the close of business on the Business Day preceding the Determination Date, and

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(4) clause (vii) of the definition of "Total Cash to be Made Available by the Buyers" is equal to half of the amount of any proceeds of any sale or lease of Solidaridad 2 received by the Company prior to the Determination Date or to be received by it pursuant to binding commitments on or prior to the Projected Closing Date (in either case, net of Taxes required to be paid or accrued as a liability under GAAP, as a consequence of such sale or lease, taking into consideration any available tax credits or deductions);

(j) by Bidder in the event that the Company has not entered into: (i) the Satellite Construction ATP, in a form acceptable to Bidder in Bidder's sole and absolute discretion, by March 16, 2010; or (ii) the Satellite Construction Agreement, in a form acceptable to Bidder in Bidder's sole and absolute discretion, within 60 days of the Execution Date; and

(k) by the Sellers or the Company, if by 30 days after the Execution Date, Bidder shall have failed to have caused the MXJV to deliver a Joinder Agreement executed by the MXJV; provided that such termination right shall expire if not exercised by 35 days after the Execution Date.

The party seeking to terminate this Agreement pursuant to this Section 8.1 (other than Section 8.1(a)) shall give prompt written notice of such termination to the other parties.

Section 8.2 Effect of Termination.

(a) In t he event that this Agreement is terminated pursuant to Section 8.1, this Agreement shall forthwith become void and there shall be no liability on the part of any party except (i) to the extent that any payment obligation arises under any of Sections 8.2(b), 8.3(a), 8.3(b), 8.3(e) and 8.3(f), (ii) for the provisions of Sections 3.6 and 5.7 relating to broker's fees and finder's fees, Section 6.10 relating to confidentiality, Section 6.12 relating to public announcements, Article IX, General Provisions, and this Section 8.2 and (iii) that nothing herein shall relieve any party from liability for any willful breach by such party of this Agreement or any agreement made as of the date hereof or subsequent thereto pursuant to this Agreement.

(b) In the ev ent of a termination of this Agreement pursuant to Sections 8.1(b)(ii) (due to a willful breach of a covenant by a Seller or the Company), 8.1(g), 8.1(h), 8.1(i) or 8.1(j)(ii), the Company shall reimburse the Buyers for the amount of their reasonable, documented out-of-pocket expenses incurred in connection with this Agreement and the transactions contemplated hereby, including, without limitation, attorneys' fees, investment bankers' fees (including any fees specifically payable in connection with the termination of this Agreement), accountants' fees and travel expenses up to a maximum of $3,000,000. Payments made by the Company pursuant to this Section 8.2(b) along with any payment(s) that may become due pursuant to Section 8.3(a) or Section 8.3(b) shall be the sole and exclusive remedy of the Buyers for damages against the Sellers, the Company and any of the Company's Subsidiaries with respect to such

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termination or any breach, other than a willful breach, of any covenant or agreement giving rise to such reimbursement.

Section 8.3 Termination Fee In the event that this Agreement is terminated (i) by Bidder pursuant to Section 8.1(b)(ii) due to a willful breach of a covenant by a Seller or the Company or (ii) pursuant to Section 8.1(g) or Section 8.1(h), and: (A) within 12 months after the date of such termination, any of the Sellers, the Company or a Subsidiary of the Company consummates a transaction constituting a Change of Control Transaction under clause (i) of the definition thereof (or enters into a definitive agreement with respect thereto); or (B) within 18 months after the date of such termination, any of the Sellers, the Company or a Subsidiary of the Company consummates an Internal Restructuring that does not constitute a Change of Control Transaction and thereafter, within such 18-month period, consummates a transaction constituting a Change of Control Transaction under clause (i) of the definition thereof (or enters into a definitive agreement with respect thereto) with a Satellite Operator that is a Noteholder (or an Affiliate of such Noteholder), then in any such case, the Company shall pay to Bidder, on the date of consummation of such Change of Control Transaction, by wire transfer of immediately available funds to an account designated by Bidder, $9,630,000. For clarity and the avoidance of doubt, the Company's obligation, if any, to pay such $9,630,000 is in addition to the Company's obligation, if any, to pay expenses pursuant to Section 8.2(b) above.

(b) In the event that this Agreement is terminated (i) by Bidder pursuant to Section 8.1(b)(ii) due to a willful breach of a covenant by a Seller or the Company or (ii) pursuant to Section 8.1(g) or Section 8.1(h) and, in either case, within 12 months after the date of such termination, any of the Sellers, the Company or a Subsidiary of the Company consummates a transaction constituting a Change of Control Transaction under clause (ii) or (iii) of the definition thereof (or enters into a definitive agreement with respect thereto), then the Company shall pay to Bidder, on the date of consummation of such Change of Control Transaction, by wire transfer of immediately available funds to an account designated by Bidder, $6,370,000. For clarity and the avoidance of doubt, the Company's obligation, if any, to pay such $6,370,000 is in addition to the Company's obligation, if any, to pay expenses pursuant to Section 8.2(b) above.

(c) Only one fee shall be payable under any of Section 8.3(a) or Section 8.3(b), if at all; provided, however, that if a fee becomes due under Section 8.3(b) and a subsequent transaction is consummated (or a definitive agreement related thereto is entered into) that gives rise to a payment obligation under Section 8.3(a), then the Company shall be obligated to pay the amount due under Section 8.3(a) but only after deducting the amount that previously became due (and was actually paid) under Section 8.3(b).

(d) The provisions of Sections 8.3(a) and (b) shall not apply in the event that any of the Sellers, the Company or a Subsidiary of the Company consummates a transaction (or enters into a definitive agreement with respect thereto) in which (i) the aggregate purchase price in or value of the transaction is less than $267,000,000 and (ii) the definitive agreement with respect to such transaction is entered into following a Partial

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Loss resulting in a reduction in Available Satellite Operational Capability as follows: (A) with respect to Satmex 5, any reduction; or (B) with respect to Satmex 6, a reduction of 8.92857% or more.

(e) In the event that this Agreement is terminated pursuant to Section 8.1(k), then Bidder shall pay to the Company the sum of $1,000,000.

(f) In the event that this Agreement is terminated pursuant to Section 8.1(d), where such termination is solely the result of Bidder's failure to cause the MXJV to sign the Joinder Agreement or to otherwise have a MXJV Partner or alternate MXJV sign the Joinder Agreement, then Bidder shall pay to the Company the sum of $2,000,000.

(g) Payments made by the Company pursuant to Section 8.3(a) or Section 8.3(b) shall be the sole and exclusive remedy of the Buyers for damages against the Sellers, the Company and any of the Company's Subsidiaries with respect to such termination or any breach of any covenant or agreement giving rise to such payment. Payments made by Bidder pursuant to Section 8.3(e) or Section 8.3(f) shall be the sole and exclusive remedy of the Sellers and the Company for damages against Bidder with respect to such termination or any breach of any covenant or agreement giving rise to such payment.

ARTICLE IX
GENERAL PROVISIONS

Section 9.1 Nonsurvival of Representations, Warranties and Covenants The respective representations, warranties and covenants of the Seller, the Company and the Buyers contained in this Agreement and any certificate delivered pursuant hereto shall terminate at, and not survive, the Closing; provided, that this Section 9.1 shall not limit any covenant or agreement of the parties that by its terms requires performance after the Closing.

Section 9.2 Fees and Expenses Except as otherwise provided herein, all fees and expenses incurred in connection with or related to this Agreement or any ancillary agreement and the transactions contemplated hereby and thereby shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated. Simultaneously with or prior to the Closing, the Company may use any cash or cash equivalents of the Company or its Subsidiaries, other than the Subsidiary Cash, to pay any such fees or expenses of the Company or its Subsidiaries so long as the payment of such fees or expenses is or will be accounted for in the notice of Available Cash provided to the Buyers pursuant to Section 2.2(d). In the event of termination of this Agreement, the obligation of each party to pay its own expenses will be subject to any rights of such party arising from a breach of this Agreement by the other.

Section 9.3 Amendment and Modification This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed by a duly authorized officer on behalf of each party (which in the case of the Company, with respect to the Debt Offers, will require the Requisite Series B Consent).

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under the Securities Exchange Act.

Section 9.4 *Waiver* *No failure or delay of any party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of any party to any such waiver shall be valid only if set forth in a written instrument executed and delivered by a duly authorized officer on behalf of such party (which in the case of the Company, with respect to the Debt Offers, will require the Requisite Series B Consent).*

Section 9.5 *Notices* *All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, or if by facsimile, upon written confirmation of receipt by facsimile, e-mail or otherwise, (b) on the first Business Day following the date of dispatch if delivered utilizing a next-day service by a recognized next-day courier or (c) on the earlier of confirmed receipt or the fifth Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid. All notices hereunder shall be delivered to the addresses set forth below, or pursuant to such other instructions as may be designated in writing by the party to receive such notice:*

if to the Company prior to the Closing, to:

Satélites Mexicanos, S.A. de C.V.
Avenida Paseo de la Reforma No. 222, pisos 20 y 21
Col. Juárez
México, D.F., 06600
*Attention: ****
*Facsimile: ****

with a copy (which shall not constitute notice) to:

Satélites Mexicanos, S.A. de C.V.
Avenida Paseo de la Reforma No. 222, pisos 20 y 21
Col. Juárez
México, D.F., 06600
*Attention: ****
*Facsimile: ****

if to the Company after the Closing, to:

Satélites Mexicanos, S.A. de C.V.
c/o EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado 80112
*Attention: ****
*Facsimile: ****

****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.*

with a copy (which shall not constitute notice) to:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado 80112
Attention: General Counsel
*Facsimile: ****

if to DBM, to:

Deutsche Bank México, S.A., Institución de Banca Múltiple,
División Fiduciaria
Blvd. Manuel Avila Camacho 40 Piso 17
Col. Lomas de Chapultepec, Cp. 11000, Distrito Federal, Mexico
*Attention: ****
*Facsimile: ****

if to FN, to:

Insurgentes Sur 1971
Torre IV, Piso 6,

Col. Guadalupe Inn,
01020 México, D.F
*Attention: ****
*Facsimile: ****

if to Bidder, to:

EchoStar Satellite Acquisition L.L.C.
100 Inverness Terrace East
Englewood, Colorado 80112
*Attention: ****
*Facsimile: ****

with a copy (which shall not constitute notice) to:

EchoStar Satellite Acquisition L.L.C.
100 Inverness Terrace East
Englewood, Colorado 80112
Attention: General Counsel
*Facsimile: ****

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if to the Bidder Guarantor, to:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado 80112
*Attention: ****
*Facsimile: ****

with a copy (which shall not constitute notice) to:

EchoStar Corporation
100 Inverness Terrace East
Englewood, Colorado 80112
Attention: General Counsel
*Facsimile: ****

Section 9.6 Interpretation. When a reference is made in this Agreement to a Section, Article, Schedule, Annex or Exhibit such reference shall be to a Section, Article, Schedule, Annex or Exhibit of this Agreement unless otherwise indicated. The table of contents and headings contained in this Agreement or in any Exhibit are for convenience of reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. Any capitalized terms used in any Exhibit but not otherwise defined therein shall have the meaning as defined in this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein. The word "including" and words of similar import when used in this Agreement shall mean "including, without limitation", unless otherwise specified and the phrase "in the ordinary course" or "in the ordinary course of business" shall mean "in the ordinary course of business consistent with past practice". Each of the parties hereto (a) acknowledges that Bidder's rights to exercise its sole and absolute discretion in Section 7.3(i) and Section 8.1(j) are an integral part of the transactions contemplated by this Agreement and that without such rights the parties hereto would not enter into this Agreement, and (b) agrees not to challenge the validity, legality or enforceability of such rights.

Section 9.7 Entire Agreement This Agreement (including the Exhibits, Annexes and Schedules hereto) constitutes the entire agreement, and supersedes all prior written agreements, arrangements, communications and understandings and all prior and contemporaneous oral agreements, arrangements, communications and understandings among the parties with respect to the subject matter hereof and thereof. This Agreement shall not be deemed to contain or imply any restriction, covenant, representation, warranty, agreement or undertaking of any party with respect to the transactions contemplated hereby other than those expressly set forth herein or therein or in any document required to be delivered hereunder or thereunder, and none shall be deemed to exist or be inferred with respect to the subject matter hereof. The sole and exclusive remedies for any breach of the terms and provisions of this Agreement (including any representations and warranties set forth herein, made in connection herewith or as an inducement to enter into this Agreement) or any claim or cause of action

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otherwise arising out of or related to the sale and purchase of the Shares shall be those remedies available at law or in equity for breach of contract only and the parties hereby agree that no party hereto shall have any remedies or cause of action (whether in contract or in tort) for any statements, communications, disclosures, failures to disclose, representations or warranties not set forth in this Agreement. Notwithstanding any oral agreement or course of action of the parties or their Representatives to the contrary, no party to this Agreement shall be under any legal obligation to enter into or complete the transactions contemplated hereby unless and until this Agreement shall have been executed and delivered by each of the parties.

Section 9.8 No Third-Party Beneficiaries Nothing in this Agreement, express or implied, is intended to or shall confer upon any Person other than the parties and their respective successors and permitted assigns any legal or equitable right, benefit or remedy of any nature under or by reason of this Agreement, except as provided in Section 6.13 and Section 6.15.

*Section 9.9 Governing Law This Agreement and all disputes or controversies (whether in contract or tort) arising out of or relating to this Agreement (including the negotiation, execution or performance of this Agreement), the transactions contemplated hereby or any representation or warranty made in or in connection with this Agreement or the transactions contemplated hereby shall be governed by, and construed in accordance with, the Laws of ***, without regard to the Laws of any other jurisdiction that might be applied because of the conflicts of laws principles.*

*Section 9.10 Arbitration. In the event any dispute ("Dispute") arises regarding or pertaining to the validity, intention or interpretation, execution or compliance of this Agreement, including, without limitation, regarding the computation of Total Cash to be Made Available to the Buyers, the parties to this Agreement will, in good faith, use their reasonable best efforts to settle such Dispute. If, within the 60 calendar days following the date in which one of the parties gives notice to the other of the existence of a Dispute, such Dispute has not been finally resolved in writing to the mutual satisfaction of the parties to this Agreement, each of the parties hereto hereby irrevocably and unconditionally agrees to submit such Dispute, for itself and its property, to be fully and finally resolved by arbitration. Such arbitration shall be conducted in ***, in the English language, pursuant to the Arbitration Rules of the International Chamber of Commerce then in effect (the "ICC Rules") by a panel of three arbitrators, one designated by the Sellers, one designated by Bidder, and the third, who shall act as chairman, designated by the other two arbitrators so appointed. In the event that the first two arbitrators fail to appoint the third arbitrator within 30 days after their selection, such third arbitrator shall be appointed pursuant to the ICC Rules. The arbitration panel shall, in respect of any Dispute submitted thereto grant an award, strictly grounded in law, not later than the end of the ninth calendar month after the month in which such Dispute is submitted to arbitration. The award of the arbitration panel will be final and binding on the parties to this Agreement and such award may be entered in any court having jurisdiction for its enforcement, and the parties to this Agreement hereby expressly submit to the jurisdiction of said court. The fees and expenses of the arbitration panel shall be borne equally by the parties to this Agreement; provided, however, each such party shall be solely responsible for all fees and expenses of counsel retained by such party in connection with any such arbitration.*

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Section 9.11 U.S. Export Control Laws The parties acknowledge and agree that the assets and properties, technical information, and any accompanying technology provided under this Agreement are subject to export controls under the Laws and regulations of the United States. Each party shall comply with such Laws and regulations and agrees not to export, re-export, or otherwise transfer such services or items to foreign persons (including foreign national employees) without first obtaining all required United States authorizations or licenses.

Section 9.12 Disclosure Generally Notwithstanding anything to the contrary contained in the Disclosure Schedules or in this Agreement, the information and disclosures contained in any Disclosure Schedule shall be deemed to be disclosed and incorporated by reference in any other Disclosure Schedule as though fully set forth in such Disclosure Schedule for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Disclosure Schedule shall not be construed to mean that such information is required to be disclosed by this Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in this Agreement.

Section 9.13 Personal Liability This Agreement shall not create or be deemed to create or permit any personal liability or obligation (whether in contract or tort) on the part of any direct or indirect shareholder of the Sellers, the Company or the Buyers or any officer, director, employee, Representative or investor of any party hereto, including, without limitation, liability for any alleged non-disclosure or misrepresentations made by any such Person.

Section 9.14 Assignment; Successors Neither this Agreement nor any of the rights, interests or obligations under this Agreement may be assigned or delegated, in whole or in part, by operation of law or otherwise, (a) by either Seller without the express prior written consent of the Buyers and, after the Closing, the Company, (b) by the Company without the express written consent of, prior to the Closing, the Buyers, and, after the Closing, the Sellers, (c) by either Buyer without the express written consent of the Sellers, the Bidder Guarantor and, prior to the Closing, the Company, and any such assignment without such prior written consent shall be null and void; provided, however, that the Buyers may assign this Agreement to any Affiliate of the Buyers without the prior consent of the Sellers or the Company; provided further, that either Seller may assign any of its rights under this Agreement, including the right to receive the Equity Purchase Price, to one or more Affiliates of such Seller without the consent of the Buyers or the Company; provided still further, that no assignment shall limit the assignor's obligations hereunder. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 9.15 Currency All references to "dollars" or "$" or "US$" in this Agreement refer to United States dollars, which is the currency used for all purposes in this Agreement.

Section 9.16 Severability Whenever possible, each provision or portion of any provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision or portion of any provision of this Agreement is held

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to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or portion of any provision in such jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision or portion of any provision had never been contained herein, as long as the remaining provisions, taken together, are sufficient to carry out the overall intentions of the parties as evidenced hereby.

Section 9.17 Counterparts This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 9.18 Facsimile Signature This Agreement may be executed by facsimile signature or by e-mail delivery of a ".pdf" format data file and a facsimile or ".pdf" signature shall constitute an original for all purposes, provided that corresponding originals are duly delivered and exchanged by the parties on or before the Closing Date.

Section 9.19 Time of Essence Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

Section 9.20 No Presumption Against Drafting Party Each of the Buyers, the Sellers and the Company acknowledges that each party to this Agreement has been represented by counsel in connection with this Agreement and the transactions contemplated by this Agreement. Accordingly, any rule of law or any legal decision that would require interpretation of any claimed ambiguities in this Agreement against the drafting party has no application and is expressly waived.

[The remainder of this page is intentionally left blank.]

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IN WITNESS WHEREOF, the Sellers, the Company and Buyers and, for purposes of Section 6.21 only, the Bidder Guarantor, have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. F/589

By: _____
Name: Alonso Rojas Dingler
Title: Trustee Delegate

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria as trustee in the Irrevocable Administration Trust Agreement No. 80501

By: _____
Name:
Title:

Satélites Mexicanos, S.A. de C.V.

By: _____
Name: Patricio E. Northland
Title: Director General

EchoStar Satellite Acquisition L.L.C.

By: _____
Name:
Title:

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And for purposes of Section 6.21 only:

EchoStar Corporation

By: _____
Name:
Title:

[*Signature page to Stock Purchase Agreement****]***

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EXHIBIT A

***

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EXHIBIT B

***

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EXHIBIT C

***

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EXHIBIT D

****

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EXHIBIT E

***

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EXHIBIT F

***

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EXHIBIT G

***

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EXHIBIT H

***

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ANNEX A

***

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ANNEX B

***

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***

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EXECUTION VERSION

***

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SCHEDULES

to

STOCK PURCHASE AGREEMENT

among

Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria,
solely and exclusively as trustee in the
Irrevocable Administration Trust Agreement No. F/589

and

Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria,
solely and exclusively as trustee in the
Irrevocable Administration Trust Agreement No. 80501

as the Sellers,

Satélites Mexicanos, S.A. de C.V.,

as the Company,

EchoStar Satellite Acquisition L.L.C.,

as Bidder

and

EchoStar Corporation,

for the purposes of Section 6.21 only,

as the Bidder Guarantor

Dated as of February 25, 2010

****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.*

These Schedules are being delivered pursuant to, and form part of, that certain Stock Purchase Agreement, dated as of February 25, 2010 by and among Deutsche Bank México, S.A., Institución de Banca Múltiple, División Fiduciaria, solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. F/589 dated November 28, 2006 (the "DBM Trust"), and Nacional Financiera, S.N.C., Institución de Banca de Desarrollo, Dirección Fiduciaria, solely and exclusively as trustee in the Irrevocable Administration Trust Agreement No. 80501 dated November 28, 2006, as the Sellers, Satélites Mexicanos, S.A. de C.V., a Sociedad Anónima de Capital Variable, as the Company, and EchoStar Satellite Acquisition L.L.C., a limited liability company organized under the Laws of Colorado and EchoStar Corporation, a Nevada corporation, for the purposes of Section 6.21 only, as the Bidder Guarantor (the "Agreement"). Any capitalized terms used but not defined herein which are defined in the Agreement shall have the meanings set forth in the Agreement, unless the context otherwise requires.

Descriptive headings in these Schedules are inserted for reference purposes and for convenience of the reader only. Terms defined in the Agreement are used with the same meaning in these Schedules. The representations and warranties of the Sellers in Article III, the Company in Article IV, and the covenants of the Sellers and the Company in Article VI of the Agreement are made and given subject to the disclosures in these Schedules.

Notwithstanding anything to the contrary contained in these Schedules or in the Agreement, the information and disclosures contained in any Schedule shall be deemed to be disclosed and incorporated by reference in any other Schedule as though fully set forth in such Schedule for which applicability of such information and disclosure is reasonably apparent on its face. The fact that any item of information is disclosed in any Schedule shall not be construed to mean that such information is required to be disclosed by the Agreement. Such information and the dollar thresholds set forth herein shall not be used as a basis for interpreting the terms "material" or "Material Adverse Effect" or other similar terms in the Agreement.

Unless the Agreement specifically provides otherwise, the inclusion of any specific item in any Schedule is not intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course, and no party shall use the fact of the setting forth or the inclusion of any such item or matter in any dispute or controversy between the parties as to whether any obligation, item or matter not included in any Schedule is or is not in the ordinary course for purposes of the Agreement.

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Schedule 1.1

SCHEDULE 2.1

***

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SCHEDULE 3.3

***

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SCHEDULE 3.4(A)

***

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SCHEDULE 3.4(B)

***

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SCHEDULE 3.4(C)

***

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SCHEDULE 4.1(A)

***

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SCHEDULE 4.3

***

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SCHEDULE 4.4

***

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SCHEDULE 4.5(B)

***

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SCHEDULE 4.6(A)

***

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SCHEDULE 4.6(B)

***

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SCHEDULE 4.6(C)

***

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SCHEDULE 4.7(A)

***

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SCHEDULE 4.7(B)

***

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SCHEDULE 4.8(B)

***

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SCHEDULE 4.8(C)

***

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SCHEDULE 4.9

***

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SCHEDULE 4.10(A)

***

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SCHEDULE 4.10(C)

***

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SCHEDULE 4.11(A)

***

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SCHEDULE 4.11(B)

***

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SCHEDULE 4.11(C)

***

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under the Securities Exchange Act.

SCHEDULE 4.11(D)

***

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SCHEDULE 4.11(E)

***

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SCHEDULE 4.12

***

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SCHEDULE 4.13(B)

***

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SCHEDULE 4.13(D)

***

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SCHEDULE 4.14(A)

***

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SCHEDULE 4.15(A)

***

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SCHEDULE 4.15(B)

***

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SCHEDULE 4.15(C)

***

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SCHEDULE 4.16

***

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SCHEDULE 4.18

***

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SCHEDULE 4.18(C)

***

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SCHEDULE 4.22

BOARD OF DIRECTORS

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SCHEDULE 5.5

***

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SCHEDULE 6.1

***

****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.*

SCHEDULE 6.11(C)

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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.*

SCHEDULE 6.13

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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.*

SCHEDULE 6.22

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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.*

SCHEDULE 7.1(B)

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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.*

SCHEDULE 7.1(D)

***

****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.*

EXHIBIT 31.1

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 10, 2010

/s/ Michael T. Dugan

President, Chief Executive Officer and Director

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

Section 302 Certification

I, Bernard L. Han, 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 10, 2010

/s/ Bernard L. Han

Chief Financial Officer

EXHIBIT 32.1

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, 2010 (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 10, 2010

Name: /s/ *Michael T. Dugan*

Title: President, Chief Executive Officer and Director

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.

EXHIBIT 32.2

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, 2010 (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 10, 2010

Name: */s/ Bernard L. Han*

Title: 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.